

**SUBMITTAL TO THE BOARD OF SUPERVISORS,
COMMUNITY FACILITIES DISTRICT'S LEGISLATIVE BODY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

339



FROM: COUNTY EXECUTIVE OFFICE

SUBMITTAL DATE:
September 23, 2010

SUBJECT: Resolution No. CFD 2010-12 Authorizing the conversion of the Special Tax Refunding Bonds to a fixed rate mode for Community Facilities District No. 88-4 of the County of Riverside.

RECOMMENDED MOTION: That the Board acting ex officio as the legislative body of Community Facilities District No. 88-4 of the County of Riverside:

- (1) Approve and adopt Resolution No. CFD 2010-12; (a) authorizing the conversion of Community Facilities District No. 88-4 Special Tax Refunding Bonds to a fixed interest rate in an aggregate principal amount not to exceed \$9,000,000, (b) approve the form of and authorize the execution and delivery of an Ammended and Restated Fiscal Agent Agreement, a Bond Purchase Agreement, and a Continuing Disclosure Agreement, and (c) authorizing the preparation of an Official Statement and all other matters related thereto;
- (2) Approve and authorize the execution of the agreements for Bond Counsel and Disclosure Counsel Services;
- (3) Approve and authorize the Chairman to sign the agreement for consent of the conversion by and between Community Facilities District No. 88-4 of the County of Riverside and Pulte Homes Corporation.

Stephanie Persi
Stephanie Persi, Associate Management Analyst

Continued on Page 2

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 200,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010
SOURCE OF FUNDS: Bond Proceeds				Positions To Be Deleted Per A-30 <input type="checkbox"/>
				Requires 4/5 Vote <input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

County Executive Office Signature BY: *Christopher M. Hans*
Christopher M. Hans

- Policy
- Policy
- Consent
- Consent

MINUTES OF THE BOARD OF SUPERVISORS – COMMUNITY FACILITIES DISTRICT

On motion of Supervisor Tavaglione, seconded by Supervisor Stone and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit, and Ashley
Nays: None
Absent: None
Date: October 5, 2010
xc: CFD, E.O.

Kecia Harper-Ihem
Clerk of the Board
By: *Kecia Harper-Ihem*
Deputy

Prev. Agn. Ref.: | **District: 3** | **Agenda Number:**

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

8.2

FORM APPROVED COUNTY COUNSEL
BY: *DALE A. GARDNER* DATE: 9/28/10
Departmental Concurrence

Dep't Recomm.:
Per Exec. Ofc.:

BACKGROUND: In 1988, the Board of Supervisors formed Community Facilities District No. 88-4 of the County of Riverside (the "District") pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982. In 1997, the District was authorized to issue adjustable rate refunding bonds, with an aggregate principal amount not to exceed \$28,000,000.

The District now desires to convert the existing adjustable-rate bonds to a fixed interest rate. In order to effect the conversion of the bonds, the legislative body of the District needs to execute and deliver a continuing disclosure certificate, and to enter into an amended agreement with U.S. Bank National Association in substantially the forms presented with the attached resolution. The agreements for Bond Counsel and Disclosure Counsel Services allows them and other members of the finance team to assist the County with the conversion to fixed rate special tax bonds. The agreement for consent of the conversion is a requirement of section 8.2 of the Protocol Agreement dated July 1, 1997 between the District and Pulte Homes Corporation.

The benefit of the conversion will be a reduction in overall tax burden placed on the property owners of the District, through an elimination of the letter of credit expense of the bonds. Total savings of approximately \$387,500 will exceed the County's policies regarding savings of at least 3 percent for a deal of this nature to proceed. This restructuring is one element of the District plan to reduce the yearly tax burden on homeowners by approximately 25 percent.

All fees and costs will be paid through the cost of issuance for the District at the time bonds are converted to a fixed interest rate. The issuance cost for the conversion is \$200,000. No county funds will be used.

The proposed conversion of the adjustable rate bonds to fixed rate bonds has been reviewed and approved by the County's Debt Advisory Committee.

3 **RESOLUTION NO. CFD 2010-12**

4 **RESOLUTION OF THE LEGISLATIVE BODY OF COMMUNITY FACILITIES**
5 **DISTRICT NO. 88-4 (WINCHESTER RANCH) OF THE COUNTY OF RIVERSIDE**
6 **AUTHORIZING THE SALE OF SPECIAL TAX REFUNDING BONDS IN A NOT TO**
7 **EXCEED \$9,000,000 AGGREGATE PRINCIPAL AMOUNT CONSISTING OF A**
8 **COMBINATION OF SPECIAL TAX REFUNDING BONDS CONVERTED FROM AN**
9 **ADJUSTABLE RATE MODE TO A FIXED RATE MODE AND RELATED**
10 **ADDITIONAL BONDS ISSUED IN CONNECTION THEREWITH, PRESCRIBING THE**
11 **TERMS THEREOF, APPROVING VARIOUS FINANCING DOCUMENTS AND**
12 **PROVIDING FOR OTHER MATTERS RELATED THERETO**

13 **WHEREAS**, the Board of Supervisors (the "Board of Supervisors") of the County of Riverside, California
14 (the "County"), acting as the "legislative body of the District" (the "Legislative Body"), has heretofore undertaken
15 proceedings to establish Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside
16 (the "District") and declared the necessity to issue bonds on behalf of the District pursuant to the terms and
17 provisions of the "Mello-Roos Community Facilities Act of 1982," as amended, being Chapter 2.5, Part 1,
18 Division 2, Title 5 (commencing with Section 53111) of the Government Code of the State of California (the
19 "Act"); and

20 **WHEREAS**, the District previously issued \$28,000,000 aggregate principal amount of its special tax
21 Refunding Bonds on July 30, 1997 (the "1997 Bonds") pursuant to the Fiscal Agent Agreement, dated as of July 1,
22 1997 (the "Original Fiscal Agent Agreement"), by and between the District and U.S. Bank National Association
23 (successor to First Trust of California, National Association), as Fiscal Agent, as amended by the First
24 Supplemental Fiscal Agent Agreement, dated as of June 1, 2004 (the "First Supplemental Fiscal Agent
25 Agreement"), by and between the District and the Fiscal Agent, and as amended by the Second Supplemental
26 Fiscal Agent Agreement, dated as of July 1, 2008 (the "Second Supplemental Fiscal Agent Agreement"), between
27 the District and the Fiscal Agent (collectively, the Original Fiscal Agent Agreement, as supplemented by the First
28 Supplemental Fiscal Agent Agreement and as supplemented by the Second Supplemental Fiscal Agent Agreement
being referred to herein as the "Original Fiscal Agent Agreement"); and

WHEREAS, \$8,000,000 aggregate principal amount of the 1997 Bonds remain outstanding and the
Legislative Body hereby desires to authorize conversion of all or a portion of the 1997 Bonds to a Fixed Interest
Rate in accordance with the Fiscal Agent Agreement, dated as of July 1, 1997, as heretofore supplemented, the

FORM APPROVED COUNTY COUNSEL
BY DALE A. GARDNER DATE 9/23/10

1 redemption of any of such 1997 Bonds which are not converted to a Fixed Interest Rate and the issuance of up to
2 \$1,000,000 aggregate principal amount of Related Additional Bonds (as defined in the Original Fiscal Agent
3 Agreement” and together with the 1997 Bonds converted to a Fixed Interest Rate, the “Bonds”) to the extent
4 necessary to fund a reserve fund for the Bonds, to pay costs relating to the conversion of the 1997 Bonds and/or to
5 pay the costs relating to the issuance of the Related Additional Bonds; and

6 **WHEREAS**, the value of the real property that would be subject to the Special Tax to pay debt service on
7 the Bonds will be at least three times the sum of the principal amount of the Bonds outstanding and the principal
8 amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property
9 within the District or a special assessment levied on property within the District and there shall be established a
10 reserve fund for the Bonds in an amount equal to approximately 10% of the aggregate principal amount of the
11 Bonds, or such lesser amount as an Authorized Representative (as defined below) shall determine to be appropriate
12 as set forth in the Amended and Restated Fiscal Agent Agreement; and

13 **WHEREAS**, the Legislative Body finds that the conversion of 1997 Bonds to a Fixed Interest Rate, the
14 issuance of Related Additional Bonds, if any, and the execution of the Amended and Restated Fiscal Agent
15 Agreement and other contracts and agreements to accomplish the conversion is designed to reduce the amount of
16 payment and interest rate risk by converting to a Fixed Interest Rate.

17 **NOW, THEREFORE, IT IS HERBY RESOLVED, FOUND, DETERMINED AND ORDERED** by
18 the Legislative Body of Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside, as
19 follows:

20 **Section 1. Recitals.** Each of the above recitals is true and correct and is adopted by the Legislative
21 Body.

22 **Section 2. Definitions.** For purposes of this Resolution, the following capitalized terms have the
23 indicated meanings:

24 “Authorized Representative” means any one of the following County officials: (i) the County Executive
25 Officer, (ii) the Assistant County Executive Officer, (iii) the County Finance Director; (iv) the Deputy County
26 Executive Officer, (v) Principal Management Analyst or (vi) the written designee of the County Executive Officer,
27 each of whom acting alone is, authorized and directed, for and in the name of and on behalf of the County and/or
28 the District, to execute and deliver necessary documents.

1 "Bond Counsel" means McFarlin & Anderson LLP, in its capacity as bond counsel with respect to the
2 bonds referred to herein.

3 "County Counsel" means the County Counsel of the County, or his deputy.

4 "Officer(s) of the Legislative Body" means the Chairman of the Legislative Body, the Clerk of the
5 Legislative Body, or the County Executive Officer, acting on behalf of the District, or any written designee of the
6 foregoing.

7 **Section 3. Conversion of 1997 Bonds to a Fixed Interest Rate.** The \$8,000,000 aggregate principal
8 amount of the 1997 Bonds of the District are hereby authorized to be converted from an Adjustable Interest Rate to
9 a Fixed Interest Rate, pursuant to the Act and the Original Fiscal Agent Agreement and the issuance of not to
10 exceed \$1,000,000 aggregate principal amount of Related Additional Bonds as necessary in connection therewith
11 pursuant to the Original Fiscal Agent Agreement is hereby authorized. The Bonds shall be subject to the
12 applicable terms and conditions contained in the Original Fiscal Agent Agreement and upon conversion, shall be
13 executed and delivered to the purchasers thereof in accordance with the Amended and Restated Fiscal Agent
14 Agreement hereinafter referred to, which terms and conditions are by this reference incorporated herein. The
15 Legislative Body determines that it is prudent in the management of its fiscal affairs to convert the 1997 Bonds to a
16 Fixed Interest Rate and to issue the Related Additional Bonds, if any, in accordance with the terms of the Amended
17 and Restated Fiscal Agent Agreement. In accordance with Government Code Section 5922, the Legislative Body
18 finds that the conversion of the 1997 Bonds to a Fixed Interest Rate, the issuance of any Related Additional Bonds,
19 and the execution of the Amended and Restated Fiscal Agent Agreement and other contracts and agreements to
20 accomplish the conversion are designed to reduce the amount of payment and interest rate risk by converting the
21 1997 Bonds to a Fixed Interest Rate. In connection with such conversion, any 1997 Bonds which are not
22 converted to a Fixed Interest Rate shall be redeemed.

23 **Section 4. Amended and Restated Fiscal Agent Agreement.** The proposed form of Amended and
24 Restated Fiscal Agent Agreement, dated as of November 1, 2010 (the "Fiscal Agent Agreement"), by and between
25 the District and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"), presented to the Legislative
26 Body at this meeting, is hereby approved. The Chairman and the Clerk of the Legislative Body are, and each of
27 them is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Fiscal Agent
28 Agreement in substantially said form, with such changes therein as County Counsel and Bond Counsel may require

1 or approve, such requirement or approval to be conclusively evidenced by the execution of the Fiscal Agent
2 Agreement by the Chairman of the Legislative Body. Such changes may include, but are not limited to, (i) a
3 change in the refunding bonds test for the issuance of refunding bonds, such as a change in the minimum value-to-
4 lien at the time of issuance of additional bonds or the portion of debt service on the bonds which shall be paid from
5 Special Taxes on Developed Property and/or Approved Property (as such terms are defined in the Rate and
6 Method), (ii) a change in the redemption terms of the Bonds or (iii) a change in the amount of the reserve
7 requirement for the Bonds. With respect to the reserve requirement, the reserve fund deposit as of the conversion
8 may be paid from proceeds of the Related Additional Bonds and/or from funds on deposit with the Fiscal Agent
9 and the balance, if any, to be deposited to the reserve fund to satisfy the reserve requirement for the Bonds may be
10 deposited from Special Taxes received in Fiscal Year 2010-11. The amount of the reserve requirement shall be
11 approved by an Authorized Officer, such approval to be evidenced by execution of the Amended and Restated
12 Fiscal Agent Agreement.

13 **Section 5. Sale of the Bonds.** In connection with the conversion, the proposed form of Purchase
14 Agreement, dated as of its date of execution (the "Purchase Agreement"), by and between the District and E.J. De
15 La Rosa & Co, Inc., as underwriter (the "Underwriter"), presented to the Legislative Body at this meeting, is
16 hereby approved. The Chairman and the Clerk of the Legislative Body are, and each of them acting individually
17 is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Purchase
18 Agreement in substantially said form, with such price, interest rate, redemption dates and prices, selling
19 compensation, and such other changes therein as County Counsel and Bond Counsel may require or approve, such
20 requirement or approval to be conclusively evidenced by the execution of the Purchase Agreement; provided, that
21 (i) the stated interest rate on the Bonds shall not exceed 6% per annum, (ii) the Underwriter's discount shall not
22 exceed 1.5% of the aggregate principal amount of the Bonds and (iii) the purchase price for the Bonds shall be the
23 par amount of the Bonds unless it shall be determined appropriate in connection with pricing the Bonds to include
24 a discount, in which case the net interest cost taking such discount into effect shall not exceed 6% per annum.

25 **Section 6. Preliminary Official Statement.** The form of Preliminary Official Statement of the District
26 with respect to the Bonds presented to the Legislative Body at this meeting, is hereby approved. The Authorized
27 Representatives are, and each of them acting individually is, hereby authorized and directed, for and in the name of
28 the District, to cause to be prepared a final Official Statement with respect to the Bonds (the "Official Statement"),

1 consisting of said Preliminary Official Statement with such changes therein as County Counsel and Bond Counsel
2 may require or approve, and to execute the Official Statement. The Underwriter is hereby authorized to distribute
3 said Preliminary Official Statement to persons who may be interested in purchasing the Bonds, and the
4 Underwriter is hereby directed to deliver copies of the final Official Statement to all actual purchasers of the
5 Bonds.

6 **Section 7. Continuing Disclosure Agreement.** The proposed form of the Continuing Disclosure
7 Agreement, dated for reference purposes as of November 1, 2010 (the "Continuing Disclosure Agreement"), by
8 and between the District and U.S. Bank National Association, as Fiscal Agent and as Dissemination Agent (the
9 "Dissemination Agent"), presented to the Legislative Body at this meeting, is hereby approved. The Officers of
10 the Legislative Body are, and each of them acting individually is, hereby authorized and directed, for and in the
11 name of the District, to execute and deliver the Continuing Disclosure Agreement to the Dissemination Agent in
12 substantially said form, with such changes therein as County Counsel and Bond Counsel may require or approve,
13 such requirement or approval to be conclusively evidenced by the execution of the Continuing Disclosure
14 Agreement.

15 **Section 8. Agreement with Pulte Home Corporation.** The proposed form of agreement with Pulte
16 Home Corporation, dated for reference purposes as of its date of execution (the "Conversion Agreement"), by and
17 between the District and Pulte Home Corporation, presented to the Legislative Body at this meeting, relating to the
18 termination of obligations of the District and Pulte Home Corporation upon conversion of the 1997 Bonds to a
19 Fixed Interest Rate, is hereby approved. The Officers of the Legislative Body are, and each of them acting
20 individually is, hereby authorized and directed, for and in the name of the District, to execute and deliver the
21 Conversion Agreement in substantially said form, with such changes therein as County Counsel and Bond Counsel
22 may require or approve, such requirement or approval to be conclusively evidenced by the execution of the
23 Conversion Agreement.

24 **Section 9. Determination to Proceed With Bond Conversion.** In accordance with the Act and County
25 policies adopted pursuant to Section 53312.7 of the Government Code, the Legislative Body hereby finds and
26 determines that the Bonds shall be sold at a negotiated sale and that the value of the real property that would be
27 subject to the Special Tax to pay debt service on the Bonds will be at least three times the sum of the principal
28 amount of the Bonds to be sold and the principal amount of all other bonds outstanding that are secured by a

1 special tax levied pursuant to the Act on property within the District or a special assessment levied on property
2 within the District.

3 **Section 10. Authorization to Enter Professional Services Agreements.** The Authorized
4 Representatives are, and each of them hereby is, authorized and directed to enter into agreements with McFarlin &
5 Anderson LLP, as Bond Counsel, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure
6 Counsel, in connection with their services on behalf of the District.

7 **Section 11. Delegation of Authority.** The Authorized Representatives are, and each of them hereby is,
8 authorized and directed to do any and all things, and to execute and deliver any and all documents which said
9 Authorized Representatives may deem necessary or advisable in order to consummate the conversion and issuance
10 of the Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the
11 Bonds, the Fiscal Agent Agreement, the Continuing Disclosure Agreement, the Official Statement, the Purchase
12 Agreement and the Conversion Agreement.

13 **Section 12. Effective Date.** This Resolution shall take effect immediately upon its adoption.
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1 PASSED, APPROVED AND ADOPTED this 5th day of October, 2010.

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3 By: Marion Ashley
4 Marion Ashley, Chairman of the Legislative Body
5 of Community Facilities District No. 88-4
6 (Winchester Ranch) of the County of Riverside

6 **ATTEST:**
7 Kecia Harper-Ihem, Clerk of the Legislative
8 Body of Community Facilities District No. 88-4
9 (Winchester Ranch) of the County of Riverside

9 By: Karumbarten
10 Deputy Clerk



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12
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14 The foregoing is certified to be a true copy of a resolution duly
15 adopted by said Board of Supervisors on the date therein set forth.

16 KECIA HARPER-IHEM, Clerk of said Board

17 By: _____
18 Deputy

19 **ROLL CALL:**

20 Ayes: Buster, Tavaglione, Stone, Benoit, and Ashley
21 Nays: None
22 Absent: None
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1 STATE OF CALIFORNIA)
) ss.
2 COUNTY OF RIVERSIDE)

3 I, Kecia Harper-Ihem, Clerk of the Legislative Body of Community Facilities District No. 88-4 (Winchester
4 Ranch) of the County of Riverside, State of California, do hereby certify that the foregoing Resolution was
introduced and adopted at a regular meeting of the Legislative Body held on the 5th day of October, 2010,
5 by the following vote:

6 AYES: Buster, Tavaglione, Stone, Benoit and Ashley
7 NOES: None
8 ABSENT: None
9 ABSTAIN: None

10 IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of October, 2010.

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12 By: Kecia Harper-Ihem
13 Deputy Clerk



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SUPPLEMENTAL AGREEMENT TO PROTOCOL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT TO PROTOCOL AGREEMENT (this "Agreement"), made as of October __, 2010 between COMMUNITY FACILITIES DISTRICT NO. 88-4 (WINCHESTER RANCH) OF THE COUNTY OF RIVERSIDE, a community facilities district established by the Board of Supervisors of the County of Riverside, California pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, (the "District"), and PULTE HOME CORPORATION, a Michigan corporation ("Pulte"),

RECITALS

A. On July 1, 1997, District and Pulte entered into the Protocol Agreement (the "Protocol Agreement") governing certain matters with respect to the Bonds issued by the District.

B. Under Section 8.2 of the Protocol Agreement, the District (except in limited circumstances not now applicable) may not convert any Adjustable Rate Bonds to Fixed Rate Bonds without the prior written consent of Pulte, which consent may be withheld in its sole business discretion.

C. District has now prepared a proposal to convert all of the outstanding Adjustable Rate Bonds to Fixed Rate Bonds and has requested that Pulte provide its consent to this conversion proposed by the District (the "Conversion Consent"). Pulte has not participated in any way in the preparation of this District proposal for conversion.

D. Pulte is willing to provide the Conversion Consent upon the terms and conditions hereinafter provided.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the undertakings herein set forth and intending to be legally bound, the Board of Supervisors of the County, acting as the legislative body of the District, and Pulte hereby agree as follows:

1. Protocol Agreement. Except as expressly supplemented by this Agreement, all provisions of the Protocol Agreement shall remain in effect and shall apply to this Agreement.

2. Conversion Responsibility. The current proposal to convert all of the outstanding Adjustable Rate Bonds to Fixed Rate Bonds has been prepared by the District and is the sole responsibility of the District. The provision of the Conversion Consent does not represent approval by Pulte in any way of the District conversion proposal. In the event the conversion fails or is cancelled, Pulte shall have no financial responsibility for any expenses incurred in connection with the District conversion proposal.

3. Complete Conversion. The District shall cancel the conversion unless all Adjustable Rate Bonds are converted to Fixed Rate Bonds at the same time.

4. Reimbursement of Pulte Payments for Past Letter of Credit Costs. District agrees that the amount of \$374,148.27 is now due and payable to Pulte as reimbursement for Letter of Credit costs paid by Pulte for the period to and including June 30, 2010. Concurrent with the execution of this Agreement, District shall pay the amount of \$374,148.27 to Pulte. Payment shall be made by wire transfer or such other means as Pulte may direct by written instructions to the District.

5. Reimbursement of Pulte Payments for Current Letter of Credit Costs. District and Pulte agree that Pulte will incur additional Letter of Credit costs for the period from July 1, 2010 until closing of the conversion of all the Adjustable Rate Bonds to Fixed Rate Bonds and the cancellation of the Letter of Credit. District shall notify Pulte in writing of the closing date and Pulte shall provide District with a written statement from the Bank stating the Letter of Credit costs incurred from July 1, 2010 until the date of closing and cancellation of the Letter of Credit. District shall reimburse Pulte for the actual Letter of Credit costs incurred by Pulte and shall pay such costs within two business days of the closing date. Payment shall be made by wire transfer or such other means as Pulte may direct by written instructions to the District.

6. Conversion Consent. Based on the foregoing covenants, Pulte hereby consents to the District proposal for the conversion of all the outstanding Adjustable Rate Bonds to Fixed Rate Bonds.

IN WITNESS WHEREOF, the County, on behalf of the District, and Pulte have caused this Agreement to be duly executed and delivered as of the date first above written.

COMMUNITY FACILITIES DISTRICT
NO. 88-4 (WINCHESTER RANCH) OF
THE COUNTY OF RIVERSIDE

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 10/4/10
DALE A. GARDNER DATE

By Marvin Asseley
Chairman, Board of Supervisors of the
County of Riverside Acting As Ex-Officio
Legislative Body of Community Facilities
District No. 88-4

(SEAL)

ATTEST: Kecia Harper-Thom


Kelli Burton, deputy

Clerk of the Board of Supervisors of the County of Riverside
Acting As Ex-Officio Legislative Body of
Community Facilities District No. 88-4





PULTE HOME CORPORATION

By 
Bruce E. Robinson

Its Vice President and Treasurer

This execution page is part of the Supplemental Agreement to Protocol Agreement dated as of October ____, 2010 between Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside and Pulte Home Corporation.

