"Dissemination Agent" means the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Community Facilities District and which has filed with the Trustee a written acceptance of such designation.

"Indenture" means the Indenture, dated as of __________ 1, 2013, by and between the Community Facilities District and U.S. Bank National Association, as originally executed and as it may be amended or supplemented from time to time in accordance with its terms.

"Listed Events" means any of the events listed in subsection (a) or subsection (b) of Section 4 hereof.

"MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" means the Official Statement, dated __________, 2013, relating to the Series 2013 Bonds.

"Participating Underwriter" means any of the original underwriters of the Series 2013 Bonds required to comply with the Rule in connection with the offering of the Series 2013 Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Trustee" means U.S. Bank National Association, as Trustee under the Indenture, or any successor thereto as Trustee thereunder, substituted in its place as provided therein.

Section 2. <u>Provision of Annual Reports</u>. (a) The Community Facilities District shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report which is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2012-13 Fiscal Year. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Community Facilities District, if any, may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Community Facilities District's fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the Community Facilities District shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Community Facilities District and the Dissemination Agent to determine if the Community Facilities District is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a) of this Section, the Trustee shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) provide any Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the Community Facilities District and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

Section 3. Content of Annual Reports. The Community Facilities District's Annual Report shall contain or incorporate by reference the following:

(a) The Community Facilities District's audited financial statements, if any, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Community Facilities District's audited financial statements, if any, are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements, in a format similar to that used for the Community Facilities District's audited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available.

(b) The following information:

(i) The principal amount of Series 2013 Bonds Outstanding and the principal amount of Bonds Outstanding as of the September 30 next preceding the Annual Report Date.

(ii) The balance in the Reserve Fund, and a statement of the Reserve Requirement as of the September 30 next preceding the Annual Report Date.

(iii) The aggregate assessed value of all parcels within the Community Facilities District on which the Special Taxes are levied in each property classification under the Rate and Method, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date, the number of units in each property classification under the Rate and Method for the then current fiscal year, and a statement of assessed value-to-lien ratios therefor, either by individual parcel or by categories (e.g. "below 3:1", "3:1 to 4:1" etc.).

(iv) The Special Tax delinquency rate for all parcels within the Community Facilities District on which the Special Taxes are levied, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date, the number of parcels within the Community Facilities District on which the Special Taxes are levied and which are delinquent in payment of Special Taxes, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date, the amount of each delinquency, the length of time delinquent and the date on which foreclosure was commenced, or similar information pertaining to delinquencies deemed appropriate by the Community Facilities District; provided, however, that parcels with aggregate delinquencies of $5,000 or less (excluding penalties and interest) may be grouped together and such information may be provided by category.

(v) The status of foreclosure proceedings for any parcels within the Community Facilities District on which the Special Taxes are levied and a summary of the results of any foreclosure sales as of the September 30 next preceding the Annual Report Date.

(vi) The identity of any property owner representing more than 5% of the annual Special Tax levy who is delinquent in payment of such Special Taxes, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date.

(vii) A land ownership summary listing the ten property owners responsible for the greatest portion of the annual Special Tax levy, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date, a summary of the Special Taxes levied on the property within the Community Facilities District owned by such property owners, and the assessed value of such property, as shown on such assessment roll.

(c) In addition to any of the information expressly required to be provided under the preceding paragraphs (a) and (b), the Community Facilities District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Community Facilities District or related public entities, which have been made available to the public on the MSRB's website. The Community Facilities District shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the Community Facilities District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2013 Bonds in a timely manner not later than ten business days after the occurrence of the event:

(i) Principal and interest payment delinquencies.

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties.

(iv) Substitution of credit or liquidity providers, or their failure to perform.

(v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).

(vi) Tender offers.

(vii) Defeasances.

(viii) Rating changes.

(ix) Bankruptcy, insolvency, receivership or similar event of the Community Facilities District.

For purposes of the event identified in paragraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section, the Community Facilities District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2013 Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) Unless described in paragraph (v) of subsection (a) of this Section, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2013 Bonds or other material events affecting the tax status of the Series 2013 Bonds.

(ii) Modifications to rights of holders of the Series 2013 Bonds.

(iii) Optional, unscheduled or contingent Series 2013 Bond calls.

(iv) Release, substitution, or sale of property securing repayment of the Series 2013 Bonds.