AMENDED AND RESTATED FISCAL AGENT AGREEMENT

by and between

**COMMUNITY FACILITIES DISTRICT NO. 88-4
(WINCHESTER RANCH)
OF THE COUNTY OF RIVERSIDE**

and

**U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent**

Dated as of November 1, 2010

**RELATING TO
COMMUNITY FACILITIES DISTRICT NO. 88-4
(WINCHESTER RANCH)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX REFUNDING BONDS**

OCT 05 2010

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ARTICLE X

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AMENDED AND RESTATED FISCAL AGENT AGREEMENT

THIS AMENDED AND RESTATED FISCAL AGENT AGREEMENT (this "Fiscal Agent Agreement") is dated as of November 1, 2010, by and between **COMMUNITY FACILITIES DISTRICT NO. 88-4 (WINCHESTER RANCH) OF THE COUNTY OF RIVERSIDE** (the "Community Facilities District"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as fiscal agent (the "Fiscal Agent").

WITNESSETH

WHEREAS, the Community Facilities District has heretofore undertaken proceedings and declared the necessity to issue bonds pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982," as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California;

WHEREAS, on May 24, 1988, the Board of Supervisors (the "Board of Supervisors") of the County of Riverside (the "County"), acting *ex officio* as the legislative body (the "Legislative Body") of the Community Facilities District, adopted Resolution No. 88-257, as amended by Resolution No. 88-349, adopted on July 5, 1988, declaring its intention to establish Community Facilities District No. 88-4 (Winchester Ranch) of the County, pursuant to which a public hearing on the establishment of the Community Facilities District and the proposed rate and method of apportionment of the special tax was held on July 5, 1988;

WHEREAS, on July 5, 1988, the Board of Supervisors, acting *ex officio* as the Legislative Body of the Community Facilities District, adopted Resolution No. 88-334, as amended by Resolution No. 88-383, adopted on July 26, 1988, establishing the Community Facilities District, determining the validity of the proceedings establishing the Community Facilities District, authorizing the incurring of bonded indebtedness, authorizing the levy of a special tax within the Community Facilities District, approving the proposed rate and method of apportionment of the special tax and calling a special election to submit to the qualified electors within the Community Facilities District the propositions of incurring bonded indebtedness, levying a special tax and establishing an appropriations limit for the Community Facilities District;

WHEREAS, pursuant to Resolution No. 88-334, adopted by the Board of Supervisors, acting *ex officio* as the Legislative Body of the Community Facilities District, on July 5, 1988, as amended by Resolution No. 88-383, adopted by the Board of Supervisors, acting *ex officio* as the Legislative Body of the Community Facilities District, on July 26, 1988, and Resolution No. 88-335, adopted by the Board of Supervisors, acting *ex officio* as the Legislative Body of the Community Facilities District, on July 5, 1988, as amended by Resolution No. 88-386 adopted on July 26, 1988, a special election was duly and legally held and conducted in the Community Facilities District on the 9th day of August, 1988, at which election there was submitted to the qualified voters of the Community Facilities District the following bond proposition, to wit:

"PROPOSITION (A): Shall County of Riverside Community Facilities District No. 88-4 (Winchester Ranch) be authorized to finance all or a portion of the acquisition, construction and installation of new public facilities, together with necessary appurtenances thereto, site acquisition and equipment therefor, by incurring a bonded indebtedness in the principal amount of \$30,000,000 and shall an appropriations limit in the amount of \$4,000,000 per fiscal year in connection

therewith be established for the Community Facilities District, and shall a special tax with a maximum rate and method of apportionment as provided in Resolution No. 88-334, adopted by the Board of the County of Riverside on July 5, 1988, which is incorporated by reference herein, be levied to pay for such public facilities, including the payment of principal of and interest on such bonds and including the repayment of funds advanced for the Community Facilities District?;"

WHEREAS, the issuance of bonds and the levy of the special tax to repay bonds has been declared by the Superior Court of the County of Riverside in Case No. 194764 to be valid and consistent with the Act and Article XIII A and Article XIII B of the Constitution of the State of California;

WHEREAS, on March 30, 1989, based upon Resolution No. 89-12 Authorizing the Issuance of the Bonds, adopted by the Board of Supervisors, acting *ex officio* as the Legislative Body of the Community Facilities District, on March 14, 1989, and the election, the Community Facilities District issued its Special Tax Bonds, pursuant to the Act, in an aggregate principal amount of \$30,000,000 (the "1989 Bonds") for the purposes set forth in Resolution No. 88-334;

WHEREAS, on June 27, 1989, the Board of Supervisors, acting *ex officio* as the Legislative Body of the Community Facilities District, adopted Resolution No. 89-330 Declaring its Intention to Consider an Amendment to and Restatement of the Rate and Method of Apportionment of Special Tax, and on August 1, 1989, adopted Resolution No. 89-388 Calling a Special Election to Submit to the Qualified Electors Propositions Amending the Rate and Method of Apportionment of Special Tax;

WHEREAS, on August 15, 1989, a Special Election was held and on August 22, 1989, the Board of Supervisors, acting *ex officio* as the Legislative Body of the Community Facilities District, adopted Resolution No. 89-428 Determining the Result of the Special Election, finding that the ballot propositions amending the Rate and Method of Apportionment of Special Tax were approved by more than two thirds (2/3) of all votes cast at such special election;

WHEREAS, on October 3, 1989, the Board of Supervisors, acting *ex officio* as the Legislative Body of the Community Facilities District, adopted Ordinance No. 661.1 Amending Ordinance No. 661 and Authorizing the Levy of a Special Tax Within the Community Facilities District Pursuant to the Amended and Restated Rate and Method of Apportionment of Special Tax;

WHEREAS, on July 30, 1997, the Community Facilities District issued its Special Tax Refunding Bonds (the "1997 Bonds") in the aggregate principal amount of \$28,000,000 as adjustable rate bonds pursuant to the Fiscal Agent Agreement (the "1997 Fiscal Agent Agreement"), dated as of July 1, 1997, by and between the Community Facilities District and U.S. Bank National Association (successor to First Trust of California, National Association), as Fiscal Agent, to pay and refund the 1989 Bonds;

WHEREAS, on December 11, 2001, the Board of Supervisors, acting *ex officio* as the Legislative Body of the Community Facilities District, adopted Resolution No. 2001-018 Declaring its Intention (i) to Annex Certain Territory (the "Annexed Territory") to the Community Facilities District and (ii) to Levy a Special Tax Within Said Territory, and on February 5, 2002, adopted Resolution No. 2002-01 Calling an Annexation and Special Tax Election within such Annexed Territory;

WHEREAS, on February 19, 2002, a special election was held and on February 26, 2002, the Board of Supervisors, acting *ex officio* as the Legislative Body of the Community Facilities District, adopted Resolution No. 2002-02 Determining the Result of the Annexation and Special Tax Election, finding that the ballot proposition annexing the Annexed Territory to the Community Facilities

District and authorizing the levy of the Special Tax in accordance with the Rate and Method of Apportionment of Special Tax was approved by more than two thirds (2/3) of all votes cast at such special election;

WHEREAS, on March 5, 2002, the Board of Supervisors, acting *ex officio* as the Legislative Body of the Community Facilities District, adopted Ordinance No. 661.2 Amending Ordinance No. 661.1 and Authorizing the Levy of a Special Tax Within Community Facilities District No. 88-4 (Winchester Ranch) Pursuant to the Amended and Restated Rate and Method of Apportionment of Special Tax;

WHEREAS, the Community Facilities District entered into the First Supplemental Fiscal Agent Agreement, dated for reference purposes as of June 1, 2004 (the "First Supplemental Fiscal Agent Agreement"), between the Community Facilities District and the Fiscal Agent and the Community Facilities District entered into the Second Supplemental Fiscal Agent Agreement, dated for reference purposes as of July 1, 2008 (the "Second Supplemental Fiscal Agent Agreement"), between the Community Facilities District and the Fiscal Agent (collectively, the 1997 Fiscal Agent Agreement, as supplemented by the First Supplemental Fiscal Agent Agreement and the Second Supplemental Fiscal Agent Agreement is referred to herein as the "Original Fiscal Agent Agreement");

WHEREAS, the Original Fiscal Agent Agreement provides for the issuance of Related Additional Bonds in connection with the conversion of the 1997 Bonds for one or more of the purposes set forth in the Original Fiscal Agent Agreement:

WHEREAS, the Community Facilities District hereby desires to proceed to convert \$_____ aggregate principal amount of the 1997 Bonds to a Fixed Interest Rate pursuant to the terms of the Original Fiscal Agent Agreement and to issue Related Additional Bonds in an aggregate principal amount of \$_____, collectively, such converted 1997 Bonds and Related Additional Bonds being in the aggregate principal amount of \$_____ and designated as "Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside, Special Tax Refunding Bonds" (the "Bonds");

WHEREAS, in accordance with the provisions of the Original Fiscal Agent Agreement, all or a portion of the 1997 Bonds may, and in certain circumstances are required to, be converted to Fixed Rate Bonds (as defined below);

[**WHEREAS**, \$[_____] aggregate principal amount of the 1997 Bonds are being converted to Fixed Rate Bonds and \$[_____] of the 1997 Bonds are being redeemed;]

WHEREAS, Section 10.01(c) of the Original Fiscal Agent Agreement provides that the Original Fiscal Agent Agreement and the rights and obligations of the Community Facilities District, the Fiscal Agent and the Owners of Fixed Rate Bonds, but only as such rights and obligations relate solely to such Fixed Rate Bonds, may be modified or amended, as of the Conversion Date (as defined in the Original Fiscal Agent Agreement) for such Fixed Rate Bonds, by a Supplemental Fiscal Agent Agreement which the Community Facilities District and the Fiscal Agent may enter into without the consent of any Bond Owners, but only if such Fixed Rate Bonds have been remarketed with such modified or amended rights and obligations;

WHEREAS, the Community Facilities District desires to specify, as of the Conversion Date for the Fixed Rate Bonds, certain of the rights and obligations relating solely to the Fixed Rate Bonds; and

WHEREAS, E. J. De La Rosa & Co., Inc. will act as underwriter in connection with the remarketing of the 1997 Bonds and the sale of the Related Additional Bonds (the "Underwriter");

NOW, THEREFORE, THE COMMUNITY FACILITIES DISTRICT HEREBY APPROVES, AND THE COMMUNITY FACILITIES DISTRICT AND THE FISCAL AGENT DO HEREBY ENTER INTO THIS FISCAL AGENT AGREEMENT AS FOLLOWS:

ARTICLE I

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.1 Authority for this Fiscal Agent Agreement. This Fiscal Agent Agreement is entered into pursuant to the provisions of the Act, the Resolution of Issuance and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (Section 53580 *et seq.*).

Section 1.2 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Fiscal Agent Agreement, of any Supplemental Agreement and of any certificate, opinion or other document herein or therein mentioned, have the meanings herein specified.

"1989 Bonds" means the Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside, special tax bonds, originally issued in the aggregate principal amount of \$30,000,000.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, commencing at Section 53311 of the California Government Code.

"Administrative Expense Fund" means the Administrative Expense Fund established and held by the Fiscal Agent pursuant to Section 5.3.

"Administrative Expenses" means those expenses authorized by the Act, including but not limited to, the cost of administering the levy and collection of the Special Tax and all other administrative costs of the Community Facilities District, including, but not limited to, the fees and expenses of the Fiscal Agent (including any fees and expenses of its counsel), the Remarketing Agent, the expenses of the Community Facilities District or the County in carrying out the Community Facilities District's duties hereunder including annual audits, the fees and expenses of its special tax consultants and its legal counsel, and costs incurred in the levying and collection of the Special Tax, the costs incurred in the foreclosure of parcels delinquent in the payment of Special Taxes or in connection with obtaining security for payment of Special Taxes in lieu of foreclosure, costs associated with the creation and dissemination of continuing disclosure, fees incurred in connection with the calculation of arbitrage rebate due to the federal government, amounts payable to the federal government as arbitrage rebate and all other costs of the Fiscal Agent, the Remarketing Agent or the Community Facilities District or the County incurred in connection with the discharge of their respective duties hereunder, including in the case of the County, in any way reasonably related to the administration of the Community Facilities District (other than costs of any consultant or firm of financial consultants appointed by the Community Facilities District or the County incurred in connection with the Prepayment of the Special Tax).

"Administrator" means the County Executive Officer or, with respect to any notice or instruction to be given to the Fiscal Agent under this Fiscal Agent Agreement, any other person designated by the County Executive Officer to the Fiscal Agent in writing to act on his/her behalf and in his/her place and stead.

"Annual Debt Service" means, for any Bond Year, the principal and interest payable on the Outstanding Bonds in such Bond Year.

“Apportionment” means, when the Auditor makes an apportionment of tax revenues, including Special Taxes, all amounts constituting Special Tax Revenues, if any, received by the Administrator on behalf of the Community Facilities District and all amounts constituting Special Tax Revenues, if any, received by the Administrator on behalf of the Community Facilities District as a result of the Community Facilities District’s direct collection thereof.

“Auditor” means the Auditor/Controller of the County, or such other official of the County who is responsible for preparing property tax bills and distributing taxes to the Community Facilities District.

“Authorized Denominations” means \$5,000 and any integral multiple of \$5,000 in excess thereof.

“Authorized Representative” means, with respect to the Community Facilities District, the County Executive Officer or any other Person designated as an Authorized Representative of the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Fiscal Agent.

“Beneficial Owners” means those individuals, partnerships, corporations or other entities for whom the Participants have caused the Depository to hold Book-Entry Bonds.

“Board of Supervisors” means the Board of Supervisors of the County of Riverside.

“Bond Counsel” means a firm of nationally recognized bond counsel selected by the Community Facilities District.

“Bond Fund” means the Bond Fund established and held by the Fiscal Agent pursuant to Section 5.2.

“Bond Year” means each twelve-month period beginning on September 2 in each year and extending to the next succeeding September 1, both dates inclusive; the first Bond Year began on July 30, 1997 and ended on September 1, 1997 [and for purposes of the Bonds after conversion, shall be the period from the Conversion Date to September 1, 2011].

“Bonds” means the Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside Special Tax Refunding Bonds issued under this Fiscal Agent Agreement in the initial aggregate principal amount of \$28,000,000, of which \$8,000,000 remained outstanding and [\$_____] were converted to a Fixed Rate Mode (as defined in the Original Fiscal Agent Agreement) [and [\$_____] were redeemed on _____ [November 5, 2010] [together with the \$_____ aggregate principal amount of Related Additional Bonds issued in connection with the conversion of the 1997 Bonds].

“Book-Entry Bonds” means the Bonds registered in the name of the nominee of DTC, or any successor securities depository for the Bonds, as the registered owner thereof pursuant to the terms and provisions of Section 2.9.

“Business Day” means any day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banking institutions in the State or in any state where the Office of the Fiscal Agent is located are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Book-Entry Bonds.

“Clerk” means the Clerk or Deputy Clerk of the Board of Supervisors, acting *ex officio* as the Clerk or Deputy Clerk of the Legislative Body.

“Code” means the Internal Revenue Code of 1986.

“Community Facilities District” means Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside, and any successor thereto.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of the date hereof, by and between the Community Facilities District and U.S. Bank National Association, in its capacity as Fiscal Agent and in its capacity as Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Conversion Date” means, with respect to an Adjustable Rate Bond (as defined in the Original Fiscal Agent Agreement), the date on which such Adjustable Rate Bond begins to bear interest at a Fixed Interest Rate, being _____ [November 5], 2010.

“County” means the County of Riverside, California, and any successor thereto.

“Depository” means the securities depository acting as Depository pursuant to Section 2.9.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, and its successors as securities depository for Book-Entry Bonds, including any such successor appointed pursuant to Section 2.9.

“Earnings Fund” means the Earnings Fund established and held by the Fiscal Agent pursuant to Section 3.5.

“Event of Default” means, with respect to an event of default under this Fiscal Agent Agreement, an Event of Default set forth in Section 7.1.

“Federal Securities” means any of the following which at the time of investment are determined by the Community Facilities District to be legal investments under the laws of the State for the funds invested therein: (a) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (b) below), (b) direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or (c) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“Fiscal Agent” means U.S. Bank National Association, a banking association organized and existing under the laws of the United States of America, acting through the Office of the Fiscal Agent, or any successor thereto as Fiscal Agent hereunder, appointed as provided herein.

“Fiscal Agent Agreement” means this Fiscal Agent Agreement, as originally executed or as it may from time to time be amended or supplemented by any Supplemental Agreement.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Community Facilities District designated in a Written Certificate of the Community Facilities District delivered to the Fiscal Agent.

“Fixed Interest Rate” means, with respect to a Bond, the rate to be borne by such Bond that is fixed on the Conversion Date.

“Fixed Rate Bond” means a Bond which bears interest at a Fixed Interest Rate.

“Independent Financial Advisor” means an independent financial consultant or firm of such consultants generally recognized to be well-qualified in the financial consulting field, appointed and paid by the Community Facilities District and who, or each of whom:

(1) is in fact independent and not under the domination of the Community Facilities District;

(2) does not have any substantial interest, direct or indirect, with the Community Facilities District; and

(3) is not connected with the Community Facilities District as a member, officer or employee of the Community Facilities District, but who may be regularly retained to make annual or other reports to the Community Facilities District.

“Information Services” means Financial Information, Inc. “Daily Called Bond Service,” 1 Cragwood Road, South Plainfield, New Jersey 07080 Attention: Editor, Standard & Poor’s Corporation “Called Bond Data,” 55 Water Street, New York, New York 10041, Mergent Incorporated, 580 Kingsley Park Drive, Fort Mill, South Carolina 29715; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the Community Facilities District may designate in a Written Certificate of the Community Facilities District delivered to the Fiscal Agent.

“Interest Account” means the account by that name in the Bond Fund established and held by the Fiscal Agent pursuant to Section 5.2.

“Interest Payment Date” means March 1 and September 1 of each year, commencing March 1, 2011, so long as any Bonds remain Outstanding.

“Legislative Body” means the Board of Supervisors, acting *ex officio* as the Legislative Body of the Community Facilities District.

“Letter of Representations” means the letter of the Community Facilities District delivered to and accepted by the Depository on or prior to the delivery of the Bonds as Book-Entry Bonds setting forth the basis on which the Depository serves as depository for such Book-Entry Bonds, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute Depository.

“Maximum Annual Debt Service” means the largest of the sums obtained for any Bond Year after the computation is made, by totaling the following for each such Bond Year:

(1) The principal amount of all serial Bonds payable in such Bond Year; and

(2) The interest which would be due during such Bond Year on the aggregate principal amount of Bonds which would be Outstanding in such Bond Year if the Bonds Outstanding on the date of such computation were to mature or be redeemed in accordance with the maturity schedules for the Bonds. At the time and for the purpose of making such computation, the amount of term Bonds already retired or defeased hereunder, in advance of the above-mentioned schedules shall be deducted pro rata from the remaining amounts thereon.

“**Moody’s**” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District and specified to the Fiscal Agent in writing.

“**Net Taxes**” means the amount of all Special Tax Revenues minus Administrative Expenses.

“**Nominee**” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.9.

“**Notice Parties**” means the Community Facilities District and the Fiscal Agent.

“**Office**” means, with respect to the Fiscal Agent, the principal corporate trust office of the Fiscal Agent in Los Angeles, California, or such other office as may be specified to the other Notice Parties by the Fiscal Agent in writing.

“**Ordinance**” means Ordinance No. 660.2 of the County introduced by the Board of Supervisors on February 26, 2002, and adopted by the Board of Supervisors on March 5, 2002, amending Ordinance No. 660.1.

“**Original Fiscal Agent Agreement**” means collectively the Fiscal Agent Agreement, dated as of July 1, 1997, by and between the Community Facilities District and U.S. Bank National Association (successor to First Trust of California, National Association), as Fiscal Agent, as originally executed, as supplemented by the First Supplemental Fiscal Agent Agreement, dated June 1, 2004, by and between the Community Facilities District and the Fiscal Agent, and by the Second Supplemental Fiscal Agent Agreement, dated July 1, 2008, by and between the Community Facilities District and the Fiscal Agent.

“**Outstanding**,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.9) all Bonds theretofore, or thereupon being, authenticated and delivered by the Fiscal Agent under this Fiscal Agent Agreement except:

(a) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation;

(b) Bonds with respect to which all liability of the Community Facilities District shall have been discharged in accordance with Section 10.2, including Bonds (or portions of Bonds) disqualified under Section 11.9; and

(c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Fiscal Agent pursuant to this Fiscal Agent Agreement.

“**Owner**” means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

“**Participants**” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Book-Entry Bonds as securities depository.

“**Participating Underwriter**” has the meaning ascribed thereto in the Continuing Disclosure Agreement.

“Permitted Investments” means any of the following for the moneys proposed to be invested:

(1) Direct obligations (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(2) Bonds, debentures, notes or other evidences of indebtedness issued or fully and unconditionally guaranteed by any of the following federal full faith and credit agencies: Export-Import Bank of the United States, Federal Housing Administration, Government National Mortgage Association, U.S. Maritime Administration, Federal Financing Bank, Federal Farm Credit System Financial Assistance Corporation, Rural Economic Community Development Administration or the Public Housing Authorities;

(3) Bonds, debentures, notes or other evidences of indebtedness issued or fully and unconditionally guaranteed by any of the following non-full faith and credit agencies of the United States Government: Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, [Student Loan Marketing Association], and Resolution Funding Corporation;

(4) Interest-bearing demand or time deposits (including certificates of deposit, and bank investment contracts whether negotiable or non-negotiable) in federal or state chartered savings and loan associations or in national or State banks (including the Fiscal Agent and its affiliates) provided that either: (a) the obligations of such association or bank or the obligations of the holding company of such association or bank are rated in one of the three highest rating categories by Moody’s or S&P; or (b) such deposits are fully insured by the Federal Deposit Insurance Corporation, provided, however, that the portion of any certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, if any, shall be secured at all times in the manner provided by law by collateral security having a market value not less than the amount of such excess, consisting of securities described in this section, items (1) through (4);

(5) Tax-exempt obligations rated in either of the two highest rating categories by Moody’s or S&P, including money market funds so rated;

(6) A Forward Delivery Agreement (FDA) or Forward Purchase and Sale Agreement (FPSA) having as the underlying investment property those investments which are enumerated in (1) through (5);

(7) Investment agreements, guaranteed investment contracts, funding agreements, or any other form of corporate note which represents the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution, which has an unsecured rating, or which agreement is itself rated, as of the date of execution thereof, in one of the two highest rating categories by Moody’s and S&P;

(8) Repurchase agreements with financial institutions insured by the Federal Deposit Insurance Corporation; or any broker-dealer with “retail customers” which falls under the jurisdiction of the Securities Investors Protection Corporation (SIPC); or a bank or other financial institution rated in the top two rating categories by Moody’s and S&P; provided that: (a) the over-collateralization is at one hundred two percent (102%), computed weekly, consisting of such securities as described in this section, items (1) through (5); (b) a third-party custodian, the Fiscal Agent or the Federal Reserve Bank shall have possession of such obligations; (c) the Fiscal Agent

shall have perfected a first priority security interest in such obligations; and (d) failure to maintain the requisite collateral percentage will require the Fiscal Agent to liquidate the collateral; and

(9) Money market funds registered with the Securities and Exchange Commission and rated in the highest category by Moody's, or by S&P, including funds for which the Fiscal Agent and its affiliates provide investment advisory or other management services.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Prepayment Date" means the date which is the next succeeding Interest Payment Date for which notice of redemption of Bonds may be given after the effective date of any Prepayment of the Special Taxes pursuant to the Rate and Method and Section 6 of Resolution No. 89-12, adopted by the Board of Supervisors, acting *ex officio* as the Legislative Body of the Community Facilities District, on March 14, 1989.

"Prepayments" means any prepayment of Special Taxes by a property owner within the Community Facilities District pursuant to the Rate and Method and Section 6 of Resolution No. 89-12, adopted by the Board of Supervisors, acting *ex officio* as the Legislative Body of the Community Facilities District, on March 14, 1989.

"Principal Account" means the account by that name in the Bond Fund established and held by the Fiscal Agent pursuant to Section 5.2.

"Principal Payment Date" means, with respect to a Bond, the date on which the principal thereof becomes due and payable in accordance with the terms thereof and hereof, whether as a result of the maturity thereof.

"Project" means improvements to be constructed and acquired of the type described in and authorized by the Resolution No. 88-257, adopted on May 24, 1988, as amended by Resolution No. 88-349 adopted on July 5, 1988, as such improvements may be amended pursuant to the Act.

"Purchase Agreement" means the Bond Purchase Agreement, dated as of _____, 2010, by and between the Community Facilities District and the Underwriter relating to the conversion of the 1997 Bonds and the issuance of the Related Additional Bonds.

"Rate and Method" means the Amended and Restated Rate and Method of Apportionment of Special Tax for Community Facilities District No. 88-4 (Winchester Ranch), County of Riverside set forth or referred to in the Ordinance.

"Rebate Fund" means the Rebate Fund established and held by the Fiscal Agent pursuant to Section 3.4.

"Rebate Requirement" has the meaning ascribed thereto in the Tax Certificate.

"Record Date" means (a) the fifteenth day of the calendar month preceding each Interest Payment Date (whether or not such day is a Business Day), and (b) any date established by the Fiscal Agent pursuant to Section 2.2(c) as a Record Date for the payment of defaulted interest on the Bonds, if any.

“Redemption Account” means the account by that name in the Bond Fund established and held by the Fiscal Agent pursuant to Section 5.2.

“Redemption Date” means the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms hereof.

“Redemption Price” means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant hereto.

“Registration Books” means the records maintained by the Fiscal Agent for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.4.

“Remarketing Proceeds Account” means the account by that name in the Purchase Fund established and held by the Fiscal Agent pursuant to Section 5.07 of the Original Fiscal Agent Agreement.

“Reserve Fund” means the Reserve Fund established and held by the Fiscal Agent pursuant to Section 5.4.

“Reserve Requirement” means, with respect to the Bonds, as of the date of any calculation, an amount equal to the least of (i) Maximum Annual Debt Service on the Bonds Outstanding, (ii) 10% of the proceeds of the Bonds (within the meaning of Section 148 of the Code) as of the Conversion Date, or (iii) 125% of average Annual Debt Service on all Bonds Outstanding. As set forth in Section 3.2(b) hereof, initially the Reserve Fund shall be funded at the Conversion Date at an amount equal to \$_____ and thereafter as set forth in Section 3.3(b) hereof, an amount sufficient to bring the balance therein to the Reserve Requirement shall be deposited in the Reserve Fund from the first Special Tax Revenues received in Fiscal Year 2010-11.

“Resolution of Formation” means Resolution No. 88-334, adopted by the Board of Supervisors on July 5, 1988, as amended by Resolution No. 88-383 adopted on July 26, 1988.

“Resolution Regarding Conversion” means Resolution No. CFD 2010-__, adopted by the Legislative Body on October [__] 2010, authorizing the conversion of the 1997 Bonds to a Fixed Interest Rate, the remarketing of the 1997 Bonds and the issuance of the Related Additional Bonds.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District and specified to the Fiscal Agent in writing.

“Securities Depositories” means The Depository Trust Company, 18301 Bermuda Green Drive, Tampa, Florida 33647, Fax - (813) 470-1037; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Community Facilities District may designate in a Written Certificate of the Community Facilities District delivered to the Fiscal Agent.

“Special Tax” or **“Special Taxes”** means the taxes authorized to be levied by the Community Facilities District in and for the Community Facilities District in accordance with the Ordinance.

“Special Tax Administrator” means Albert A. Webb Associates or any other consultant or firm of financial consultants appointed by the Community Facilities District or the County and who or each of

whom: (a) is judged by the Community Facilities District or the County to have experience with respect to the administration of Community Facilities Districts, (b) is in fact independent and not under the domination of the Community Facilities District or the County, (c) does not have any substantial interest, direct or indirect, with the Community Facilities District or the County, and (d) is not connected with the Community Facilities District or the County as an officer or employee of the Community Facilities District or the County, but who may be regularly retained to make reports to the Community Facilities District or the County.]

“Special Tax Fund” means the Special Tax Fund established and held by the Fiscal Agent pursuant to Section 3.3.

“Special Tax Revenues” means the amount of all Special Taxes, including any Prepayments thereof, interest and penalties thereon and proceeds from the sale of property collected pursuant to the foreclosure provisions of this Fiscal Agent Agreement for the delinquency of such Special Taxes and proceeds from any security for payment of Special Taxes taken in lieu of foreclosure after payment of administrative costs and attorneys’ fees payable from such proceeds.

“State” means the State of California.

“Supplemental Agreement” means any agreement amendatory of or supplemental to this Fiscal Agent Agreement, but only if and to the extent that such Supplemental Agreement is specifically authorized hereunder.

“Tax Certificate” means that certain Tax Certificate executed in connection with the Bonds.

“Treasurer” means the Treasurer of the County, or a designee thereof.

“Underwriter” means E. J. De La Rosa & Co., Inc., appointed pursuant to the Resolution of Conversion to serve as underwriter in connection with the remarketing of the 1997 Bonds and the sale of the Related Additional Bonds.

“Written Certificate” and **“Written Request”** of the Community Facilities District mean, respectively, a written certificate or written request signed in the name of the Community Facilities District by its Authorized Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Section 1.3 Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Fiscal Agent Agreement; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Fiscal Agent Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.4 Agreement Constitutes Contract. In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall hold the same from time to time, this Fiscal Agent Agreement shall be deemed to be and shall constitute a contract among the Community Facilities District, the Fiscal Agent and the Owners of the Bonds. Except as expressly provided in this Fiscal Agent Agreement, the pledge made in this Fiscal Agent Agreement and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Community Facilities District shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof.

ARTICLE II

THE BONDS

Section 2.1 Authorization of Bonds. Under and subject to the terms of the Original Fiscal Agent Agreement, the Act, Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5, commencing with Section 53580 of the Government Code of the State, and other applicable laws of the State the Community Facilities District hereby authorizes the conversion of the 1997 Bonds to a Fixed Interest Rate and the issuance of the Related Additional Bonds. The Bonds may be in varying denominations, dates, maturities, interest rates and other provisions, subject to the provisions and conditions contained herein.

Section 2.2 Terms of Bonds.

(a) The Bonds shall be designated "Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside Special Tax Refunding Bonds (Fixed Rate Bonds)," and shall be secured by and payable from the Net Taxes and other assets pledged hereunder, as provided herein. The aggregate principal amount of Bonds that may be issued and Outstanding under this Fiscal Agent Agreement on and after the Conversion Date shall not exceed \$_____].

(b) The Bonds shall be in fully-registered form without coupons in Authorized Denominations, so long as no Bond shall have more than one maturity date. The Bonds shall be dated as of the Conversion Date, shall be in the aggregate principal amount of \$_____ [\$_____], shall mature on September 1 of each year and shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rates per annum as follows:

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2011		
2012		
2013		
2014		

(c) The principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America. Except as otherwise provided in the Letter of Representations, the interest on the Bonds shall be payable on the Interest Payment Dates by check mailed by the Fiscal Agent to the respective Owners thereof at their addresses as they appear on the applicable Record Date in the Registration Books, except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of Bonds, upon the written request of such Owner to the Fiscal Agent, received at least ten days prior to a Record Date, specifying the account or accounts in the United States of America to which such payment shall be made, payment of interest shall be made by wire transfer of immediately available funds

on the following Interest Payment Date. Any such request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Fiscal Agent. The principal of and premium, if any, on each Bond shall be payable upon maturity, or on redemption prior thereto, upon surrender thereof at the Office of the Fiscal Agent.

Each Bond shall bear interest from the Interest Payment Date immediately preceding the date of authentication thereof, unless (i) such date of authentication is on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event the Bond shall bear interest from such Interest Payment Date, (ii) such date of authentication is on or before the initial Record Date for the Bonds, in which event the Bond shall bear interest from the Conversion Date, or (iii) interest on the Bond is in default as of such date of authentication, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for, until the entire principal amount of such Bond is paid. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date shall be payable to the Person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special Record Date to be established by the Fiscal Agent for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special Record Date.

(d) The interest on each Bond shall become due and payable on each Interest Payment Date to and including maturity or earlier redemption. The principal of each Bond shall become due and payable upon maturity or earlier redemption.

(e) The Bonds shall be subject to redemption as provided in Article IV.

(f) The Bonds shall initially be in substantially the form set forth in Exhibit A hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 2.3 Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Fiscal Agent. Whenever any Bond or Bonds shall be surrendered for transfer, the Community Facilities District shall execute and the Fiscal Agent shall authenticate and shall deliver a new Bond or Bonds of the same issue for like aggregate principal amount, in any Authorized Denomination. The Fiscal Agent shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

The Bonds may be exchanged at the Office of the Fiscal Agent for a like aggregate principal amount of Bonds of the same issue and maturity, of other Authorized Denominations. The Fiscal Agent shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Fiscal Agent shall not be obligated to make any transfer or exchange of Bonds during the period commencing on the date five days before the date of selection of Bonds for redemption and ending on the date of mailing notice of such redemption, nor shall the Fiscal Agent be obligated to make any transfer or exchange of any Bonds selected for redemption from and after the date of mailing the notice of redemption thereof.

Section 2.4 Registration Books. The Fiscal Agent will keep or cause to be kept, at the Office of the Fiscal Agent, sufficient records for the registration and transfer of ownership of the Bonds. Such records shall be open to inspection during regular business hours and upon reasonable notice by the Community Facilities District. The Fiscal Agent shall, under such reasonable regulations as it may

prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds.

Section 2.5 Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Community Facilities District with the manual or facsimile signature of the Chairman of the Board of Supervisors, acting *ex officio* as the Chairman of the Legislative Body, attested by the manual or facsimile signature of the Clerk of the Board of Supervisors, acting *ex officio* as the Clerk of the Legislative Body. The Bonds shall then be delivered to the Fiscal Agent for authentication by it; provided, however, that only the Fiscal Agent shall authenticate Bonds upon original issuance and pursuant to Section 2.6. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Community Facilities District before the Bonds so signed or attested shall have been authenticated or delivered by the Fiscal Agent, or issued by the Community Facilities District, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Community Facilities District as though those who signed and attested the same had continued to be such officers of the Community Facilities District, and also any Bonds may be signed and attested on behalf of the Community Facilities District by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the Community Facilities District although at the nominal date of such Bonds any such Person shall not have been such officer of the Community Facilities District.

Section 2.6 Authentication of Bonds. Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto, manually executed by the Fiscal Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Fiscal Agent Agreement, and such certificate of or on behalf of the Fiscal Agent shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Fiscal Agent Agreement.

Section 2.7 Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such Authorized Denominations as may be determined by the Community Facilities District, shall be in fully-registered form without coupons and may contain such reference to any of the provisions of this Fiscal Agent Agreement as may be appropriate. Every temporary Bond shall be executed by the Community Facilities District and authenticated by the Fiscal Agent upon the same conditions and in substantially the same manner as the definitive Bonds. If the Community Facilities District issues temporary Bonds it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, at the Office of the Fiscal Agent and the Fiscal Agent shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds in Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Fiscal Agent Agreement as definitive Bonds authenticated and delivered hereunder.

Section 2.8 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Community Facilities District, at the expense of the Owner of said Bond, shall execute, and the Fiscal Agent shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be canceled by it and be destroyed. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence and indemnity satisfactory to the Fiscal Agent shall be given, the Community Facilities District, at the expense of the Owner, shall execute, and the Fiscal Agent shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Fiscal Agent may pay the same without

surrender thereof). The Community Facilities District may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under this Section and of the expenses which may be incurred by the Community Facilities District and the Fiscal Agent. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Community Facilities District whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Fiscal Agent Agreement with all other Bonds secured by this Fiscal Agent Agreement.

Section 2.9 Book-Entry System.

(a) Prior to the execution and delivery of the Bonds, the Community Facilities District may provide that such Bonds shall be initially executed and delivered as Book-Entry Bonds, and in such event, the Bonds for each maturity shall be in the form of a separate single fully-registered Bond (which may be typewritten). Upon initial execution and delivery, ownership of each such Bond shall be registered in the bond register in the name of the Nominee, as nominee of the Depository. Payment of principal of, premium, if any, or interest on any Book-Entry Bonds registered in the name of the Nominee shall be made on the payment date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of the Nominee. Such payments shall be made to the Nominee at the address which is, on the regular Record Date or special Record Date, as the case may be, shown for the Nominee in the Registration Books.

(b) With respect to Book-Entry Bonds, the Community Facilities District and the Fiscal Agent shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such Book-Entry Bonds. Without limiting the immediately preceding sentence, the Community Facilities District and the Fiscal Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in Book-Entry Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Registration Books, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Bonds to be redeemed in the event Bonds are redeemed in part, (iv) the payment to any Participant or any other person, other than an Owner as shown in the Registration Books, of any amount with respect to principal of, premium, if any, or interest on Book-Entry Bonds, or (v) any consent given or other action taken by the Depository as Owner.

(c) The Community Facilities District and the Fiscal Agent may treat and consider the person in whose name each Book-Entry Bond is registered in the Registration Books as the absolute Owner of such Book-Entry Bond for the purpose of payment of principal of, premium, if any, and interest on such Bond, for the purpose of selecting any Bonds, or portions thereof to be redeemed, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, for the purpose of obtaining any consent or other action to be taken by the Owners and for all other purposes whatsoever and the Community Facilities District and the Fiscal Agent shall not be affected by any notice to the contrary.

(d) In the event of a redemption necessitating a reduction in aggregate principal amount of Bonds Outstanding, or a redemption of part of the Bonds Outstanding, the Depository, in its discretion, (i) may request the Fiscal Agent to authenticate and deliver a new Bond, or (ii) if DTC is the sole owner of the Bonds, shall make an appropriate notation on the Bond indicating the date and amounts of such reduction in principal except in the case of final maturity, in which case the Bond must be presented to the Fiscal Agent prior to payment.

(e) The Fiscal Agent shall pay all principal of, premium, if any, and interest on the Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State) the respective Owner, as shown in the Registration Books, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Community Facilities District's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on the Bonds. Upon delivery by the Depository to the Owners, the Community Facilities District and the Fiscal Agent of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Fiscal Agent Agreement shall refer to such nominee of the Depository.

(f) In order to qualify the Book-Entry Bonds for the Depository's book-entry system, the Community Facilities District shall execute and deliver to the Depository the Letter of Representations. The execution and delivery of the Letter of Representations shall not in any way impose upon the Community Facilities District any obligation whatsoever with respect to persons having interests in such Book-Entry Bonds other than the Owners, as shown on the Registration Books. Such Letter of Representations may provide the time, form, content, and manner of transmission, of notices to the Depository. In addition to the execution and delivery of the Letter of Representations by the Community Facilities District, the Community Facilities District and the Fiscal Agent shall take such other actions, not inconsistent with this Fiscal Agent Agreement, as are reasonably necessary to qualify Book-Entry Bonds for the Depository's book-entry program.

(g) In the event the Community Facilities District determines that it is in the best interest of the Beneficial Owners that they be able to obtain certificated Bonds and that such Bonds should therefore be made available and notifies, in writing, the Depository and the Fiscal Agent of such determination, the Depository will notify the Participants of the availability through the Depository of certificated Bonds. In such event, the Fiscal Agent shall transfer and exchange certificated Bonds as requested by the Depository and any other Owners in appropriate amounts. In the event (i) the Depository determines not to continue to act as Securities Depository for Book-Entry Bonds, or (ii) the Depository shall no longer so act and gives notice to the Fiscal Agent of such determination, then the Community Facilities District will discontinue the Book-Entry system with the Depository. If the Community Facilities District determines to replace the Depository with another qualified Securities Depository, the Community Facilities District shall prepare or direct the preparation of a new single, separate, fully-registered Bond for each maturity date of such Book-Entry Bonds, registered in the name of such successor or substitute qualified Securities Depository or its nominee. If the Community Facilities District fails to identify another qualified Securities Depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such bonds shall designate, in accordance with the provisions of Sections 2.3 and 2.8. Whenever the Depository requests the Community Facilities District to do so, the Community Facilities District will cooperate with the Depository in taking appropriate action after reasonable notice (i) to make available one or more separate Bonds evidencing the Book-Entry Bonds to any Participant having Book-Entry Bonds credited to its account with the Depository, and (ii) to arrange for another Securities Depository to maintain custody of bonds evidencing the Book-Entry Bonds.

(h) Notwithstanding any other provision of this Fiscal Agent Agreement to the contrary and if DTC is the sole Owner of the Bonds, so long as any Book-Entry Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed in writing by the Depository.

(i) In connection with any notice or other communication to be provided to Owners pursuant to this Fiscal Agent Agreement by the Community Facilities District or the Fiscal Agent, at the direction of the Community Facilities District, with respect to any consent or other action to be taken by Owners, the Community Facilities District or the Fiscal Agent, as the case may be, shall establish a Record Date for such consent or other action and give the Depository notice of such Record Date not less than 15 calendar days in advance of such Record Date to the extent possible. Notice to the Depository shall be given only when DTC is the sole Owner of the Bonds.

Section 2.10 No Acceleration. The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the redemption of Bonds under Article IV, or the defeasance of the Bonds and discharge of this Fiscal Agent Agreement under Article X.

Section 2.11 Refunding of Bonds. The Bonds may be refunded by the Community Facilities District under Section 53362 *et seq.* of the California Government Code and under Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5, commencing with Section 53580, of the Government Code of the State of California, as amended, upon the conditions set forth in proceedings therefor, all as determined by the Board of Supervisors.

ARTICLE III

CONVERSION OF BONDS; APPLICATION OF PROCEEDS

Section 3.1 Conversion of Bonds; Issuance of Related Additional Bonds. On the Conversion Date concurrently with the execution of this Fiscal Agent Agreement and upon receipt of a Written Request of the Community Facilities District and receipt of the proceeds therefor, the Community Facilities District shall execute and the Fiscal Agent shall authenticate the Bonds and deliver the Bonds to the purchasers in the aggregate principal amount of [\$_____]. Notwithstanding the provisions of Section 2.08 and 5.04 of the Original Fiscal Agent Agreement, the Bonds may be purchased by the Underwriter on the Conversion Date at such purchase price, which may include original issue discount, as may be agreed to by the Community Facilities District and Underwriter.

Section 3.2 Application of Proceeds of the Bonds and Other Funds

(a) On the Conversion Date, the proceeds of the Bonds (\$_____) shall be paid to the Fiscal Agent and deposited by the Fiscal Agent in the Remarketing Proceeds Account to be applied to the purchase of the 1997 Bonds in accordance with the provisions of the Original Fiscal Agent Agreement.

(b) \$_____ [\$830,257.22] of amounts held in the following funds and accounts established for the 1997 Bonds shall be transferred to the Fiscal Agent for deposit to, [or remain in,] the indicated fund or account:

(i) [\$_____ [\$105,000] of moneys in the Special Tax Fund shall be deposited in the Adjustable Redemption Account of the Bond Fund and used to redeem Bonds on the Conversion Date];

(ii) [\$_____ [\$134,630.14] from the VIP Interest Reserve Fund shall be deposited in the Reserve Fund.]

(iii) [\$_____ [\$117,000.00] from the Rate Stabilization Account shall be deposited in the Reserve Fund.]

(iv) [\$_____ [\$7,000.00] from the Adjustable Interest Account of the Bond Fund shall be paid to the Bank to reimburse the Bank for draws for interest to the Conversion Date.

(v) \$_____ [\$132,071.41] from the Adjustable Interest Account of the Bond Fund shall be deposited in the Reserve Fund.]

(vi) [\$_____ [\$11,049.55] from the Special Tax Fund shall be deposited in the Reserve Fund.]

(vii) \$_____ [\$85,660.06 from the Administrative Expense Fund shall remain in the Administrative Expense Fund.]

(viii) \$_____ [\$_____ from the Special Tax Fund shall be deposited in the Administrative Expense Fund.]

(vii) [\$_____ [\$1,715.86] from the Rebate Fund shall remain in the Rebate Fund.

[Any remaining amounts held under the Original Fiscal Agent Agreement for the Bonds and any interest earnings posted after the date of reissuance of the Bonds shall be credited to the account or fund in which such amounts are held.]

(c) The Fiscal Agent may establish additional accounts or subaccounts of the funds and accounts set forth in this Fiscal Agent Agreement as the Fiscal Agent shall deem necessary and prudent in furtherance of its duties pursuant to this Fiscal Agent Agreement. The Community Facilities District may request the establishment of such additional accounts and subaccounts to allow the Community Facilities District to meet its obligations as set forth in this Fiscal Agent Agreement. The Community Facilities District will provide written instruction to the Fiscal Agent for any additional account or subaccount so established.

Section 3.3 Special Tax Fund. There is hereby established a separate fund to be known as the "Special Tax Fund," which shall be held by the Fiscal Agent in trust.

(a) Except for Prepayments, which shall be handled as set forth in the following paragraph, the Apportionment shall be transferred by the Administrator to the Fiscal Agent for deposit in the Special Tax Fund, to be held in trust and transferred on the dates and in the amounts set forth in the following Sections as described below.

The Fiscal Agent shall deposit the portion of any Prepayment received from the Administrator (i) specified by the Administrator in a Written Certificate of the Community Facilities District as the "Bond Principal Prepayment Amount" applicable to such Prepayment in the Redemption Account, (ii) specified by the Administrator in a Written Certificate of the Community Facilities District as the "Interest" payable with respect to such Prepayment in the Interest Account and (iii) specified by the Administrator in a Written Certificate of the Community Facilities District as the applicable "Administrative Expenses" relating to such Prepayment in the Administrative Expense Fund.

(b) The first Special Tax Revenues received in Fiscal Year 2010-11 shall be deposited in the Reserve Fund in an amount sufficient to bring the balance therein to the Reserve Requirement (expected to be satisfied by February 1, 2011). Thereafter, any Special Tax Revenues on deposit in the Special Tax Fund may be allocated to the Administrative Expense Fund from time to time to the extent necessary to pay Administrative Expenses as and when the same shall become due, as set forth in a Written Request of the Community Facilities District.

Once the Reserve Fund is funded in an amount sufficient to bring the balance therein to the Reserve Requirement from the first Special Tax Revenues received in Fiscal Year 2010-11 and subject to allocations of moneys to the Administrative Expense Fund as described in the preceding paragraph, thereafter any Special Tax Revenues on deposit in the Special Tax Fund shall be allocated, in order of priority, not later than the last Business Day prior to each Interest Payment Date to the following funds and accounts:

(i) The Interest Account of the Bond Fund, an amount sufficient to bring the balance therein to an amount equal to the interest payment due on the Bonds on the next succeeding Interest Payment Date;

(ii) The Principal Account of the Bond Fund, an amount sufficient to bring the balance therein to an amount equal to the principal due on the next succeeding Interest Payment Date; and

(iii) The Reserve Fund, an amount sufficient to bring the balance therein to the Reserve Requirement.

To the extent that amounts in the Special Tax Fund remain after the foregoing transfers, they shall remain on deposit in the Special Tax Fund.

(c) All amounts remaining in the Special Tax Fund upon the payment of all Outstanding Bonds shall be paid to the Community Facilities District.

Section 3.4 Rebate Fund. (a) A special fund is hereby created and designated the "Rebate Fund," which is to be held by the Fiscal Agent. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate, as specified in a Written Request of the Community Facilities District.

(b) All money at any time deposited in the Rebate Fund shall be held by the Fiscal Agent in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to Article X hereof or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section and by the Tax Certificate (which is incorporated herein by reference). The Fiscal Agent shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Community Facilities District, and shall have no liability or responsibility to enforce compliance by the Community Facilities District with the terms of the Tax Certificate. The Fiscal Agent may conclusively rely upon the Community Facilities District's determinations, calculations and certifications required by the Tax Certificate. The Fiscal Agent shall have no responsibility to independently make any calculation or determination or to review the Community Facilities District's calculations. No later than May 15 of each year, the Community Facilities District shall notify the Fiscal Agent, in a Written Certificate of the Community Facilities District, the amount of the Rebate Requirement as calculated pursuant to the Tax Certificate.

(c) So long as no Event of Default shall have occurred and be continuing, on or before June 1 of each year, any amount in the Rebate Fund in excess of the Rebate Requirement on such June 1 shall be withdrawn from the Rebate Fund by the Fiscal Agent and deposited in the Earnings Fund.

(d) Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts described in this Section, shall, upon receipt by the Fiscal Agent of a Written Request of the Community Facilities District, be withdrawn by the Fiscal Agent and remitted to the Community Facilities District.

Section 3.5 Earnings Fund.

(a) A special fund is hereby created and designated the "Earnings Fund," which is to be held by the Fiscal Agent. There shall be deposited in the Earnings Fund such amounts as are required to be deposited therein pursuant to Section 5.5.

(b) Annually on or before June 1 of each year, or more frequently, the Community Facilities District shall direct the Fiscal Agent to transfer, and the Fiscal Agent shall transfer, from the Earnings Fund to the Rebate Fund, for purposes of ultimate rebate to the United States, the amount, if any, required to satisfy the Rebate Requirement. The Fiscal Agent shall transfer all amounts remaining in the Earnings Fund (after the transfer referenced in the preceding sentence, if any) and all amounts in the Rebate Fund in excess of the Rebate Requirement, to the following funds, accounts and subaccounts in the following order: first, to the Reserve Fund to the extent necessary to increase the balance therein to an amount equal to the Reserve Requirement, second, to the Administrative Expense Fund, to the extent necessary to pay Administrative Expenses as and when the same shall become due, and third, to the Special Tax Fund, unless directed otherwise in a Written Certificate of the Community Facilities District.

Section 3.6 Additional Bonds. So long as any of the Bonds remain Outstanding, the Community Facilities District shall not issue any additional bonds or obligations payable from Net Taxes, other than bonds issued to refund the Bonds.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.1 Optional Redemption. The Bonds are not subject to optional redemption.
[CONFIRM]

Section 4.2 Mandatory Redemption. The Bonds are subject to mandatory redemption from and to the extent of any Prepayments, in whole or in part in Authorized Denominations, on each Interest Payment Date, at a Redemption Price equal to 100% of the principal amount thereof to be redeemed plus accrued and unpaid interest to such Interest Payment Date, if any, without premium.

Section 4.3 Notice of Redemption. The Fiscal Agent on behalf, and as an Administrative Expense, of the Community Facilities District shall mail (by first-class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to one or more Information Services, at least 30 but not more than 60 days prior to the Redemption Date. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP[®] numbers, the Bond numbers (except in the event of redemption of all of the Bonds of a maturity or maturities in whole) and the maturity or maturities of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Fiscal Agent for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the Redemption Date. Any notice of optional redemption will provide that the notice will be rescinded if the funds from which such optional redemption is to be paid are not deposited with the Fiscal Agent prior to the redemption date. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the sufficiency of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the Redemption Date.

The Fiscal Agent shall give notice of an optional redemption of any Bonds to be redeemed as provided herein, upon receipt of notice from the Community Facilities District, which notice shall be

given to the Fiscal Agent at least 45 days prior to the Redemption Date (unless the Fiscal Agent shall agree to a shorter period).

Section 4.4 Selection of Bonds for Redemption. Whenever provision is made in this Fiscal Agent Agreement for the redemption of less than all of the Bonds, the Fiscal Agent shall select the Bonds to be redeemed from all Bonds not previously called for redemption with respect to any redemption pursuant to Section 4.1, among maturities as directed in a Written Request of the Community Facilities District, and with respect to any redemption pursuant to Section 4.2, among maturities of all Bonds on a *pro rata* basis as nearly as practicable, and by lot among Bonds with the same maturity in any manner which the Fiscal Agent in its sole discretion shall deem appropriate. For purposes of such selection each Bond shall be deemed to be comprised of separate denominations equal to the minimum Authorized Denomination for such Bond and such separate denominations shall be treated as separate Bonds which may be separately redeemed.

Section 4.5 Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Community Facilities District shall execute and the Fiscal Agent shall authenticate and deliver to the Owner thereof, as an Administrative Expense of the Community Facilities District, a new Bond or Bonds of the same issue and in Authorized Denominations equal in aggregate principal amount representing the unredeemed portion of the Bonds surrendered.

Section 4.6 Effect of Notice of Redemption. Notice having been mailed as aforesaid, and moneys for the redemption (including the interest to the applicable Redemption Date and including any applicable premium), having been deposited in the Redemption Account, the Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Fiscal Agent, said Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said Redemption Date, moneys for the redemption of all the Bonds to be redeemed, together with interest to said date, shall be held by the Fiscal Agent so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Fiscal Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions hereof shall be canceled and destroyed upon surrender thereof and the Fiscal Agent shall deliver a certificate of destruction to the Community Facilities District.

ARTICLE V

SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS

Section 5.1 Pledge. Subject only to the provisions of this Fiscal Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Net Taxes (including Prepayments), together with interest and any penalties thereon (subject to Section 6.10), and any and all other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to this Fiscal Agent Agreement (other than the Administrative Expense Fund, the Earnings Fund and the Rebate Fund) are hereby pledged by the Community Facilities District to secure the payment of the principal of, premium, if any, and interest on the Bonds, in accordance with the terms of the Bonds and the provisions of this Fiscal Agent Agreement and the Act. Said pledge shall constitute a first lien on such assets.

Section 5.2 Bond Fund.

(a) The Fiscal Agent shall establish, maintain and hold in trust a special fund designated the "Bond Fund." Within the Bond Fund, the Fiscal Agent shall establish and maintain separate accounts designated the "Interest Account," the "Principal Account," and the "Redemption Account."

(b) *Interest Account.* The Fiscal Agent shall establish and maintain a special account within the Bond Fund designated the "Interest Account." On each Interest Payment Date, the Fiscal Agent shall withdraw from the Interest Account for payment to the Owners of the Bonds the interest then due and payable on the Bonds.

(c) *Principal Account.* The Fiscal Agent shall establish and maintain a special account within the Bond Fund designated the "Principal Account." The Fiscal Agent shall transfer to the Principal Account the amounts specified in Section 3.3(b). On each Principal Payment Date, the Fiscal Agent shall withdraw from the Principal Account for payment to the Owners of the applicable Bonds the principal of the Bonds due and payable on the Bonds.

(d) *Redemption Account.* The Fiscal Agent shall establish and maintain a special account within the Bond Fund designated the "Redemption Account." The Fiscal Agent shall transfer to the Redemption Account the amounts specified in Section 3.3(a) and other amounts received by the Community Facilities District in connection with the Community Facilities District's exercise of its rights to optionally redeem Bonds pursuant to Section 4.1. On each Redemption Date, the Fiscal Agent shall withdraw from the Redemption Account for payment to the Owners of the Bonds of the Redemption Price of Bonds redeemed on such Redemption Date pursuant to Sections 4.1 or 4.2.

In accordance with Section 5.4, the Fiscal Agent shall transfer from the Reserve Fund to the Redemption Account the amount specified in a Written Certificate of the Community Facilities District as the "Reserve Fund Credit" applicable to such Prepayment provided that the Fiscal Agent receives at the time of such transfer the balance of such Prepayment in an amount sufficient to defease a portion of the Bonds to the Redemption Date. Any such amount shall be disbursed from the Redemption Account for the payment to the Owners of the Bonds of the Redemption Price of Bonds redeemed on such Redemption Date pursuant to Section 4.2.

(e) In the event that amounts in the Interest Account and the Principal Account are insufficient for such purposes, the Fiscal Agent, on or before such date, shall withdraw from the Reserve Fund the amount of such insufficiency and shall transfer any amounts so withdrawn to the Interest Account and/or the Principal Account, as applicable. If, after the foregoing transfer, there are insufficient funds in the Principal Account and the Interest Account to pay principal, if any, and interest on the Bonds,

the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal of the Bonds as set forth in Section 7.3.

Section 5.3 Administrative Expense Fund. The Fiscal Agent shall establish and maintain a special fund designated the "Administrative Expense Fund." The Fiscal Agent shall deposit in the Administrative Expense Fund the amounts specified in Sections 3.3(a) and 3.3(b).

The moneys in the Administrative Expense Fund shall be used and withdrawn by the Fiscal Agent from time to time to pay the Administrative Expenses upon submission of a Written Request of the Community Facilities District stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment constitutes an Administrative Expense and is a proper charge against the Administrative Expense Fund, and (e) that such amount has not been the subject of a prior disbursement from the Administrative Expense Fund; in each case together with a statement or invoice for each amount requested thereunder. To the extent moneys are not otherwise available therefor in the Earnings Fund, amounts in the Administrative Expense Fund shall, at the written request of the Administrator, be transferred to the Rebate Fund to the extent necessary to satisfy the requirements of Section 3.4 and Section 6.8 hereof.

Section 5.4 Reserve Fund. The Fiscal Agent shall establish, maintain and hold in trust a special fund designated the "Reserve Fund." On the Conversion Date, there shall be deposited in the Reserve Fund the amount specified in Sections 3.2(b)(ii), through 3.2(b)(v), which in the aggregate is an amount sufficient to cause the balance on deposit to equal \$_____. Thereafter, as set forth in Section 3.3 hereof, the first Special Tax Revenues received in Fiscal Year 2010-11 shall be deposited in the Reserve Fund in an amount sufficient to bring the balance therein to the Reserve Requirement (expected to be satisfied by February 1, 2011).

(a) Except as otherwise provided in this Section, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Interest Account and the Principal Account in the event of any deficiency at any time in such Interest Account and Principal Account of the amount then required for payment of the principal of and interest on the Bonds or, in accordance with the provisions of this Section, for the purpose of redeeming Bonds from the Principal Account.

(b) Transfers shall be made from the Reserve Fund to the Interest Account and the Principal Account in the event of a deficiency in such accounts in accordance with Section 5.2.

(c) Subject to Section 5.4(f), so long as no Event of Default shall have occurred and be continuing, any amount in the Reserve Fund in excess of the Reserve Requirement (other than investment earnings, which shall be deposited in the Earnings Fund) on each date on which the Reserve Requirement is reduced shall be withdrawn from the Reserve Fund by the Fiscal Agent and deposited in the Earnings Fund.

(d) So long as no Event of Default shall have occurred and be continuing, in connection with any Prepayment, the Fiscal Agent shall transfer to the Redemption Account the amount specified in a Written Certificate of the Community Facilities District as the "Reserve Fund Credit" applicable to such Prepayment provided that the Fiscal Agent receives at the time of such transfer the balance of such Prepayment in an amount sufficient to defease a portion of the Bonds to the Redemption Date, and provided, further, that the amount remaining in the Reserve Fund after such transfer will equal the Reserve Requirement.

(e) Whenever the balance in the Reserve Fund, together with the amounts in other funds and accounts available for such purpose, is sufficient to retire all the Outstanding Bonds, whether by advance

retirement or otherwise, collection of the Special Taxes shall be discontinued and the Reserve Fund shall be liquidated by the Fiscal Agent in retirement of such Outstanding Bonds, as directed by a Written Request of the Community Facilities District. In the event that the balance in such Reserve Fund at the time of liquidation exceeds the amount required to retire all such Outstanding Bonds, the excess shall, after payment of amounts due to the Fiscal Agent, be transferred to the Special Tax Fund to be used in accordance with this Fiscal Agent Agreement.

(f) So long as no Event of Default shall have occurred and be continuing, any amount in the Reserve Fund in excess of the Reserve Requirement following the optional redemption of Bonds pursuant to Section 4.1 may be used for the payment of interest on or principal of the Bonds redeemed or as directed in a Written Certificate of the Community Facilities District in connection with any refunding bonds whose proceeds are used to accomplish such redemption.

Section 5.5 Investment of Moneys. Except as otherwise provided herein, all moneys in any of the funds or accounts established pursuant to this Fiscal Agent Agreement shall be invested by the Fiscal Agent solely in Permitted Investments, as directed in a Written Request of the Community Facilities District received two Business Days prior to the making of such investment or shorter time as is acceptable to the Fiscal Agent. Moneys in the Reserve Fund shall be invested in Permitted Investments maturing no later than the earlier of five years from the date of investment or the final maturity date of the Bonds; provided, further, that if such Permitted Investments may be redeemed at par so as to be available on each Interest Payment Date, any amount in the Reserve Fund may be invested in such redeemable Permitted Investments maturing on any date on or prior to the final maturity date of the Bonds. Moneys in the remaining funds, accounts and subaccounts shall be invested in Permitted Investments maturing not later than the date on which the Community Facilities District estimates that such moneys will be required for the purposes specified in this Fiscal Agent Agreement.

Subject to the provisions of Section 6.8, all interest, profits and other income received from the investment of moneys in any fund, account or subaccount established pursuant to this Fiscal Agent Agreement, other than earnings on the Bond Fund and the Special Tax Fund if such earnings in any Bond Year are less than \$100,000, shall, upon receipt by the Fiscal Agent, be deposited in the Earnings Fund. Earnings on the Bond Fund and the Special Tax Fund which, in accordance with the preceding sentence, are not required to be deposited into the Earnings Fund shall be deposited in the Bond Fund and the Special Tax Fund, respectively. The Fiscal Agent shall make transfers of amounts from the Earnings Fund to other funds and accounts as provided in Section 3.5(b).

Notwithstanding anything to the contrary contained in this Section, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund, account or subaccount for the credit of which such Permitted Investment was acquired.

Any loss resulting from a Permitted Investment shall be charged first, to the Earnings Fund, to the extent there is a positive balance in the Earnings Fund, and second, to the Special Tax Fund. Notwithstanding the preceding sentence, investment losses may be charged against any fund or account in such manner as may be specified by the Administrator if, in the opinion of Bond Counsel delivered to the Fiscal Agent, such charging of losses will not impair the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Permitted Investments acquired as an investment of moneys in any fund established under this Fiscal Agent Agreement shall be credited to such fund. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued by the Fiscal Agent at the market value thereof, such valuation to be performed not less frequently than semiannually on or before each

February 15 and August 15. The Fiscal Agent may utilize and rely upon securities pricing services available to it in making any valuations, including those within its accounting system.

The Fiscal Agent may act as principal or agent in the making or disposing of any investment. The Fiscal Agent shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investments is credited, and the Fiscal Agent shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to this Section. For purposes of investment, the Fiscal Agent may commingle any of the moneys held by it hereunder.

The Community Facilities District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Community Facilities District the right to receive brokerage confirmations of security transactions as they occur, the Community Facilities District specifically waives receipt of such confirmations to the extent permitted by law. The Fiscal Agent will furnish the Community Facilities District periodic cash transaction statements which include detail for all investment transactions made by the Fiscal Agent hereunder.

The Fiscal Agent or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Fiscal Agent hereunder.

The Fiscal Agent shall be entitled to rely conclusively upon the Written Request of the Community Facilities District directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. With respect to any legal requirement embodied in any of the above types of investments (e.g., the existence, validity and perfection of security interests in collateral), the Fiscal Agent may conclusively rely on an opinion of counsel or a Written Certificate of the Community Facilities District, that such requirement has been satisfied.

Section 5.6 State Reporting. If at any time the Fiscal Agent fails to pay principal or interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Fund to pay principal or interest on the Bonds, the Fiscal Agent shall notify the Community Facilities District and the Community Facilities District shall notify the California Debt and Investment Advisory Commission of such failure or withdrawal within 10 days of the failure to make such payment.

Section 5.7 Annual Reports to the California Debt and Investment Advisory Commission. Not later than October 30 of each year, commencing October 30, 2010, and until the October 30 following the final maturity of the Bonds, the Community Facilities District shall supply to the California Debt and Investment Advisory Commission the information required to be provided thereto pursuant to Section 53359.5(b) of the Act. Such information shall be made available to any Owner upon written request to the Community Facilities District accompanied by a fee determined by the Community Facilities District to pay the costs of the Community Facilities District in connection therewith. The Community Facilities District shall in no event be liable to any Owner or any other person or entity in connection with any error in any such information.

ARTICLE VI

COLLECTION AND APPLICATION OF SPECIAL TAXES; PARTICULAR COVENANTS

Section 6.1 Compliance; Collection and Application of Special Tax Revenues.

(a) The Community Facilities District shall comply with all requirements of the Act, the Resolution of Issuance, the Ordinance and this Fiscal Agent Agreement to assure the timely collection of the Special Tax Revenues, including, without limitation, the enforcement of delinquent Special Taxes, except as otherwise permitted by Section 6.10. Any funds received by the Community Facilities District in and for the Community Facilities District, including, but not limited to, collections of Special Tax Revenues (including Prepayments), collections of delinquent Special Taxes and interest and penalties thereon, through foreclosure proceedings or otherwise, shall as soon as practicable be transmitted directly to the Fiscal Agent, to be deposited into the funds and accounts herein specified.

So long as any Bonds are Outstanding or any amounts of Administrative Expenses are payable or any amounts are payable, the Community Facilities District shall levy the Special Tax each Fiscal Year in accordance with the Ordinance; provided, however, that the amount of the Special Tax levied in any Fiscal Year shall not exceed the amount specified in the Ordinance.

(b) The Special Taxes shall be payable and be collected in the same manner, at the same time and in the same installments as the general taxes on real property are payable, and have the same priority; provided, however, that the Community Facilities District may directly bill all or part of the Special Taxes, and may collect the Special Taxes at a different time or in a different manner if deemed appropriate by the Community Facilities District. The Special Taxes shall become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property.

Section 6.2 Foreclosure. Subject to the provisions of Section 6.10, the Community Facilities District covenants for the benefit of the Owners of the Bonds that it will commence appropriate judicial foreclosure proceedings against parcels with total Special Tax delinquencies in excess of \$[25,000] (not including interest and penalties thereon) by the October 1 following the close of each Fiscal Year in which the last of such Special Taxes were due and will commence appropriate judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes (excluding Prepayments) in an amount which is less than 95% of the total Special Taxes levied in such Fiscal Year, and diligently pursue to completion such foreclosure proceedings; provided, however, that, notwithstanding the foregoing, the Community Facilities District may elect to accept payment from a property owner of at least the enrolled amount but less than the full amount of the penalties, interest, costs and attorneys' fees related to a Special Tax delinquency, if permitted by law. Notwithstanding the foregoing, in certain instances the amount of a Special Tax delinquency on a particular parcel is so small that the cost of appropriate foreclosure proceedings will far exceed the Special Tax delinquency and in such cases foreclosure proceedings may be delayed by the Community Facilities District until there are sufficient Special Tax delinquencies accruing to such parcel (including interest and penalties thereon) to warrant the foreclosure proceedings cost.

Section 6.3 Punctual Payment; Against Encumbrances. The Community Facilities District covenants that it will receive all Special Tax Revenues in trust and will immediately deposit the Special Tax Revenues with the Fiscal Agent and the Community Facilities District shall have no beneficial right or interest in the amounts so deposited except as provided by this Fiscal Agent Agreement. All such Special Tax Revenues, whether received by the Community Facilities District in trust or deposited with the Fiscal Agent, all as herein provided, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes herein set forth, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Community Facilities District.

The Community Facilities District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond issued hereunder, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and in accordance with this

Fiscal Agent Agreement to the extent Net Taxes are available therefor, and that the payments into the Funds and Accounts established hereunder will be made, all in strict conformity with the terms of the Bonds and this Fiscal Agent Agreement, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Fiscal Agent Agreement and all supplements and of the Bonds issued hereunder.

The Community Facilities District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Special Tax Revenues and other assets pledged under this Fiscal Agent Agreement, except as provided herein, and will not issue any obligation or security senior to or on a parity with the Bonds in right of payment, payable in whole or in part from the Special Tax Revenues and other assets pledged under this Fiscal Agent Agreement, other than refunding bonds.

Section 6.4 Extension of Payment of Bonds. The Community Facilities District shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any Event of Default hereunder, to the benefits of this Fiscal Agent Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Community Facilities District to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 6.5 Power to Issue Bonds and Make Pledge. The Community Facilities District is duly authorized pursuant to the Act and other applicable laws of the State to issue the Bonds and to enter into this Fiscal Agent Agreement and to pledge the Special Tax Revenues and other assets purported to be pledged under this Fiscal Agent Agreement in the manner and to the extent provided in this Fiscal Agent Agreement. The Bonds and the provisions of this Fiscal Agent Agreement are and will be the legal, valid and binding obligations of the Community Facilities District in accordance with their terms, and the Community Facilities District shall at all times, to the extent permitted by law, defend, preserve and protect said pledge of Special Tax Revenues and other assets pledged under this Fiscal Agent Agreement and all the rights of the Owners under this Fiscal Agent Agreement against all claims and demands of all Persons whomsoever.

Section 6.6 Accounting Records and Statements. The Fiscal Agent shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by the Fiscal Agent relating to the proceeds of the Bonds, the Special Tax Revenues and all funds and accounts established pursuant to this Fiscal Agent Agreement. Such books of record and account shall be available for inspection by the Community Facilities District during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Fiscal Agent. The Fiscal Agent shall deliver to the Community Facilities District a monthly accounting of the funds, accounts and subaccounts (including deposits thereto and disbursements therefrom) it holds under this Fiscal Agent Agreement; provided, however, that the Fiscal Agent shall not be obligated to deliver such accounting for any fund or account which has been inactive in the previous month and which has a balance of zero.

Section 6.7 Waiver of Laws. The Community Facilities District shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Fiscal Agent Agreement or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Community Facilities District to the extent permitted by law.

Section 6.8 Tax Covenants.

(a) The Community Facilities District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Community Facilities District shall comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Bonds.

(b) In the event that at any time the Community Facilities District is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Fiscal Agent in any of the funds or accounts established hereunder, the Community Facilities District shall so instruct the Fiscal Agent in writing, and the Fiscal Agent shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the Community Facilities District shall provide to the Fiscal Agent an opinion of Bond Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Fiscal Agent may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

(d) Certain agreements, requirements and procedures contained or referred to in this Fiscal Agent Agreement, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Any such change may occur or action may be taken or omitted upon the advice or approval of Bond Counsel other than the Bond Counsel that rendered a final opinion with respect to the Bonds upon their original issuance, only if the Community Facilities District obtains from such Bond Counsel an opinion, substantially to the effect that interest on the Bonds is excluded from gross income for federal income tax purposes.

Section 6.9 Continuing Disclosure. The Community Facilities District shall comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Fiscal Agent Agreement, failure of the Community Facilities District to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Fiscal Agent shall (at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, but only to the extent the Fiscal Agent has been indemnified from any liability, cost or expense, including reasonable fees and expenses of its attorneys and additional fees of the Fiscal Agent), or any Owner or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Community Facilities District to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Section 6.10 Waiver of Penalties; Non-Cash Payments of Special Taxes. To the extent permitted by law, the Community Facilities District may utilize provisions of the Act and State legislation which are now in effect, or as may hereafter be in effect, which are applicable to the payment and collection of Special Tax installments and penalties and interest thereon, including the waiver of delinquency and redemption penalties, or the tender of Bonds in payment of installments of Special Taxes or interest or penalties thereon which are due on delinquency, so long as the Community Facilities District finds that such utilization is in the best interest of the Owners of the Bonds; provided, however,

the Community Facilities District shall not authorize owners of taxable parcels within the Community Facilities District to satisfy Special Tax obligations by the tender of Bonds unless the Community Facilities District shall have first obtained a report of an Independent Financial Advisor certifying that doing so would not result in the Community Facilities District having insufficient Net Taxes to pay the principal of and interest on all Outstanding Bonds when due.

Section 6.11 Further Assurances. The Community Facilities District shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Fiscal Agent Agreement and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Fiscal Agent Agreement.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Section 7.1 Events of Default. The following events shall be Events of Default hereunder:

(a) Default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) The filing by the Community Facilities District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Community Facilities District, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Community Facilities District or of the whole or any substantial part of its property; or

(d) Default by the Community Facilities District in the observance of any of the other covenants, agreements or conditions on its part in this Fiscal Agent Agreement or contained in the Bonds, if such default shall have continued for a period of 60 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Community Facilities District by the Fiscal Agent, or to the Community Facilities District and the Fiscal Agent by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding; provided that such default shall not constitute an Event of Default hereunder if the Community Facilities District shall commence to cure such default within said 60 day period and thereafter diligently and in good faith shall cure such default within a reasonable period of time.

Section 7.2 Remedies; Rights of Owners. Upon the occurrence of an Event of Default, the Fiscal Agent may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and to enforce any rights of the Fiscal Agent under or with respect to this Fiscal Agent Agreement. In the event of an Event of Default arising out of a nonpayment of Fiscal Agent's fees and expenses, the Fiscal Agent may sue the Community Facilities District to seek recovery of its fees and expenses; provided, however, that such recovery may be made only from Special Tax Revenues of the Community Facilities District.

Subject to Section 8.3(g), if an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds, the Fiscal Agent shall be obligated to exercise one or more of the rights and powers conferred by this Article VII, as the Fiscal Agent, being advised by counsel, shall deem most expedient in the interests of the Owners.

No remedy by the terms of this Fiscal Agent Agreement conferred upon or reserved to the Fiscal Agent (or to the Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Fiscal Agent or to the Owners hereunder or now or hereafter existing at law or in equity.

Section 7.3 Application of Special Taxes and Other Funds After Default. If an Event of Default shall occur and be continuing under Section 7.1(a) or (b), all Special Tax Revenues (including any penalties, costs, fees and other charges accruing under the Act) and any moneys in the funds and accounts established hereunder for the Bonds (other than the Earnings Fund, the Reserve Fund, the Administrative Expense Fund and the Rebate Fund) shall be applied by the Fiscal Agent as follows and in the following order:

(a) To the payment of reasonable fees, charges and expenses of the Fiscal Agent (including reasonable fees and disbursements of its counsel and advisors) incurred in and about the performance of its powers and duties under this Fiscal Agent Agreement.

(b) To the payment of the principal of and interest then due with respect to Bonds (upon presentation of Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid, or as otherwise required by the Letter of Representations) subject to the provisions of this Fiscal Agent Agreement, as follows:

First: To the payment to the Persons entitled thereto of all installments of interest on Bonds then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal of any Outstanding Bonds which shall have become due, whether at maturity or by call for redemption, and, if the amount available shall not be sufficient to pay in full all Outstanding Bonds which shall have become due, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference.

(c) Any remaining funds shall be transferred by the Fiscal Agent to the Special Tax Fund.

Section 7.4 Owners' Direction of Proceedings. Anything in this Fiscal Agent Agreement to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding affected thereby shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Fiscal Agent, and upon indemnification of the Fiscal Agent to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Fiscal Agent hereunder, provided that the Fiscal Agent shall have the right to decline to follow any such direction which in the reasonable opinion of the Fiscal Agent would be unjustly prejudicial to Owners not parties to such direction.

Section 7.5 Limitation on Owners' Right to Sue. No Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of

any right or remedy under this Fiscal Agent Agreement, the Act or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Fiscal Agent written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, shall have made written request upon the Fiscal Agent to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Fiscal Agent indemnity against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Fiscal Agent shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Fiscal Agent.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Fiscal Agent Agreement or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Fiscal Agent Agreement, the Act or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Fiscal Agent Agreement.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Fiscal Agent Agreement.

Section 7.6 Absolute Obligation of Community Facilities District. Nothing contained in Section 7.5 or in any other provision of this Fiscal Agent Agreement or in the Bonds contained shall affect or impair the obligation of the Community Facilities District, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Net Taxes and other assets herein pledged therefor and received by the Community Facilities District or the Fiscal Agent, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Notwithstanding the provision of this Section, as set forth in Section 6.10, the Community Facilities District shall have the right to accept less than the minimum bid on any delinquent parcel, and is indemnified from legal claim from Owners of the Bonds, if the Legislative Body determines that the acceptance of less than the minimum bid or other action as described in Section 6.10 is in the best interest of the Community Facilities District.

Section 7.7 Termination of Proceedings. In case any proceedings taken by the Fiscal Agent or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Fiscal Agent or the Owners, then in every such case the Community Facilities District, the Fiscal Agent and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Community Facilities District, the Fiscal Agent and the Owners shall continue as though no such proceedings had been taken.

Section 7.8 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Fiscal Agent or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.9 No Waiver of Default. No delay or omission of the Fiscal Agent or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Fiscal Agent Agreement to the Fiscal Agent or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII

FISCAL AGENT

Section 8.1 Duties of Fiscal Agent.

(a) Duties of Fiscal Agent Generally. The Fiscal Agent shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Fiscal Agent Agreement. The Fiscal Agent shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by this Fiscal Agent Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Removal of Fiscal Agent. The Community Facilities District may, with prior written notice remove the Fiscal Agent at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Fiscal Agent for any breach hereunder or by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Fiscal Agent shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Fiscal Agent or its property shall be appointed, or any public officer shall take control or charge of the Fiscal Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Fiscal Agent and thereupon shall appoint a successor Fiscal Agent by an instrument in writing.

(c) Resignation of Fiscal Agent. The Fiscal Agent may at any time resign by giving written notice of such resignation by first-class mail, postage prepaid, to the Community Facilities District and to the Owners notice of such resignation at the respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Community Facilities District shall promptly appoint a successor Fiscal Agent by an instrument in writing. The Fiscal Agent shall not be relieved of its duties until such successor Fiscal Agent has accepted appointment.

(d) Appointment of Successor Fiscal Agent. Any removal or resignation of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent in accordance with the terms thereof regarding transfer; provided, however, that under any circumstances the successor Fiscal Agent shall be qualified as provided in subsection (e) of this Section. If no qualified successor Fiscal Agent shall have been appointed and have accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Fiscal Agent or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Fiscal Agent. Any successor Fiscal Agent appointed under this Fiscal Agent Agreement shall signify its acceptance of such appointment by executing and delivering to the Community Facilities District and to its predecessor

Fiscal Agent a written acceptance thereof, and to the predecessor Fiscal Agent an instrument indemnifying the predecessor Fiscal Agent for any costs or claims arising during the time the successor Fiscal Agent serves as Fiscal Agent hereunder, and after payment by the Community Facilities District of all unpaid fees and expenses of the predecessor Fiscal Agent, such successor Fiscal Agent, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Fiscal Agent, with like effect as if originally named Fiscal Agent herein; but, nevertheless at the Written Request of the Community Facilities District or the request of the successor Fiscal Agent, such predecessor Fiscal Agent shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Fiscal Agent all the right, title and interest of such predecessor Fiscal Agent in and to any property held by it under this Fiscal Agent Agreement and shall pay over, transfer, assign and deliver to the successor Fiscal Agent any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Fiscal Agent, the Community Facilities District shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Fiscal Agent all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Fiscal Agent as provided in this subsection, the Community Facilities District shall mail or cause the successor Fiscal Agent to mail, by first-class mail, postage prepaid, a notice of the succession of such Fiscal Agent to the trusts hereunder to each rating agency which then maintains a rating on the Bonds, to the Owners at the addresses shown on the Registration Books. If the Community Facilities District fails to mail such notice within 15 days after acceptance of appointment by the successor Fiscal Agent, the successor Fiscal Agent shall cause such notice to be mailed at the expense of the Community Facilities District.

(e) Qualifications of Fiscal Agent. The Fiscal Agent shall be a trust company, banking association or bank having the powers of a trust company, having (or if such bank or trust company is a member of a bank holding company system, its parent bank holding company shall have) a combined capital and surplus of at least seventy-five million dollars (\$75,000,000), and subject to supervision or examination by federal or state agency. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

In case at any time the Fiscal Agent shall cease to be eligible in accordance with the provisions of this subsection (e), the Fiscal Agent shall resign immediately in the manner and with the effect specified in this Section.

(f) Co-Fiscal Agents. At any time, for the purposes of meeting the legal requirements of any applicable jurisdiction, the Fiscal Agent may appoint one or more persons to act as co-fiscal agent under this Fiscal Agent Agreement, with such powers as may be provided in the instrument of appointment, and vest in such person or persons any property, title, right or power deemed necessary or desirable, subject to the remaining provision of this Section.

Each co-fiscal agent shall, to the extent permitted by applicable law, be appointed subject to the following terms:

(i) The rights, powers, duties and obligations conferred or imposed upon any such co-fiscal agent shall not be greater than those conferred or imposed upon the Fiscal Agent, and such rights and powers shall be exercisable only jointly with the Fiscal Agent, except to the extent that, under any law of any jurisdiction in which any particular act or acts are to be performed, the Fiscal Agent shall be incompetent or unqualified to perform such act or acts, in

which event such rights and powers shall be exercised by such co-fiscal agent and powers shall be exercised by such co-fiscal agent subject to the provisions of clause (iii) below.

(ii) The Fiscal Agent may at any time, by an instrument in writing executed by it, accept the resignation of or remove any co-fiscal agent appointed under this Section.

(iii) In performing duties and obligations or exercising rights and powers, a co-fiscal agent shall be subject to the same standard of care as the Fiscal Agent. No co-fiscal agent under this Fiscal Agent Agreement shall be liable by reason of any act or omission of any other co-fiscal agent appointed under this Fiscal Agent Agreement.

The provision of this section shall extend to any co-fiscal agent, its officers, employees, agents, successors and assigns appointed hereunder.

Section 8.2 Merger or Consolidation. Any bank or trust company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under subsection (e) of Section 8.1 shall be the successor to such Fiscal Agent, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.3 Liability of Fiscal Agent.

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Community Facilities District, and the Fiscal Agent shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Fiscal Agent Agreement or of the Bonds or shall incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Fiscal Agent makes no representations as to the validity or sufficiency of the Fiscal Agent Agreement or of any Bonds, or in respect of the security afforded by the Fiscal Agent Agreement and the Fiscal Agent shall incur no responsibility in respect thereof. The Fiscal Agent shall be under no responsibility or duty with respect to: (i) the issuance of the Bonds for value; (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Fiscal Agent; or (iii) the application of any moneys paid to the Community Facilities District or others in accordance with the Fiscal Agent Agreement except as the application of any moneys paid to it in its capacity as Fiscal Agent. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Fiscal Agent shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Fiscal Agent Agreement. The Fiscal Agent and its officers and employees may become the Owner of Bonds with the same rights it would have if it were not Fiscal Agent, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

(b) The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

(c) The Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Fiscal Agent, or exercising any trust or power conferred upon the Fiscal Agent under this Fiscal Agent Agreement.

(d) The Fiscal Agent shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(e) The Fiscal Agent shall not be deemed to have knowledge of an Event of Default hereunder unless it shall have actual knowledge at its Office.

(f) No provisions of this Fiscal Agent Agreement or any other document related hereto shall require the Fiscal Agent to risk or advance its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of its rights hereunder.

(g) Before taking any action under Article VII hereof the Fiscal Agent may require indemnity satisfactory to the Fiscal Agent be furnished from any expenses and to protect it against any liability it may incur hereunder.

(h) The immunities extended to the Fiscal Agent also extend to its directors, officers, employees and agents.

(i) The permissive right of the Fiscal Agent to do things enumerated in this Fiscal Agent Agreement shall not be construed as a duty.

(j) The Fiscal Agent, or any of its affiliates may become the owner or pledgee of any Bonds with the same rights it would have if it were not Fiscal Agent.

Section 8.4 Right to Rely on Documents. The Fiscal Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, who may be counsel of or to the Community Facilities District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith; provided, however, the Fiscal Agent shall in no event delay any payment with respect to the Bonds in anticipation of any such opinion.

Whenever in the administration of the trusts imposed upon it by this Fiscal Agent Agreement the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Community Facilities District, and such Written Certificate shall be full warrant to the Fiscal Agent for any action taken or suffered in good faith under the provisions of this Fiscal Agent Agreement in reliance upon such Written Certificate, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Section 8.5 Preservation and Inspection of Documents. All documents received by the Fiscal Agent under the provisions of this Fiscal Agent Agreement shall be retained in its possession and shall be subject during business hours and upon reasonable notice to the inspection of the Community Facilities District, the Owners and their agents and representatives duly authorized in writing.

Section 8.6 Compensation and Indemnification. The Community Facilities District shall pay to the Fiscal Agent from time to time all reasonable compensation for all services rendered under this Fiscal Agent Agreement, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Fiscal Agent Agreement. The Community Facilities District further agrees, to the extent permitted by law, to indemnify, defend and save the Fiscal Agent harmless against any costs, claims, expenses or liabilities which it may incur in the exercise and performance of its powers and duties hereunder and under any related documents, including the enforcement of any remedies and the defense of any suit, and which are not due to the Fiscal Agent's negligence or its willful misconduct. The duty of the Community Facilities District to indemnify and compensate the Fiscal Agent shall survive the termination and discharge of this Fiscal Agent Agreement and the resignation or removal of the Fiscal Agent. Notwithstanding the foregoing, the Fiscal Agent shall not require indemnity as a precondition to effect a redemption of the Bonds hereunder.

ARTICLE IX

MODIFICATION OR AMENDMENT

Section 9.1 Amendments Permitted.

(a) This Fiscal Agent Agreement and the rights and obligations of the Community Facilities District, the Owners of the Bonds and the Fiscal Agent may be modified or amended from time to time and at any time by a Supplemental Agreement, which the Community Facilities District and the Fiscal Agent may enter into with the written consent of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof, or reduce the interest rate borne thereby, or extend the time of payment, without the written consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Special Tax Revenues and other assets pledged under this Fiscal Agent Agreement prior to or on a parity with the lien created by this Fiscal Agent Agreement or deprive the Owners of the Bonds of the lien created by this Fiscal Agent Agreement on such Special Tax Revenues and other assets (except as expressly provided in this Fiscal Agent Agreement), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Owners to approve the particular form of any Supplemental Agreement, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Community Facilities District and the Fiscal Agent of any Supplemental Agreement pursuant to this subsection (a), the Fiscal Agent shall mail a notice (the form of which shall be furnished to the Fiscal Agent by the Community Facilities District), by first-class mail, postage prepaid, setting forth in general terms the substance of such Supplemental Agreement, to the Owners of the Bonds affected thereby at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Agreement.

(b) This Fiscal Agent Agreement and the rights and obligations of the Community Facilities District, the Fiscal Agent and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Agreement, which the Community Facilities District and the Fiscal Agent may enter into without the consent of any Owners affected thereby, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Community Facilities District in this Fiscal Agent Agreement contained, other covenants and agreements thereafter to be

observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Community Facilities District;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in this Fiscal Agent Agreement;

(iii) to provide for the issuance of refunding bonds, and to provide the terms and conditions under which such refunding bonds may be issued, subject to and in accordance with the provisions of Article III;

(iv) to modify, amend or supplement this Fiscal Agent Agreement in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(v) to modify, amend or supplement this Fiscal Agent Agreement in such manner as to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(vi) in any other respect whatsoever as the Community Facilities District may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Owners.

Section 9.2 Effect of Supplemental Agreement. Upon the execution of any Supplemental Agreement pursuant to this Article, this Fiscal Agent Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Fiscal Agent Agreement of the Community Facilities District, the Fiscal Agent and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of this Fiscal Agent Agreement for any and all purposes.

Section 9.3 Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Agreement pursuant to this Article may, and if the Community Facilities District so determines shall, bear a notation by endorsement or otherwise in form approved by the Community Facilities District and the Fiscal Agent as to any modification or amendment provided for in such Supplemental Agreement, and, in that case, upon demand of the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Office of the Fiscal Agent a suitable notation shall be made on such Bonds. If the Supplemental Agreement shall so provide, new Bonds so modified as to conform, in the reasonable opinion of the Community Facilities District and the Fiscal Agent, to any modification or amendment contained in such Supplemental Agreement, shall be prepared and executed by the Community Facilities District and authenticated by the Fiscal Agent, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Fiscal Agent, without cost to any Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same interest rate and maturity.

Section 9.4 Amendment of Particular Bonds. The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner.

ARTICLE X

DEFEASANCE

Section 10.1 Discharge of Agreement. The Bonds may be paid by the Community Facilities District in any of the following ways, provided that the Community Facilities District also pays or causes to be paid any other sums payable hereunder by the Community Facilities District:

(a) by paying or causing to be paid the principal of and interest and premium (if any) on the Bonds, as and when the same become due and payable;

(b) by depositing with the Fiscal Agent, in trust (pursuant to an escrow agreement), at or before maturity, money or securities in the necessary amount (as provided in Section 10.3) to pay or redeem all Bonds then Outstanding; or

(c) by delivering to the Fiscal Agent, for cancellation by it, all of the Bonds then Outstanding.

If the Community Facilities District shall also pay or cause to be paid or provide for the payment of all other sums payable hereunder by the Community Facilities District including without limitation any compensation due and owing the Fiscal Agent hereunder, then and in that case, at the election of the Community Facilities District (evidenced by a Written Certificate of the Community Facilities District, filed with the Fiscal Agent, signifying the intention of the Community Facilities District to discharge all such indebtedness and this Fiscal Agent Agreement), and notwithstanding that any Bonds shall not have been surrendered for payment, this Fiscal Agent Agreement and the pledge of Special Tax Revenues and other assets made under this Fiscal Agent Agreement and all covenants, agreements and other obligations of the Community Facilities District under this Fiscal Agent Agreement shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the Community Facilities District, and upon receipt of a Written Certificate of an Authorized Representative of the Community Facilities District and an opinion of Bond Counsel, each to the effect that all conditions precedent herein provided for relating to the discharge and satisfaction of the obligations of the Community Facilities District have been satisfied, the Fiscal Agent shall cause an accounting for such period or periods as may be requested by the Community Facilities District to be prepared and filed with the Community Facilities District and shall execute and deliver to the Community Facilities District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Fiscal Agent shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to this Fiscal Agent Agreement, which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption, to the Community Facilities District.

Section 10.2 Discharge of Liability on Bonds. Upon the deposit with the Fiscal Agent, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.3) to pay or redeem any or all Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then all liability of the Community Facilities District in respect of such Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Fiscal Agent as aforesaid for their payment, subject, however, to the provisions of Section 10.4.

Notwithstanding the foregoing, (i) the liability of the Community Facilities District in respect of Bonds shall not cease, terminate and be discharged as provided above unless and until the Fiscal Agent shall have received an opinion of counsel that the prior and future payments of the principal of and

interest and premium, if any, on such Bonds do not constitute a voidable preference under then applicable bankruptcy laws, and (ii) no Bonds or any part thereof shall be deemed to have been paid and discharged within the meaning of this Article unless such Bonds are to be redeemed on or prior to the next date, if any, on which the interest rate payable on such Bonds may change to a different rate and unless such Bonds are not subject to optional or mandatory tender for purchase on or prior to such redemption date.

The Community Facilities District may at any time surrender to the Fiscal Agent for cancellation by it any Bonds previously issued and delivered, which the Community Facilities District may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.3 Deposit of Money or Securities with Fiscal Agent. Whenever in this Fiscal Agent Agreement it is provided or permitted that there be deposited with or held in trust by the Fiscal Agent money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Fiscal Agent in the funds and accounts established pursuant to this Fiscal Agent Agreement and shall be:

(a) Lawful money of the United States of America, in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds, premium, if any, and all unpaid interest thereon to the redemption date; or

(b) Non-callable Federal Securities, the principal of and interest on which when due, in the opinion or report of an independent accountant selected by the Community Facilities District, will provide money sufficient to pay the principal of, premium, if any, and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal, premium, if any, and interest become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice;

provided, in each case, that the Fiscal Agent shall have been irrevocably instructed (by the terms of this Fiscal Agent Agreement or by Written Request of the Community Facilities District) to apply such funds to the payment of such principal and interest with respect to such Bonds.

Section 10.4 Payment of Bonds After Discharge of Agreement. Notwithstanding any provisions of this Fiscal Agent Agreement, to the extent permitted by law and subject to the escheat laws of the State, any moneys held by the Fiscal Agent in trust for the payment of the principal of, premium, if any, or interest on, any Bonds and remaining unclaimed for one year after the date of deposit of such moneys shall be repaid to the Community Facilities District free from the trusts created by this Fiscal Agent Agreement and all liability of the Fiscal Agent with respect to such moneys shall thereupon cease.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Limited Obligation. All obligations of the Community Facilities District under this Fiscal Agent Agreement and the Bonds shall not be general obligations of the Community Facilities District but shall be special obligations of the Community Facilities District, payable solely from the Special Tax Revenues or Net Taxes, as applicable, and the other assets pledged therefor hereunder. Neither the faith and credit nor the taxing power of the Community Facilities District (except to the limited extent set forth herein), the County or the State, or any political subdivision thereof, is pledged to the payment of the Bonds.

Section 11.2 Successor Is Deemed Included in All References to Predecessor. Whenever in this Fiscal Agent Agreement the Community Facilities District and the Fiscal Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Fiscal Agent Agreement contained by or on behalf of the Community Facilities District or the Fiscal Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.3 Limitation of Rights to Parties and Owners. Nothing in this Fiscal Agent Agreement or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Fiscal Agent, the Community Facilities District and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Fiscal Agent Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Fiscal Agent, the Community Facilities District and the Owners of the Bonds.

Section 11.4 Waiver of Notice; Requirement of Mailed Notice. Whenever in this Fiscal Agent Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Fiscal Agent Agreement any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first-class mail.

Section 11.5 Destruction of Bonds. Whenever in this Fiscal Agent Agreement provision is made for the cancellation by the Fiscal Agent and the delivery to the Community Facilities District of any Bonds, the Fiscal Agent shall, in lieu of such cancellation and delivery, destroy such Bonds as may be allowed by law, and deliver a certificate of such destruction to the Community Facilities District.

Section 11.6 Severability of Invalid Provisions. If any one or more of the provisions contained in this Fiscal Agent Agreement or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Fiscal Agent Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Fiscal Agent Agreement, and this Fiscal Agent Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Community Facilities District hereby declares that it would have entered into this Fiscal Agent Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Fiscal Agent Agreement may be held illegal, invalid or unenforceable.

Section 11.7 Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder to any Notice Party shall be given to all Notice Parties at their respective addresses set forth below, or at such other address as such party may provide to the other Notice Parties in writing from time to time, namely:

If to the Community Facilities District:

County of Riverside
Executive Office
4080 Lemon Street, 4th Floor
Riverside, California 92501
Attention: Community Facilities District Administrator
Ref: CFD No. 88-4
Telephone: (951) 955-1100
Telecopy: (951) 955-1105

If to the Fiscal Agent:

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust
Ref: Community Facilities District No. 88-4 (Winchester Ranch) of the County of
Riverside Special Tax Refunding Bonds
Telephone: (213) 533-8712
Telecopy: (213) 533-8729

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if personally served or delivered, upon delivery, (b) if given by electronic communication, whether by telex, telegram or telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, (d) if given by overnight courier, with courier charges prepaid, 24 hours after delivery to said overnight courier, or (e) if given by any other means, upon delivery at the address specified in this Section.

Section 11.8 Evidence of Rights of Owners. Any request, consent or other instrument required or permitted by this Fiscal Agent Agreement to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any Person of Bonds transferable by delivery, shall be sufficient for any purpose of this Fiscal Agent Agreement and shall be conclusive in favor of the Fiscal Agent and the Community Facilities District if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Fiscal Agent or the Community Facilities District in accordance therewith or reliance thereon.

Section 11.9 Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Fiscal Agent Agreement, Bonds which are known by the Fiscal Agent to be owned or held by or for the account of the Community Facilities District, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Community Facilities District or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Fiscal Agent the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Community Facilities District or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Fiscal Agent taken upon the advice of counsel shall be full protection to the Fiscal Agent.

Section 11.10 Money Held for Particular Bonds. The money held by the Fiscal Agent for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of Section 10.4 but without any liability for interest thereon.

Section 11.11 Funds and Accounts. Any fund or account required by this Fiscal Agent Agreement to be established and maintained by the Fiscal Agent may be established and maintained in the accounting records of the Fiscal Agent, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with corporate trust industry standards to the extent practicable, and with due regard for the requirements of Section 5.4 and for the protection of the security of the Bonds and the rights of every Owner thereof. The Fiscal Agent may establish such funds and accounts as it deems necessary or appropriate to perform its obligations hereunder.

Section 11.12 Payment on Non-Business Days. In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such non-Business Day.

Section 11.13 Waiver of Personal Liability. No member, officer, agent or employee of the Community Facilities District or the County shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Fiscal Agent Agreement.

Section 11.14 Conflict with Act. In the event of any conflict between any provision of this Fiscal Agent Agreement and any provision of the Act, the provision of the Act shall prevail over the provision of this Fiscal Agent Agreement.

Section 11.15 Conclusive Evidence of Regularity. Bonds issued pursuant to this Fiscal Agent Agreement shall constitute evidence of the regularity of all proceedings under the Act relative to their issuance and the levy of the Special Taxes.

Section 11.16 Execution in Several Counterparts. This Fiscal Agent Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Community Facilities District and the Fiscal Agent shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.17 Governing Law. This Fiscal Agent Agreement shall be governed by and construed in accordance with the laws of the State.

IN WITNESS WHEREOF, the Community Facilities District has caused this Fiscal Agent Agreement to be signed in its name by its officer thereunto duly authorized, and the Fiscal Agent, in token of its acceptance of the duties of the Fiscal Agent created hereunder, has caused this Fiscal Agent Agreement to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

COMMUNITY FACILITIES DISTRICT NO. 88-4
(WINCHESTER RANCH) OF THE COUNTY OF
RIVERSIDE

By: _____

Chairman of the Board of Supervisors of the
County of Riverside, acting *ex officio* as the
Legislative Body of Community Facilities
District No. 88-4 (Winchester Ranch) of the
County of Riverside

ATTEST:

Clerk of the Board of Supervisors of the
County of Riverside, acting *ex officio* as the
Clerk of the Legislative Body of
Community Facilities District No. 88-4
(Winchester Ranch)
of the County of Riverside

U.S. BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____

Its: Authorized Officer

EXHIBIT A
FORM OF BOND

No. R-_____

\$_____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

COMMUNITY FACILITIES DISTRICT NO. 88-4
(WINCHESTER RANCH)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX REFUNDING BOND,
(FIXED RATE BOND)

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Fiscal Agent for registration, transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

INTEREST RATE	MATURITY DATE	ISSUE DATE	CUSIP [®] NUMBER
%	September 1, 20__	_____, 2010	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

COMMUNITY FACILITIES DISTRICT NO. 88-4 (WINCHESTER RANCH) OF THE COUNTY OF RIVERSIDE (the "Community Facilities District"), FOR VALUE RECEIVED, hereby promises to pay solely from Net Taxes (as provided in the Fiscal Agent Agreement, as hereinafter defined) to be collected in the Community Facilities District, together with amounts in certain funds created in the Fiscal Agent Agreement and the interest earnings thereon, to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest thereon at the rate of interest as provided in this Bond.

This Bond shall not be entitled to any benefit under the Act, Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5, commencing with Section 53580 of the Government Code, and other applicable laws of the State of California (the "State"), the Resolution authorizing the issuance of the bonds, adopted by the Board of Supervisors of the County of Riverside, acting *ex officio* as the Legislative Body of the Community Facilities District on July 15, 1997 (the "Resolution") or the Amended and Restated Fiscal Agent Agreement, dated as of November 1, 2010 (the "Fiscal Agent Agreement"), by and between the Community Facilities District and U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent"), executed pursuant to a Resolution, adopted by the Board of Supervisors on September ___, 2010, or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been dated and signed by the Fiscal Agent. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Fiscal Agent Agreement.

This Bond is one of a duly authorized issue of "Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside Special Tax Refunding Bonds (Fixed Rate Bonds" (the "Bonds") issued in the aggregate principal amount of \$_____ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act") and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5, commencing with Section 53580 of the Government Code, and other applicable laws of the State of California for the purpose of refunding bonds previously issued to finance the construction and acquisition of certain public facilities in the Community Facilities District (the "Project"). The Bonds and the terms and conditions thereof are provided for by the Resolution and the Fiscal Agent Agreement, and this reference incorporates the terms of the Resolution and the Fiscal Agent Agreement herein, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Resolution is adopted under, and this Bond is issued under, and the Resolution, the Fiscal Agent Agreement and this Bond are to be construed in accordance with the laws of the State.

Reference is hereby made to the Fiscal Agent Agreement and all agreements supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Special Taxes, of the rights, duties and immunities of the Fiscal Agent and of the rights and obligations of the Community Facilities District thereunder; and all of the terms of the Fiscal Agent Agreement are hereby incorporated herein and constitute a contract between the Community Facilities District and the Registered Owner hereof, and to all of the provisions of which Fiscal Agent Agreement the Registered Owner hereof, by acceptance hereof, assents and agrees.

The Bonds shall bear interest at the rate specified hereinabove, calculated on the basis of a 360-day year consisting of twelve 30-day months.

The principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be payable on each Interest Payment Date (as hereinafter defined) by check mailed by the Fiscal Agent to the respective Owners thereof at their addresses as they appear in the Registration Books for the Bonds required to be kept by the Fiscal Agent as of the close of business on the applicable Record Date. The Record Date is the fifteenth day of the calendar month preceding each Interest Payment Date (whether or not such day is a Business Day) and

any date established by the Fiscal Agent as a Record Date for the payment of defaulted interest on the Bonds, if any. In the case of an Owner of \$1,000,000 or more in aggregate principal amount of Bonds, upon the written request of such Owner to the Fiscal Agent, received at least ten days prior to a Record Date, specifying the account or accounts in the United States of America to which such payment shall be made, payment of interest shall be made by wire transfer of immediately available funds on the following Interest Payment Date. Any such request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Fiscal Agent. The principal of and premium, if any, on each Bond shall be payable on the maturity date, or earlier redemption, upon surrender thereof at the Office of the Fiscal Agent. If any payment on the Bonds is due on a non-Business Day, it will be made on the next succeeding Business Day with the same effect as if made on such non-Business Day.

This Bond will bear interest from the Interest Payment Date immediately preceding the date of authentication hereof, unless (i) such date of authentication is on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event this Bond will bear interest from such Interest Payment Date, (ii) such date of authentication is on or before the initial Record Date for this Bond, in which event this Bond shall bear interest from the Conversion Date, or (iii) interest on this Bond is in default as of such date of authentication, in which event interest hereon will be payable from the date to which interest has previously been paid or duly provided for, until the entire principal amount of this Bond is paid. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date shall be payable to the Person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special Record Date to be established by the Fiscal Agent for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special Record Date.

Except as otherwise provided in the Letter of Representations, the interest on the Bonds shall be payable on March 1 and September 1 in each year, commencing March 1, 2011, so long as Bonds are Outstanding (each an "Interest Payment Date"). The interest payable shall be the unpaid interest accrued from and including the first day of the preceding calendar month, through and including the last day of the preceding calendar month.

The Bonds shall be issued in registered form without coupons in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof (said denominations being "Authorized Denominations" for Bonds).

The Bonds are not subject to optional redemption.

The Bonds are subject to mandatory redemption from and to the extent of any Prepayments, in whole or in part in Authorized Denominations, on each Interest Payment Date, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued and unpaid interest to such Interest Payment Date, if any, without premium.

The Fiscal Agent, on behalf and at the expense of the Community Facilities District, shall mail, by first-class mail, notice of any redemption to the Owners of any Bonds designated for redemption, at their respective addresses appearing on the Registration Books maintained by the Fiscal Agent, at least 30 but not more than 60 days prior to the redemption date. Neither failure to receive any such notice so mailed nor any defect therein shall affect the sufficiency of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon from and after the redemption date.

If, on the redemption date, moneys for the redemption of all the Bonds to be redeemed, together with interest to said date, shall be held by the Fiscal Agent so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as provided in the Fiscal Agent Agreement and not canceled, then, from and after said date, interest on said Bonds shall cease to accrue and become payable.

Subject to the provisions of the Fiscal Agent Agreement relating to Book-Entry Bonds, any Bond may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Fiscal Agent. Whenever any Bond or Bonds shall be surrendered for transfer, the Community Facilities District shall execute and the Fiscal Agent shall authenticate and shall deliver a new Bond or Bonds of the same issue for a like aggregate principal amount, in any Authorized Denomination. The Fiscal Agent shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Subject to the provisions of the Fiscal Agent Agreement relating to Book-Entry Bonds, the Bonds may be exchanged at the Office of the Fiscal Agent for a like aggregate principal amount of Bonds of the same issue and maturity of other Authorized Denominations. The Fiscal Agent shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Fiscal Agent shall not be obligated to make any transfer or exchange of Bonds during the period commencing on the date five days before the date of selection of Bonds for redemption and ending on the date of mailing notice of such redemption, nor shall the Fiscal Agent be obligated to make any transfer or exchange of any Bonds selected for redemption from and after the date of mailing the notice of redemption thereof.

The Fiscal Agent Agreement and the rights and obligations of the Community Facilities District and of the Owners and of the Fiscal Agent may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Fiscal Agent Agreement; provided that no such modification or amendment shall (a) extend the fixed maturity of any Bond or reduce the amount of principal thereof or reduce the interest rate borne thereby, or extend the time of payment without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) permit the creation of any lien on the Special Tax Revenues and other assets pledged under the Fiscal Agent Agreement, or deprive the Owners of the lien created under the Fiscal Agent Agreement on the Special Tax Revenues and such other assets, without the consent of the Owners of all outstanding Bonds.

The Community Facilities District may issue refunding bonds on a parity with the Bonds in accordance with the provisions of the Act, Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5, commencing with Section 53580 of the Government Code of the State, and other applicable laws of the State for the purpose of refunding the Bonds.

The Fiscal Agent Agreement contains provisions permitting the Community Facilities District to make provision for the payment of the interest on, and the principal and premium, if any, of any of the Bonds so that such Bonds shall no longer be deemed to be outstanding under the terms of the Fiscal Agent Agreement.

IN WITNESS WHEREOF, Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside has caused this Bond to be dated as of _____, 2010, to be signed by the Chairman of the Board of Supervisors of the County of Riverside, acting *ex officio* as the Legislative Body of Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside, by his facsimile signature, and attested to by the facsimile signature of the Clerk of the Board of Supervisors of the County of Riverside, acting *ex officio* as the Clerk of the Legislative Body of Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside.

COMMUNITY FACILITIES DISTRICT NO. 88-4
(WINCHESTER RANCH) OF THE COUNTY OF
RIVERSIDE

Chairman of the Board of Supervisors of the County of
Riverside, acting *ex officio* as the Legislative Body of
Community Facilities District No. 88-4 (Winchester
Ranch) of the County of Riverside

ATTEST:

Clerk of the Board of Supervisors of the
County of Riverside, acting *ex officio* as the
Clerk of the Legislative Body of Community
Facilities District No. 88-4 (Winchester Ranch)
of the County of Riverside

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Fiscal Agent Agreement and registered on the Registration Books.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION, as
Fiscal Agent

By: _____
Its: Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto _____, whose address and social security number or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____, attorney, to transfer the same on the registration books of the Fiscal Agent with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

Note: The signature(s) on this Assignment must correspond with the names as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

**COMMUNITY FACILITIES DISTRICT NO. 88-4
(WINCHESTER RANCH) OF THE COUNTY OF RIVERSIDE
SPECIAL TAX REFUNDING BONDS, SERIES 2006**

BOND PURCHASE AGREEMENT

_____, 2010

Board of Supervisors
County of Riverside, as legislative
body of Community Facilities District
No. 88-4 (Winchester Ranch) of the County of Riverside
4080 Lemon Street
Riverside, California 92501

Ladies and Gentlemen:

E. J. De La Rosa & Co., Inc. (the "Underwriter"), acting not as a fiduciary or agent for you, but on its own behalf, offers to enter into this Bond Purchase Agreement with Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside (the "Community Facilities District") which, upon acceptance, will be binding upon the Community Facilities District and the Underwriter. This offer is made subject to its acceptance by the Community Facilities District on the date hereof, and it is subject to withdrawal by the Underwriter upon notice delivered to the Community Facilities District at any time prior to the acceptance by the Community Facilities District. Capitalized terms that are used in this offer and not otherwise defined herein shall have the respective meanings ascribed to them in the Fiscal Agent Agreement (as hereinafter defined).

The Community Facilities District has previously issued \$28,000,000 aggregate principal amount of its Special Tax Refunding Bonds on July 30, 1997 (the "Bonds") pursuant to the Fiscal Agent Agreement, dated as of July 1, 1997 (the "Original Fiscal Agent Agreement"), between the Community Facilities District and U.S. Bank National Association (successor to First Trust of California, National Association), as Fiscal Agent, as amended by the First Supplemental Fiscal Agent Agreement, dated as of June 1, 2004 (the "First Supplemental Fiscal Agent Agreement"), between the Community Facilities District and the Fiscal Agent, as amended by the Second Supplemental Fiscal Agent Agreement, dated as of July 1, 2008 (the "Second Supplemental Fiscal Agent Agreement"), between the Community Facilities District and the Fiscal Agent, all as amended by the Amended and Restated Fiscal Agent Agreement, dated as of November 1, 2010 (the "Fiscal Agent Agreement"), between the Community Facilities District and the Fiscal Agent.

\$8,000,000 aggregate principal amount of the 1997 Bonds remain outstanding and the Community Facilities District has authorized conversion of the 1997 Bonds to a Fixed Interest Rate in accordance with the Fiscal Agent Agreement, and the issuance of \$_____ aggregate principal amount of Related Additional Bonds (as defined in the Fiscal Agent

Agreement and, together with the 1997 Bonds converted to a Fixed Interest Rate, the "Bonds"). The Underwriter serves as remarketing agent with respect to the 1997 Bonds pursuant to a Remarketing Agreement, dated as of July 1, 2008 (the "Remarketing Agreement"), between the Underwriter and the Community Facilities District.

1. Purchase, Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions, and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter agrees to purchase the 1997 Bonds which are not converted to a Fixed Interest Rate, in the aggregate principal amount specified in Exhibit A hereto. In addition, the Underwriter agrees to purchase, and the Community Facilities District agrees to sell to the Underwriter, all (but not less than all) of the \$_____ Related Additional Bonds in the aggregate principal amount specified in Exhibit A hereto. The Bonds shall be dated the Closing Date (as hereinafter defined), bear interest from said date (payable semiannually on March 1 and September 1 in each year, commencing March 1, 2011) at the rates per annum, and mature on the dates and in the amounts set forth in Exhibit A hereto. The purchase price for the 1997 Bonds shall be \$_____ (representing the principal amount of the 1997 Bonds, less an Underwriter's discount of \$_____, and [less net original issue discount] [plus net original issue premium] of \$_____). The purchase price for the Related Additional Bonds shall be \$_____ (representing the principal amount of the Related Additional Bonds, less an Underwriter's discount of \$_____, and [less net original issue discount] [plus net original issue premium] of \$_____). [The Underwriter, at the request of the Community Facilities District, will wire the bond insurance premium of \$_____ directly to the Insurer (as defined herein).]

(b) The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable and be subject to redemption as provided in, the Fiscal Agent Agreement.

(c) The Underwriter has previously distributed to potential purchasers of the Bonds the Preliminary Official Statement for the Bonds, dated _____, 2010 (which Preliminary Official Statement, together with its cover page and all appendices thereto, is herein referred to as the "Preliminary Official Statement" and which, as amended with the prior approval of the Underwriter and executed by the Community Facilities District, will be referred to herein as the "Official Statement"). Such distribution of the Preliminary Official Statement by the Underwriter was subsequent to its receipt of a certificate from the Community Facilities District deeming the Preliminary Official Statement final for purposes of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"). The Community Facilities District hereby ratifies the use by the Underwriter of the Preliminary Official Statement and authorizes the Underwriter to use and distribute the Official Statement, the Fiscal Agent Agreement, the District Continuing Disclosure Agreement, dated as of _____ 1, 2010, between the Community Facilities District and U.S. Bank National Association, as Dissemination Agent (the "Continuing Disclosure Agreement"), this Bond Purchase Agreement, any other documents or contracts to which the Community Facilities District is a party, and all information contained therein, and all other documents, certificates and statements furnished by the Community Facilities District to the Underwriter in connection with the transactions contemplated by this Bond Purchase Agreement, in connection with the offer and sale of the Bonds by the Underwriter.

(d) At 8:00 A.M., Los Angeles time, on _____, 2010, or at such earlier time or date as shall be agreed upon by the Underwriter and the Community Facilities District (such time and date being herein referred to as the "Closing Date"), the Community Facilities District will deliver (i) to The Depository Trust Company in New York, New York, the Bonds in definitive form (all Bonds being in book-entry form registered in the name of Cede & Co. and having the CUSIP numbers assigned to them printed thereon), duly executed by the officers of the County as the officials of the Community Facilities District as provided in the Fiscal Agent Agreement, and (ii) to the Underwriter, at the offices of McFarlin & Anderson LLP ("Bond Counsel"), the documents herein mentioned; and the Underwriter shall accept such delivery and pay the purchase price of the Bonds in same day funds (such delivery and payment being herein referred to as the "Closing").

(e) The Underwriter agrees to make a bona fide public offering of the Bonds at the initial offering prices set forth in the Official Statement, which prices may be changed from time to time by the Underwriter after such offering.

2. Representations, Warranties and Agreements of the Community Facilities District. The Community Facilities District represents, warrants and covenants to and agrees with the Underwriter that:

(a) The County of Riverside (the "County") has duly adopted a resolution forming the Community Facilities District, as subsequently amended (collectively, the "Resolution of Formation") and an ordinance, as subsequently amended, authorizing the levy of a special tax on the taxable property within the Community Facilities District (collectively, the "Special Tax Ordinance") and all other ordinances and resolutions referred to in the Resolution of Formation and the Special Tax Ordinance. The County has caused to be recorded in the real property records of the County of Riverside a Notice of Special Tax Lien, which was subsequently amended in connection with the annexation of territory to the Community Facilities District and in connection with the resolution of consideration (collectively, the "Notice of Special Tax Lien") (such ordinances and resolutions and Notice of Special Tax Lien being collectively referred to herein as the "Formation Documents"). Each of the Formation Documents remains in full force and effect as of the date hereof and has not been amended, except as described in the Official Statement.

(b) The Community Facilities District is duly organized and validly existing as a community facilities district under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act") and the laws of the State of California and has, or at the Closing Date will have, as the case may be, full legal right, power and authority (i) to execute, deliver and perform its obligations under this Bond Purchase Agreement, the Fiscal Agent Agreement and the Continuing Disclosure Agreement, and to carry out all transactions contemplated by each of such agreements, (ii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out, give effect to and consummate the transactions contemplated by the Formation Documents and the Official Statement and by the Fiscal Agent Agreement, this Bond Purchase Agreement and the Continuing Disclosure Agreement (collectively, the "Community Facility District Documents");

(c) The Community Facilities District has complied, and at the Closing Date will be in compliance, in all material respects, with the Act and the Community Facilities District Documents; and any immaterial compliance therewith by the Community Facilities District, if any, will not impair the ability of the Community Facilities District to carry out, give effect to or consummate the transactions contemplated by the foregoing. From and after the date hereof the Community Facilities District will continue to comply with the Act and the covenants of the Community Facilities District contained in the Community Facilities District Documents;

(d) The County has duly and validly: (i) taken or caused to be taken, all proceedings necessary under the Act and the Constitution and laws of the State of California in order to form the Community Facilities District, to authorize the levy of a special tax (the "Special Tax") on the taxable property within the Community Facilities District pursuant to the approved Rate and Method of Apportionment of Special Tax (the "Rate and Method of Apportionment"), to cause the Special Tax to be secured by a continuing lien on each parcel of Taxable Property (as defined in the Rate and Method of Apportionment) and to authorize the sale and issuance of the Bonds, (ii) authorized and approved the execution and delivery of the Community Facilities District Documents, (iii) authorized the preparation and delivery of the Preliminary Official Statement and the Official Statement, and (iv) authorized and approved the performance by the Community Facilities District of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by, each of said Community Facilities District Documents (including, without limitation, the collection of the Special Tax); and the Community Facilities District has been validly formed, the Special Tax has been approved and its levy authorized, and (assuming due authorization, execution and delivery by other parties thereto, where necessary) the Community Facilities District Documents and the Bonds will constitute the valid, legal and binding obligations of the Community Facilities District enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and to the application of equitable principles;

(e) The Community Facilities District is not in breach of or default under any applicable law or administrative rule or regulation of the United States or the State of California, or of any department, division, agency or instrumentality of either of them, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the performance by the Community Facilities District of its obligations under the Community Facilities District Documents or the Bonds; and compliance with the provisions of each thereof will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the United States or the State of California, or of any department, division, agency or instrumentality of either of them, or under any applicable court or administrative decree or order, or a material breach of or default under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound;

(f) Except for compliance with the "blue sky" or other states securities law filings, as to which the Community Facilities District makes no representations, all approvals, consents, authorizations, elections and orders of or filings or registrations with any State governmental

authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Community Facilities District of its obligations hereunder, or under the Community Facilities District Documents or the Bonds, have been obtained and are in full force and effect;

(g) The Special Tax has been duly and lawfully authorized and may be levied and collected under the laws of the State of California; and, when levied, the Special Tax will constitute a valid and legally binding continuing lien on the properties on which it is levied;

(h) Until the date which is twenty-five (25) days after the "end of the underwriting period" (as hereinafter defined), if any event shall occur of which the Community Facilities District becomes aware, as a result of which it may be necessary to supplement the Official Statement in order to make the statements in the Official Statement, in light of the circumstances existing at such time, not misleading, the Community Facilities District shall forthwith notify the Underwriter of such event and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary so that the statements therein, as so supplemented, will not be misleading in light of the circumstances existing at such time; and the Community Facilities District shall promptly furnish to the Underwriter a reasonable number of copies of such supplement (as used herein, the term "end of the underwriting period" means the later of such time as (i) the Community Facilities District delivers the Bonds to the Underwriter, or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public; and, unless the Underwriter delivers written notice to the contrary to the Community Facilities District prior to the Closing Date specifying another date to be deemed the "end of the underwriting period," the "end of the underwriting period" shall be deemed to be the Closing Date);

(i) The Fiscal Agent Agreement creates a valid pledge of the Net Taxes and the moneys in Special Tax Fund (other than the Administrative Expense Account) established pursuant to the Fiscal Agent Agreement, including the investments thereof, subject in all cases to the provisions of the Fiscal Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein;

(j) Except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending against the Community Facilities District or, to the knowledge of the Community Facilities District, threatened against the Community Facilities District (i) which would materially adversely affect the ability of the Community Facilities District to perform its obligations under the Community Facilities District Documents or the Bonds, or (ii) seeking to restrain or to enjoin: (A) the development of any of the land within the Community Facilities District, (B) the issuance, sale or delivery of the Bonds, (C) the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, or (D) the collection or application of the Special Tax, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Community Facilities District Documents, any tentative or final subdivision map or building permits applicable to property within the Community Facilities District, any other instruments relating to the development of any of the property within the Community Facilities District, or any action contemplated by any of said documents, or (iii) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the

Official Statement or the powers or authority of the Community Facilities District with respect to the Bonds, the Community Facilities District Documents, or any action of the Community Facilities District contemplated by any of said documents; nor is there any action pending against the Community Facilities District or, to the knowledge of the Community Facilities District, threatened against the Community Facilities District which alleges that interest on the Bonds is not excludable from gross income for federal income tax purposes or is not exempt from California personal income taxation;

(k) The Community Facilities District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order for the Underwriter to qualify the Bonds for offer and sale under the "Blue Sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided, however, that the Community Facilities District shall not be required to register as a dealer or a broker of securities or to consent to service of process in connection with any blue sky filing;

(l) Any certificate signed by any authorized official of the County or the Community Facilities District authorized to do so shall be deemed a representation and warranty to the Underwriter as to the statements made therein;

(m) The Community Facilities District will apply the proceeds of the Bonds in accordance with the Fiscal Agent Agreement and as described in the Official Statement;

(n) The Official Statement (except the portions thereof about [the Insurer,]The Depository Trust Company or the book-entry-only system, as to which no view is expressed) is, as of the date thereof, and will be, as of the Closing Date, true, correct and complete in all material respects; and the Official Statement (except the portion thereof mentioned above, as to which no view is expressed), does not, as of the date thereof, and will not, as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(o) The Preliminary Official Statement heretofore delivered to the Underwriter has been deemed final by the Community Facilities District as of its date, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of Rule 15c2-12. The Community Facilities District hereby covenants and agrees that, within seven (7) business days from the date hereof, or (upon reasonable written notice from the Underwriter) within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Community Facilities District shall cause a final printed form of the Official Statement to be delivered to the Underwriter in a quantity mutually agreed upon by the Underwriter and the Community Facilities District so that the Underwriter may comply with paragraph (b)(4) of Rule 15c2-12 and the Rules of the Municipal Securities Rulemaking Board (the "MSRB").

3. Conditions to the Obligations of the Underwriter. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and

warranties on the part of the Community Facilities District contained herein, as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Community Facilities District and the statements made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Community Facilities District of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Community Facilities District Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions contemplated thereby and by this Bond Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate;

(b) Between the date hereof and the Closing Date, the market price or marketability of the Bonds at the initial offering prices set forth in the Official Statement shall not have been materially adversely affected, in the judgment of the Underwriter (evidenced by a written notice to the Community Facilities District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds) by reason of any of the following:

(1) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department or the Internal Revenue Service of the United States of America, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon the interest that would be received by the holders of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof;

(2) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Fiscal Agent Agreement is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, or of the Bonds, including any or all underwriting arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws, rules or regulations as amended and then in effect;

(3) the occurrence of any outbreak of hostilities or other national or international calamity or crisis, or the escalation of an existing national or international calamity or crisis, the effect of such outbreak, calamity or crises on the financial markets of the United States;

(4) establishment of any new restrictions on securities materially affecting the free market for securities (including the imposition of any limitations on interest rates) or the charge to the net capital requirements of the Underwriter established by the New York Stock Exchange, the Securities and Exchange Commission, any other federal or state agency or the Congress of the United States, or by Executive Order;

(5) any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Community Facilities District, its property, income, securities (or interest thereon), the validity or enforceability of the Special Tax or the ability of the Community Facilities District to construct or acquire the improvements as contemplated by the Community Facilities District Documents or the Official Statement or the right of any owner of the property within the Community Facilities District to develop such property in the manner described in the Official Statement; or

(6) any event occurring, or information becoming known, which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or results in the Official Statement containing any untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(c) On the Closing Date, the Underwriter shall have received counterpart originals or certified copies of the following documents, in each case satisfactory in form and substance to the Underwriter:

(1) The Community Facilities District Documents, together with a certificate dated as of the Closing Date of the Secretary of the Board to the effect that each such document is a true, correct and complete copy of the one duly approved by the Board;

(2) The Official Statement, duly executed by the Community Facilities District;

(3) The opinion of Bond Counsel, dated the Closing Date and addressed to the Community Facilities District, in substantially the form attached to the Preliminary Official Statement as APPENDIX E, and a reliance letter from such firm, dated the Closing Date and addressed to the Underwriter, to the effect that such approving opinion addressed to the Community Facilities District may be relied upon by the Underwriter to the same extent as if such opinion was addressed to them;

(4) The supplemental opinion or opinions of Bond Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that (i) this Bond Purchase Agreement and the Continuing Disclosure Agreement have been duly authorized, executed and delivered by the

Community Facilities District, and, assuming such agreements constitute valid and binding obligations of the other parties thereto, constitute the legally valid and binding agreements of the Community Facilities District enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity and to the exercise of judicial discretion in appropriate cases, and by the limitations on remedies against public agencies in the State; provided, however, that no opinion need be expressed as to indemnification, penalty, contribution, choice of law, choice of forum or waiver provisions contained therein; (ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Fiscal Agent Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and (iii) the statements contained in the Official Statement under the captions "THE BONDS," "SOURCES OF PAYMENT FOR THE BONDS" and "TAX MATTERS," and in APPENDIX C and APPENDIX E (exclusive of any financial or statistical data contained therein) insofar as such statements expressly summarize certain provisions of the Bonds, the Fiscal Agent Agreement and the opinion of such firm concerning the exclusion from gross income for federal income tax purposes and exemption from State of California personal income taxes of interest on the Bonds, are accurate in all material respects;

(5) The opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation ("Disclosure Counsel"), dated the Closing Date and addressed to the Community Facilities District and to the Underwriter, to the effect that, without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of their participation in conferences with representatives of the Community Facilities District and others, and their examination of certain documents, nothing has come to their attention which has led them to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any financial statements or other financial, statistical or engineering data or forecasts, numbers, charts, estimates, projections, assumptions, or expressions of opinion, any information about valuation, appraisals, absorption, archeological or environmental matters, or any information about [the Insurer,]The Depository Trust Company or the book-entry-only system);

(6) A certificate, dated the Closing Date and signed by an authorized representative of the Community Facilities District, ratifying the use and distribution by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the offering and sale of the Bonds and certifying that (i) the representations and warranties of the Community Facilities District contained in Section 2 hereof are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement; (ii) to the best of his or her knowledge, no event has occurred since the date of the Official Statement affecting the matters contained therein which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make the statements and information contained in the Official Statement not misleading in any material respect, and the Bonds and the Community Facilities District Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement; and (iii) the Community Facilities District has complied with all the agreements and satisfied all the

conditions on its part to be performed or satisfied under the Community Facilities District Documents and the Official Statement at or prior to the Closing Date;

(7) An opinion, dated the Closing Date and addressed to the Underwriter, of County Counsel, to the effect that (i) the County was duly organized and is validly existing under the Constitution and laws of the State; (ii) the Community Facilities District has full legal right, power, and authority to execute and deliver the Community Facilities District Documents, and the Community Facilities District Documents have been duly authorized, executed, and delivered by the Community Facilities District and, assuming due authorization and execution by any other applicable parties thereto, the Community Facilities District Documents constitute the valid and binding obligations of the Community Facilities District, enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought; (iii) the County Board of Supervisors adopted the resolutions and ordinances forming the Community Facilities District, confirming the Special Tax, and the Board, acting *ex-officio* as the legislative body of the Community Facilities District, approved the Community Facilities District Documents and authorized the sale and issuance of the Bonds at meetings of the Board which were called, held and conducted pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and such resolutions and ordinances are now in full force and effect and have not been amended, modified or rescinded, except as reflected in the Official Statement; (iv) to the best of such counsel's knowledge, after due inquiry, there are no actions, suits, proceedings, inquiries, or investigations, at law or in equity, before or by any court, governmental agency, public board, or body, pending against the County or the Community Facilities District, for which the County or the Community Facilities District has been served, or threatened against the County or the Community Facilities District, to restrain or enjoin the formation of the Community Facilities District, the issuance of the Bonds, the collection or application of the Special Tax, or the payment of principal of and interest on the Bonds, or in any way contesting the validity of the Bonds or the Community Facilities District Documents; (v) the execution and delivery of the Community Facilities District Documents and the approval of the Official Statement, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County or the Community Facilities District a breach of or default under any agreement or other instrument to which either is a party or by which either is bound or any existing law, regulation, court order or consent decree to which either is subject; and (vi) to the best of such counsel's knowledge, without conducting an independent investigation, the information contained in the Official Statement (except for information regarding the financial statements and other financial, statistical or engineering data or forecasts, numbers, charts, estimates, projections, assumptions, or expressions of opinion, any information about valuation, appraisals, absorption, archeological or environmental matters, the Appendices thereto, or any information about [the Insurer or its financial guaranty insurance policy,]The Depository Trust Company or the book-entry-only system, as to which no view need be expressed) is correct in all material respects and does not contain any untrue or misleading statement of a material fact or omit a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(8) An opinion, dated the date of the Closing and addressed to the Underwriter, of Nossaman LLP, counsel to the Underwriter, in such form as may be acceptable to the Underwriter and counsel to the Underwriter, including an opinion that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended.

(9) A certificate, dated the Closing Date, of Albert A. Webb Associates (“Webb”) to the effect that (i) the Special Tax, if collected in the maximum amounts permitted pursuant to the Rate and Method of Apportionment, will generate in each Fiscal Year at least 110% of the debt service payable with respect to the Bonds in the calendar year that begins in such Fiscal Year plus Administrative Expenses, based on such assumptions and qualifications as shall be acceptable to the Community Facilities District and the Underwriter; (ii) all information supplied by Webb to Disclosure counsel with respect to the assessed value of property in the Community Facilities District is, to the best of its knowledge, true and correct as of the date of the Official Statement and as of the Closing Date, and (iii) the statements concerning the Rate and Method of Apportionment and the statistical and financial data set forth in the tables and discussion in the Official Statement which were derived from information supplied by Webb for use in the Official Statement and in APPENDIX A thereto are true, correct and complete in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and no events or occurrences have been ascertained by Webb or have come to its attention that would substantially change such information set forth in the Official Statement.

(10) A certificate of the Fiscal Agent, dated the Closing Date, in form and substance reasonably acceptable to Bond Counsel and the Underwriter;

(11) An opinion, dated the Closing Date and addressed to the Underwriter and the Community Facilities District, of counsel to the Fiscal Agent in form and substance acceptable to the Community Facilities District and the Underwriter;

(12) Evidence as of the Closing satisfactory to the Underwriter that the Bonds have received, at a minimum, a rating of “___” from Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc. (“S&P”) (or such other equivalent ratings as S&P shall issue), and that such rating has not been revoked or downgraded;

(13) [An executed municipal bond insurance policy (the “Policy”) of _____ (the “Insurer”) insuring the scheduled payment of principal of and interest on the Bonds, substantially in the form attached as APPENDIX B of the Official Statement, together with certificates of the Insurer and an opinion of counsel relating to the legal status of the Insurer, the information pertaining to the Insurer and the insurance policy contained in the Official Statement, and the enforceability of the insurance policy, all in form and substance acceptable to Bond Counsel and the Underwriter;]

(14) Evidence satisfactory to the Underwriter that, except as disclosed in the Official Statement, no ad valorem taxes, assessments, special taxes or Special Tax applicable to the property within Community Facilities District are delinquent; and

(15) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the statements and information contained in the Preliminary Official Statement and the Official Statement, of the Community Facilities District's representations and warranties contained herein, and the due performance or satisfaction by the Community Facilities District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Community Facilities District in connection with the transactions contemplated hereby and by the Official Statement.

If the Community Facilities District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Bond Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the Community Facilities District shall be under any further obligation hereunder, except that the respective obligations of the Community Facilities District and the Underwriter set forth in Section 5 and Section 6 hereof shall continue in full force and effect.

4. Conditions of the Community Facilities District's Obligations. The Community Facilities District's obligations hereunder are subject to the Underwriter's performance of its obligations hereunder, and are also subject to the following conditions:

(a) As of the Closing Date, no litigation shall be pending or, to the knowledge of the duly authorized officer of the Community Facilities District executing the certificate referred to in Section 3(c)(6) hereof, threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds or the Community Facilities District Documents or the existence or powers of the Community Facilities District; and

(b) As of the Closing Date, the Community Facilities District shall receive the opinions referred to in Section 3(c)(3) and (5) hereof.

5. Expenses. Whether or not the Bonds are delivered to the Underwriter as set forth herein, the Community Facilities District will pay or cause to be paid the expenses incident to the performance of its obligations hereunder and certain expenses relating to the sale of the Bonds, including but not limited to (a) the cost of the preparation and printing or other reproduction of the Community Facilities Documents and the Official Statement; (b) the fees and disbursements of Bond Counsel, Disclosure Counsel and any other experts or other consultants retained by the City; (c) the costs and fees of the credit rating agencies; (d) the cost of preparing and delivering the Bonds; (e) the cost of providing immediately available funds on the Closing Date; (f) the cost of the printing or other reproduction of the Official Statement and any amendment or supplement thereto, including a reasonable number of certified or conformed copies thereof; (g) the Underwriter's out-of-pocket expenses incurred with the financing, including air travel and hotel costs in connection with the pricing of the Bonds, investor meetings, the rating agency trip and the Bond closing, meals and transportation for the Underwriter during the rating agency, pricing and the Bond closing trips, expenses related to attending working group meetings such as parking, meals and transportation and any other miscellaneous closing costs; and (h) expenses (included in the expense component of the spread) incurred on behalf of the Community

Facilities District's or County's employees which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, lodging and entertainment of such employees. The Underwriter will pay the expenses of the preparation of this Purchase Agreement and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including CDIAAC fees and the fee and disbursements of Underwriter's Counsel.

6. Notices. Any notice or other communication to be given to the Community Facilities District under this Bond Purchase Agreement may be given by delivering the same in writing to the Community Facilities District in care of County of Riverside at the address shown on page one hereof; and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to E. J. De La Rosa & Co., Inc., 10866 Wilshire Boulevard, Suite 1650, Los Angeles, California 90024.

7. Parties in Interest. This Bond Purchase Agreement is made solely for the benefit of the Community Facilities District and the Underwriter (including its successors or assigns), and no other person shall acquire or have any right hereunder or by virtue hereof.

8. Survival of Representations, Warranties and Agreements. The representations, warranties and agreements of the Community Facilities District set forth in or made pursuant to this Bond Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the Community Facilities District and regardless of delivery of and payment for the Bonds.

9. Effective Date. This Bond Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution hereof by the Community Facilities District and shall be valid and enforceable as of the time of such acceptance.

10. Partial Unenforceability. Any provision of this Bond Purchase Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Purchase Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

11. No Prior Agreements. This Bond Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds for the Community Facilities District.

12. Governing Law. This Bond Purchase Agreement shall be governed by the laws of the State of California.

13. Counterparts. This Bond Purchase Agreement may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

Very truly yours,

E. J. DE LA ROSA & CO., INC., as Underwriter

By: _____
Title: _____

ACCEPTED:

**COMMUNITY FACILITIES DISTRICT NO. 88-4
(WINCHESTER RANCH) OF THE COUNTY OF
RIVERSIDE**

By: _____
Authorized Representative
Time of Execution: _____

EXHIBIT A
MATURITY SCHEDULE

1997 BONDS

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or</u> <u>Yield</u>
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RELATED ADDITIONAL BONDS

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or</u> <u>Yield</u>
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PRELIMINARY OFFICIAL STATEMENT DATED _____, 2010

NEW ISSUE — BOOK-ENTRY-ONLY

[RATING: S&P: “___”

See “RATINGS”]

In connection with the original issuance of the Bonds, McFarlin & Anderson LLP, Lake Forest, California, Bond Counsel to the District delivered its opinion dated July 30, 1997, to the effect that based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants and agreements, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In such opinion, Bond Counsel further indicated that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes although Bond Counsel observed that interest on the Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expressed no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. In connection with the conversion of the Bonds to a Fixed Rate Mode on the Conversion Date, Bond Counsel will deliver its opinion to the effect that based on an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants and agreements, the change in Mode to the Fixed Rate Mode on the Conversion Date is permitted under the Act and the Fiscal Agent Agreement and will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986 or the exemption of interest on the Bonds from personal income taxation under the laws of the State. See “TAX MATTERS” herein.

\$7,895,000*

**COMMUNITY FACILITIES DISTRICT NO. 88-4
(WINCHESTER RANCH) OF THE COUNTY OF RIVERSIDE
SPECIAL TAX REFUNDING BONDS**

Dated: July 1, 1997 (Original Date of Delivery)

Due: September 1, as shown on the inside front cover

Conversion Date: November 5, 2010

The Bonds were issued pursuant to provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the California Government Code), Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and upon conversion will be subject to the provisions of an Amended and Restated Fiscal Agent Agreement, dated as of November 1, 2010, by and between Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside and U.S. Bank National Association, as fiscal agent. The Bonds are being converted from an adjustable rate interest mode to a fixed rate of interest. The Bonds were issued in 1997 for the principal purpose of refunding the Special Tax Bonds that had been issued by the District in 1989 to finance various public improvements necessary or desirable in connection with the development of land within the District. The District is located in an unincorporated portion of the County of Riverside, California.

The Bonds are in fully registered form and when registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of interests in the Bonds will not receive physical delivery of bond certificates, except as described herein. Individual purchases of interests in the Bonds initially will be made in book-entry form only in denominations of \$5,000 and integral multiples thereof. Ownership interests in the Bonds, and transfers thereof, will be recorded in book-entry form by DTC Participants, and the interests of Participants will be recorded in book-entry form by DTC, as described herein. Payment of interest on and principal and redemption price will be made by the District from funds available under the Fiscal Agent Agreement, as described herein, to Cede & Co., as registered owner of the Bonds, to be subsequently disbursed to the Participants as further described herein.

The Bonds are special obligations of the District and are payable solely from revenues derived from certain annual Special Taxes to be levied on the taxable land within the District and from certain other funds pledged under the Fiscal Agent Agreement, all as further described herein. The Special Taxes are to be levied according to the rate and method of apportionment approved by the Board of Supervisors of the County and the qualified electors within the District. The Board of Supervisors of the County is the legislative body of the District. *Neither the faith and credit nor the taxing power of the County, the State of California or any political subdivision thereof (other than the District) is pledged to the payment of the Bonds.*

The Bonds are subject to mandatory redemption from prepayments prior to maturity as set forth herein.

SEE THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED “SPECIAL RISK FACTORS” FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE
(See Inside Cover Page)

In connection with the conversion of the Bonds to a fixed interest rate on the Conversion Date, certain legal matters will be passed upon by McFarlin & Anderson LLP, Lake Forest, California, Bond Counsel and certain other conditions. Certain legal matters will be passed upon for the District by the Office of the County Counsel of the County of Riverside and by Stradling, Yocca, Carlson & Rauth, a Professional Corporation, Newport Beach, California, Disclosure Counsel. It is expected that upon conversion the Bonds in definitive form will be available for delivery through the facilities of The Depository Trust Company on or about November 5, 2010.

DE LA ROSA & CO.

Dated: November __, 2010

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

MATURITY SCHEDULE*

Base CUSIP No.: _____ †

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Price</i>	<i>CUSIP†</i>
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* Preliminary, subject to change.

† Copyright 2010, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in anyway as a substitute for the CUSIP Services Bureau. CUSIP numbers have assigned by an independent company not affiliated with the County and are included solely for the convenience of the registered owners of the Bonds. Neither the District nor the Underwriter take any responsibility for the accuracy of such numbers.

**COUNTY OF RIVERSIDE
STATE OF CALIFORNIA**

BOARD OF SUPERVISORS

Marion Ashley, Fifth District, Chairman
Bob Buster, First District, Vice Chairman
John Tavaglione, Second District
Jeff Stone, Third District
John Benoit, Fourth District

COUNTY OFFICIALS

Bill Luna, County Executive Officer
Don Kent, Treasurer-Tax Collector
Robert Byrd, CGFM, Auditor-Controller
Larry Ward, Assessor-County Clerk-Recorder
Pamela J. Walls, County Counsel
Ed Corser, County Finance Director

BOND COUNSEL

McFarlin & Anderson LLP
Lake Forest, California

FINANCIAL ADVISOR

Fieldman, Rolapp & Associates
Irvine, California

SPECIAL TAX CONSULTANT

Albert A. Webb Associates
Riverside, California

DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth,
a Professional Corporation
Newport Beach, California

FISCAL AGENT

U.S. Bank National Association
Los Angeles, California

Except where otherwise indicated, all information contained in this Official Statement has been provided by the County and the District. No dealer, broker, salesperson or other person has been authorized by the County, the District, the Fiscal Agent or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County, the District, the Fiscal Agent or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Bonds. Statements contained in this Official Statement which involve 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 representations of fact. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with a nationally recognized municipal securities depository.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the District or any other parties described herein since the date hereof. All summaries of the Fiscal Agent Agreement or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the County for further information in connection therewith.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

***CAUTIONARY INFORMATION REGARDING FORWARD-LOOKING STATEMENTS
IN THIS OFFICIAL STATEMENT***

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No updates or revisions to those forward-looking statements are expected to be issued if or when the expectations, or events, conditions or circumstances on which such statements are based change.

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\$7,895,000*
COMMUNITY FACILITIES DISTRICT NO. 88-4
(WINCHESTER RANCH) OF THE COUNTY OF RIVERSIDE
SPECIAL TAX REFUNDING BONDS

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page, the table of contents and the attached appendices (collectively, the "Official Statement"), is to provide certain information concerning the Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside Special Tax Refunding Bonds (the "Bonds"). The Bonds were issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California) (the "Act"), and upon conversion will be subject to the provisions of an Amended and Restated Fiscal Agent Agreement, dated as of November 1, 2010 (the "Fiscal Agent Agreement"), by and between Community Facilities District No. 88-4 (Winchester Ranch) of the County of Riverside (the "District") and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent").

The Bonds were originally issued in 1997 in the aggregate principal amount of \$28,000,000 for the principal purpose of refunding outstanding Special Tax bonds issued in 1989 in the aggregate amount of \$30,000,000 to finance various public improvements (the "1989 Special Tax Bonds"). The Bonds bore interest at adjustable rate pursuant to the terms of that certain Fiscal Agent Agreement, by and between the District and U.S. Bank National Association, (successor to First Trust of California, National Association) (the "1997 Fiscal Agent"), dated as of July 1, 1997 (the "1997 Fiscal Agent Agreement").

The Bonds are being converted to a fixed interest rate. On the date the Bonds are remarketed at a fixed interest rate (the "Conversion Date"), proceeds from the remarketing thereof, together with certain amounts held under the 1997 Fiscal Agent Agreement, will be applied to the purchase price, including interest then due on the Bonds, to fund the Reserve Fund in an amount equal to \$_____ and to pay the costs of conversion with respect to the Bonds. See "FINANCING PLAN."

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined shall have the meaning set forth in Appendix C — "SUMMARY OF FISCAL AGENT AGREEMENT — Certain Definitions."

The District

The District was formed pursuant to the Act in 1988. It is located in the southwest portion of the County of Riverside (the "County"), adjacent to the cities of Murrieta and Temecula, approximately 36 miles southeast of downtown Riverside. The land within the District consists of approximately 597 acres of which approximately 137 are designated for open space and are not subject to the special tax levied on behalf of the District.

Of the approximately 460 acres that are subject to the Special Tax, approximately 274 acres are zoned for residential uses, 95 acres for commercial uses and 101 acres for business park uses. As of September 9, 2010, there were approximately 1,386 completed residential dwelling units located on approximately 112 acres

* Preliminary, subject to change.

of the land designated for residential development and 283,340 square feet of developed commercial space located on approximately 33.71 acres of the land designated for commercial/town center uses, and 1,057,258 square feet of developed business center space located on approximately 59.03 acres of the land designated for business center uses. The single family residential development within the District is essentially built out. However, as of said date, approximately 98.42 acres of taxable property within the District remained essentially undeveloped, consisting of 19.71 acres of Vacant Property, 0.42 acres of residential Approved Property, 60.56 acres of commercial Approved Property, and 17.73 acres of business park Approved Property. (The capitalized terms "Vacant Property," "Developed Property" and "Approved Property" have the meanings ascribed thereto in the Rate and Method of Apportionment (as defined herein).) See Appendix A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." Also see "THE COMMUNITY FACILITIES DISTRICT" herein.

Sources of Payment for the Bonds

The principal of and the interest and redemption premiums, if any, on the Bonds will be payable solely from the Net Taxes, as defined below, together with all amounts on deposit in the Reserve Fund established pursuant to the Fiscal Agent Agreement. See "SOURCES OF PAYMENT FOR THE BONDS." As used in this Official Statement, the term "Special Tax" is that tax which has been authorized pursuant to the Act to be levied upon certain land within the District in accordance with the Rate and Method of Apportionment of Special Tax set forth in Appendix A (the "Rate and Method of Apportionment"), all as provided in the Act. Under the Fiscal Agent Agreement, the District has pledged to pay the principal of, interest on and redemption premiums, if any, on the Bonds from all Special Taxes remaining after the payment of any administrative expenses of the District ("Administrative Expenses") as described herein. The Special Taxes remaining after the payment of Administrative Expenses are referred to herein as "Net Taxes." (The District has not limited the amount of Special Taxes that may be applied to the payment of Administrative Expenses, so there can be no assurance that Net Taxes will be available in amounts sufficient to pay the principal of and interest on the Bonds. See "SPECIAL RISK FACTORS — Insufficiency of Special Taxes.") "Special Tax Revenues" means the amount of all Special Taxes, including any prepayments, interest and penalties thereon and proceeds from the sale of property collected pursuant to the foreclosure provisions of the Fiscal Agent Agreement for the delinquency of such Special Taxes and proceeds from any security for payment of Special Taxes taken in lieu of foreclosure after payment of administrative costs and attorneys' fees payable from such proceeds.

The Special Taxes are the primary security for the repayment of the Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Fiscal Agent, including amounts held in the Reserve Fund. The District has covenanted for the benefit of the owners of the Bonds that it will commence, and diligently pursue to completion, judicial foreclosure proceedings against Assessor's parcels with delinquent Special Taxes in excess of \$25,000 (not including interest and penalties thereon) by the October 1 following the close of the fiscal year in which such Special Taxes were due, and it will commence and diligently pursue to completion judicial foreclosure proceedings against all Assessor's parcels with delinquent Special Taxes by the October 1 following the close of each fiscal year in which the District receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied. See "SOURCES OF PAYMENT FOR THE BONDS — Covenant for Foreclosure."

EXCEPT FOR THE NET TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE COUNTY NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND CERTAIN AMOUNTS HELD UNDER THE FISCAL AGENT AGREEMENT AS MORE FULLY DESCRIBED HEREIN.

According to information provided by the County Assessor, the assessed value of the taxable property within the District for the 2010-11 fiscal year was \$483,670,321. The District-wide estimated assessed value-

to-lien ratio for the 2010-11 fiscal year, based upon all outstanding land-secured indebtedness as of September 9, 2010, was approximately 61.26*-to-1. However, the ratio of the assessed value of individual parcels within the District to the proportionate share of the Bonds attributable thereto varies significantly from the District-wide average. See "THE COMMUNITY FACILITIES DISTRICT — Assessed Value-to-Lien Ratios." There is no assurance that any property within the District can be sold for a price equal to its assessed value or for a price sufficient to pay the Special Tax applicable thereto in the event of a delinquency in the payment of Special Taxes by the current or future owner thereof. See "SPECIAL RISK FACTORS — Insufficiency of Special Taxes."

The District has covenanted not to issue additional bonds secured by the Net Taxes other than bonds issued to refund the Bonds. See "THE BONDS — No Additional Bonds." However, other local governmental entities, including the County, may levy special taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Tax on the property within the District. See "SPECIAL RISK FACTORS — Parity Taxes and Special Assessments."

The Fiscal Agent Agreement establishes a reserve fund for the Bonds (the "Reserve Fund"), which will be funded from Bond proceeds and other available funds, including fiscal year 2010-11 Special Taxes, in an aggregate amount equal to the Reserve Requirement. The Reserve Requirement is defined in the Fiscal Agent Agreement as the amount, as of the date of any calculation, equal to the least of (i) Maximum Annual Debt Service on the Bonds Outstanding, (ii) 10% of the remarketing proceeds of the Bonds (within the meaning of Section 148 of the Code) as of the Conversion Date, or (iii) 125% of average Annual Debt Service on all Bonds Outstanding. However, on the Conversion Date, the Reserve Fund will be funded at an amount equal to \$_____ and an amount sufficient to bring the balance therein to \$_____ (the Reserve Requirement on the Conversion Date) will be deposited in the Reserve Fund from the first Special Tax Revenues received in fiscal year 2010-11.

Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the Reserve Fund are to be used solely for the purpose of making transfers to the Interest Account and the Principal Account in the event of any deficiency at any time in either of such accounts of the amount then required for payment of the principal of and interest on the Bonds or for the purpose of redeeming Bonds.

Description of the Bonds

The Bonds are issued and delivered as fully registered Bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or who act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Fiscal Agent Agreement. See Appendix F — "BOOK-ENTRY-ONLY SYSTEM."

Principal of, premium, if any, and interest on the Bonds is payable by the Fiscal Agent to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry-only system is no longer used with respect to the Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal and interest by the Fiscal Agent, all as described herein. See Appendix F — "BOOK-ENTRY-ONLY SYSTEM."

* Preliminary, subject to change.

The Bonds are subject to mandatory redemption from Prepayments of Special Taxes ("Prepayments") as described herein. For a more complete descriptions of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see "THE BONDS" and Appendix C — "SUMMARY OF FISCAL AGENT AGREEMENT."

Tax Exemption

In connection with the original issuance of the Bonds, McFarlin & Anderson LLP, Bond Counsel to the District, delivered its opinion dated July 30, 1997, to the effect that based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants and agreements, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In such opinion, Bond Counsel further indicated that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observed that interest on the Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expressed no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. In connection with the conversion of the Bonds to a Fixed Rate Mode on the Conversion Date, Bond Counsel will deliver its opinion to the effect that based on an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants and agreements, the change in mode to the Fixed Rate Mode on the Conversion Date is permitted under the Act and the Fiscal Agent Agreement and will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986 or the exemption of interest on the Bonds from personal income taxation under the laws of the State. See "TAX MATTERS" herein.

Professionals Involved in the Offering

U.S. Bank National Association, Los Angeles, California, will act as Fiscal Agent under the Fiscal Agent Agreement and as the initial Dissemination Agent under the District's Continuing Disclosure Agreement. E. J. De La Rosa & Co., Inc. is the Underwriter of the Bonds. All proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of McFarlin & Anderson LLP, Lake Forest, California, Bond Counsel. Fieldman, Rolapp & Associates, Irvine, California, is acting as Financial Advisor for the District in connection with the Bonds. Certain legal matters will be passed on for the County and the District by the County Counsel and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Disclosure Counsel. Other professional services have been performed by Albert A. Webb Associates, Riverside, California, as Special Tax Consultant.

For information concerning respects in which certain of the above-mentioned professionals, advisors, counsel and agents may have a financial or other interest in the offering of the Bonds, see "FINANCIAL INTERESTS" herein.

Continuing Disclosure

The District has agreed to provide, or cause to be provided, to the Electronic Municipal Market Access System ("EMMA") of the Municipal Securities Rulemaking Board (the "MSRB") available on the Internet at <http://emma.msrb.org> for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission certain annual financial information and operating data and notice of certain material events. See "CONTINUING DISCLOSURE" and Appendix D for information concerning the specific nature of the required reports and notices.

Bond Owners' Risks

Certain events could affect the ability of the District to pay the principal of and interest on the Bonds when due. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Brief descriptions of the Bonds and the Fiscal Agent Agreement are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Fiscal Agent Agreement, the Bonds and the constitution and laws of the State as well as the proceedings of the Board of Supervisors of the County, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Fiscal Agent Agreement. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Fiscal Agent Agreement.

Copies of the Fiscal Agent Agreement, the Continuing Disclosure Agreement and other documents and information referred to herein are available for inspection and (upon request and payment to the County of a charge for copying, mailing and handling) for delivery from the District at 4080 Lemon Street, Fourth Floor, Riverside, California 92501, Attention: County Executive Officer.

FINANCING PLAN

The District issued its 1989 Special Tax Refunding Bonds in the aggregate amount of \$30,000,000 to provide funds with which to pay the cost of acquiring or constructing certain public improvements relating to the development of the land within the District. The 1989 Special Tax Bonds bore interest at fixed rates. In 1997, the District issued Bonds in the aggregate principal amount of \$28,000,000 for the principal purpose of refunding the then outstanding 1989 Special Tax Bonds. Until the Conversion Date, the Bonds bore interest at an adjustable rate.

On the Conversion Date, the Bonds are being converted to a fixed interest rate, and the District will fund with certain amounts held under the original fiscal agent agreement pursuant to which Bonds were issued (the "1997 Fiscal Agent Agreement") the Reserve Fund in an amount equal to a portion of the Reserve Requirement and costs of conversion of the Bonds. On the Conversion Date, proceeds from the remarketing of the Bonds, together with certain amounts held under the 1997 Fiscal Agent Agreement will be applied to pay the purchase price, including the interest then due on the Bonds.

The following table sets forth the expected use of proceeds derived from the sale of the Bonds and money held under the 1997 Fiscal Agent Agreement.

Estimated Sources And Uses Of Funds

The following table sets forth the expected uses of Bond proceeds:

<i>Sources of Funds</i>	
Principal Amount of Bonds	\$
Amounts Held Under 1997 Fiscal Agent Agreement (Original Issue Discount)	_____
TOTAL SOURCES	\$
<i>Uses of Funds</i>	
Purchase of Bonds	\$
Reserve Fund	
Costs of Conversion ⁽¹⁾	_____
TOTAL USES	\$

⁽¹⁾ Costs of the conversion will be paid from the Administrative Expense Fund.

THE BONDS

Authority for Issuance

The Bonds in the aggregate principal amount of \$7,895,000 are authorized to be converted to a fixed interest rate under and subject to the terms of the Fiscal Agent Agreement, the Act and other applicable laws of the State of California. Proceeds derived from the remarketing of the Bonds will be used, along with certain funds held under the 1997 Fiscal Agent Agreement, to purchase the District’s Bonds on the date the Bonds are converted from an adjustable rate to a fixed rate of interest (the “Conversion Date”).

Description of the Bonds

The Bonds are issued as fully registered bonds without coupons in denominations of \$5,000 and any integral multiple thereof (not exceeding the principal amount maturing at any one time) and shall be dated the Conversion Date. The Bonds are issued in book-entry only form and The Depository Trust Company, New York, New York (“DTC”) will act as securities depository for the Bonds. So long as the Bonds are held in book-entry only form, principal of, premium, if any, and interest on the Bonds will be paid directly to DTC for distribution to the beneficial owners of the Bonds in accordance with the procedures adopted by DTC. See “THE BONDS — Book-Entry System” and Appendix F.

The Bonds will mature on September 1, in the years and principal amounts, and bear interest at the rates shown on the inside cover of this Official Statement.

Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2011 (each, an “Interest Payment Date”) and will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) such date of authentication is on or before an Interest Payment Date and after the close of business on the fifteenth day of the calendar month proceeding such Interest Payment Date, whether or not such day is a Business Day (the “Record Date”), in which event the Bonds shall bear interest from such Interest Payment Date, (ii) such date of authentication is on or before the initial Record Date for the Bonds, in which event the Bond shall bear interest from the Conversion Date, or

(iii) interest on the Bond is in default as of such date of authentication, in which event interest thereon shall be payable to which interest was previously paid or duly provided for.

Except as otherwise provided in the District's Letter of Representations to DTC, interest on each Bond is payable on each Interest Payment Date by check of the Fiscal Agent mailed to the registered Owner thereof at such registered Owner's address as it appears on the Registration Books maintained by the Fiscal Agent on the Record Date preceding the Interest Payment Date, except that, at the written request of the Owner of at least \$1,000,000 in aggregate principal amount of Outstanding Bonds filed with the Fiscal Agent at least ten days prior to any Record Date, interest on such Bonds will be paid to such Owner on each succeeding Interest Payment Date by wire transfer of immediately available funds to an account in the United States of America designated in such written request. All Bonds paid by the Fiscal Agent will be canceled by the Fiscal Agent. The principal of the Bonds and any premium on the Bonds are payable in lawful money of the United States of America upon surrender of such Bonds at the Office of the Fiscal Agent.

Redemption

Optional Redemption. The Bonds are not subject to optional redemption. .

Mandatory Redemption From Special Tax Prepayments. The Bonds are subject to mandatory redemption prior to their stated maturity dates on any Interest Payment Date from and to the extent of any Special Tax Prepayments (and Reserve Fund Credits applied in connection therewith) in whole or in part in integral multiples of \$5,000, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest to the date of redemption, if any, without premium.

Selection of Bonds for Redemption. If less than all of the Bonds are to be redeemed as a result of Special Tax Prepayments, the Fiscal Agent shall select the Bonds to be redeemed among maturities on a *pro rata* basis as nearly as practicable and by lot among Bonds with the same maturity in any manner which the Fiscal Agent shall deem appropriate. For purposes of selecting Bonds for redemption, each Bond shall be deemed to be comprised of separate denominations equal to \$5,000, and such separate denominations shall be treated as separate Bonds which may be separately redeemed.

Notice of Redemption. The Fiscal Agent Agreement requires the Fiscal Agent to cause notice of any redemption to be mailed by first-class mail, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, to the Securities Depositories, to one or more Information Services and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond Registration Books. However, neither the failure to receive any such notice so mailed, nor any defect therein, will affect the validity of the proceedings for the redemption of such Bonds.

Such notice is required to state the date of such notice, the redemption date, the redemption place and the redemption price and to designate the CUSIP numbers, the Bond numbers (except in the event of redemption of all of the Bonds of a maturity or maturities in whole) and the maturity or maturities of the Bonds to be so redeemed; and it will require that such Bonds be then surrendered at the Office of the Fiscal Agent for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Partial Redemption. Upon surrender of Bonds redeemed in part only, the District will execute and the Fiscal Agent will authenticate and deliver to the Owner, as an Administrative Expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Redemption. If, on the date on which Bonds are to be redeemed, the Fiscal Agent holds moneys sufficient for redemption of all the Bonds to be redeemed and if notice of redemption shall have been

provided as described above and not cancelled, then from and after the redemption date interest on the Bonds that were called for redemption shall cease to accrue and become payable. All moneys held by or on behalf of the Fiscal Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds to be redeemed without liability to such Owners for interest thereon.

Book-Entry System

Except as otherwise provided in the Fiscal Agent Agreement, the Registered Owner of all of the Bonds will be DTC. As long as DTC is the registered owner of the Bonds, references in this Official Statement to the Owners of the Bonds shall refer to DTC and not to the beneficial owners of the Bonds. *Neither the District nor the Fiscal Agent gives any assurance that DTC, its participants or others will distribute payments with respect to the Bonds or notices with respect thereto to the beneficial owners of the Bonds or that DTC will otherwise serve and act in the manner described in this Official Statement.* See Appendix F for a further description of DTC and its book-entry system. The information presented therein is based solely on material provided by DTC.

No Additional Bonds

The District has covenanted not to issue additional Bonds payable from Net Taxes, other than bonds issued to refund the Bonds.

Debt Service Schedule

The table below sets forth the estimated annual debt service payments for the Bonds assuming no redemption of Bonds prior to maturity.

<i>Period Ending (September 1)</i>	<i>Principal</i>	<i>Interest</i>	<i>Debt Service</i>
2011	\$	\$	\$
2012			
2013			
2014			
Total	\$ _____	\$ _____	\$ _____

LIMITATION OF LIABILITY

The Bonds are secured only by the Net Taxes and amounts on deposit in the Bond Fund and the Reserve Fund established pursuant to the Fiscal Agent Agreement. In the event of delinquencies in the payment of the Special Tax, neither the County nor the District is required to advance any funds for the payment of debt service on the Bonds. The District will be required only to enforce the delinquent Special Taxes in the manner provided in the Act and in its covenant to take judicial foreclosure proceedings as set forth in the Fiscal Agent Agreement. The full faith and credit of the County and the District are not pledged to the payment of the Bonds, nor is the payment of the Bonds secured by any encumbrance, mortgage or other pledge of property of the County or the District, except the pledge described above.

SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds will be secured by a pledge of the Net Taxes and the moneys on deposit in the Bond Fund and the Reserve Fund. The Bonds will not be secured by moneys on deposit in the Administrative Expense Fund or the Rebate Fund.

Special Taxes

The levy of the Special Tax and the Rate and Method of Apportionment of the Special Tax were approved by the sole qualified elector within the District on August 9, 1988, and amended in August, 1989. On August 30, 1988, the Board of Supervisors, acting as the legislative body of the District, adopted Ordinance No. 661, which provides for the levying of the Special Tax and amended it on October 3, 1989, by adopting Ordinance No. 661.1 and again on March 5, 2002 by adopting Ordinance No. 661.2. The Rate and Method of Apportionment is set forth in Appendix A hereto.

The District has covenanted in the Fiscal Agent Agreement, to the maximum extent permitted by law, to levy Special Taxes in an amount anticipated to be sufficient to pay the principal of and interest on the Bonds and the Administrative Expenses and to fund any amounts required to maintain the Bond Reserve Fund at the Reserve Requirement. Notwithstanding the foregoing, (a) the Special Taxes levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method of Apportionment (see Appendix A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX”) and (b) Special Taxes shall not be levied after fiscal year 2013-14. There is no assurance that the Special Tax proceeds will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See “SPECIAL RISK FACTORS — Insufficiency of Special Taxes.” Moreover, the enforceability of the aforesaid covenant has not been adjudicated. See “SPECIAL RISK FACTORS — Proposition 218.” See Appendix C - “SUMMARY OF FISCAL AGENT AGREEMENT” for a discussion of the disposition of Special Taxes upon receipt thereof by the Fiscal Agent.

The District has reserved the right, to the maximum extent permitted by law, to utilize any provisions of the Act and of legislation which is now in effect or which may hereafter be in effect applicable to the payment and collection of the Special Taxes and penalties and interest thereon, including the waiver of delinquency and redemption penalties, the tender of bonds in payment of Special Taxes or interest or penalties thereon or the declaration of tax amnesty programs.

Rate and Method of Apportionment of Special Taxes

Under the Rate and Method of Apportionment, on July 1 of each year each Assessor’s Parcel will be assigned to a Land Use Class consistent with the Land Use Map attached to the Rate and Method of Apportionment as Exhibit 1. There are eleven Land Use Classes. Parcels will be assigned to a Land Use Class depending upon the type of development existing on or planned for such parcel and the status of development of the parcel as of July 1. Six of the Land Use Classes are residential, two are for commercial/town center development, two are for business park development and the last is vacant property.

1. A parcel will be assigned a Land Use Class 1 or 2 for a fiscal year based on the land use indicated in the Land Use Map attached as Exhibit 1 to the Rate and Method of Apportionment if a final tract map has been recorded with respect to that parcel as of the preceding March 1.
2. A parcel will be assigned to Land Use Classes 3(D), 4(D), 5(D) or 6(D) consistent with the Land Use Map attached as Exhibit 1 to the Rate and Method of Apportionment if a final parcel map or tract map has been recorded and a building permit has been issued with respect to that parcel as of the preceding March 1.
3. A parcel will be assigned to Land Use Classes 3(A), 4(A), 5(A) or 6(A) consistent with the Land Use Map attached as Exhibit 1 to the Rate and Method of Apportionment if a final parcel map or tract map has been recorded and no building permit has been issued with respect to that parcel as of the preceding March 1.