(v) Non-payment related defaults.

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(vii) Appointment of a successor or additional Trustee or the change of name of a Trustee.

(c) The Trustee shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events (with no obligation to determine the materiality thereof), contact the Disclosure Representative and inform such person of the event.

(d) If a Listed Event described in subsection (b) of this Section occurs, the Community Facilities District shall determine if such event would be material under applicable Federal securities law.

(e) If a Listed Event described in subsection (a) of this Section occurs, or if the Community Facilities District determines that the occurrence of a Listed Event described in subsection (b) of this Section would be material under applicable Federal securities law, the Community Facilities District shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB, within ten business days of such occurrence.

(f) Notwithstanding the foregoing, notices of Listed Events described in paragraph (vii) of subsection (a) of this Section and paragraph (iii) of subsection (b) of this Section need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Series 2013 Bonds pursuant to the Indenture.

Section 5. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Community Facilities District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2013 Bonds. If such termination occurs prior to the final maturity of the Series 2013 Bonds, the Community Facilities District shall give notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The Community Facilities District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the Community Facilities District and the Trustee (if the Trustee is not the Dissemination Agent). The Dissemination Agent shall have no duty to prepare or review the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the Community Facilities District in a timely manner and in a form suitable for filing. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Community Facilities District and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Community Facilities District; provided, however, that the Trustee shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsection (a) or (b) of Section 4 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2013 Bonds, or the type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Series 2013 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by Owners of the Series 2013 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of Owners or Beneficial Owners of the Series 2013 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Community Facilities District shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Community Facilities District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. **<u>Additional Information</u>.** Nothing in this Disclosure Agreement shall be deemed to prevent the Community Facilities District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. If the Community Facilities District chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Agreement, the Community Facilities District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 10. **<u>Default</u>.** In the event of a failure of the Community Facilities District, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of Outstanding Series 2013 Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee), or any Owner or Beneficial Owner of the Series 2013 Bonds 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, the Trustee or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Community Facilities District, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. **<u>Duties, Immunities and Liabilities of Trustee and Dissemination Agent</u>.** Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. Neither the Trustee nor the Dissemination Agent shall be responsible for the form or content of any Annual Report or notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent permitted by law, the Community Facilities District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, and which are not due to its negligence or its willful misconduct. The obligations of the Community Facilities District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2013 Bonds.

Section 12. **<u>Beneficiaries</u>.** This Disclosure Agreement shall inure solely to the benefit of the Community Facilities District, the Trustee, the Dissemination Agent, the Participating

Underwriter and the Owners and Beneficial Owners from time to time of the Series 2013 Bonds, and shall create no rights in any other person or entity.

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

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE

By: ______________________________

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

By: ______________________________
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Community Facilities District No. 05-8 (Scott Road) of the County of Riverside
Name of Bond Issue:	Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2013
Date of Issuance:	____________, 2013

NOTICE IS HEREBY GIVEN that Community Facilities District No. 05-8 (Scott Road) of the County of Riverside (the "Community Facilities District") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of ___________ 1, 2013, by and between the Community Facilities District and U.S. Bank National Association, as Trustee. [The Community Facilities District anticipates that the Annual Report will be filed by _________, 20__.]

Dated: ______________________

U.S. Bank National Association, as Trustee, on behalf of the Community Facilities District No. 05-8 (Scott Road) of the County of Riverside

cc: Community Facilities District No. 05-8
(Scott Road) of the County of Riverside

$__________
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX BONDS
SERIES 2013

BOND PURCHASE AGREEMENT

__________, 2013

Community Facilities District No. 05-8
(Scott Road) of the County of Riverside
c/o County of Riverside
County Executive Officer
4080 Lemon Street, 4th Floor
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 behalf of itself, offers to enter into this Bond Purchase Agreement with the Community Facilities District No. 05-8 (Scott Road) of the County of Riverside (the "District"), which, upon acceptance, will be binding upon the District and upon the Underwriter. This offer is made subject to acceptance of it by the District on the date hereof, and if not accepted will be subject to withdrawal by the Underwriter upon notice delivered to the District at any time prior to the acceptance hereof by the District. The District has been formed by and is located in the County of Riverside, California (the "County").

The Underwriter hereby acknowledges that it is duly authorized to execute this Bond Purchase Agreement and to take all action required or permitted to be taken hereunder by or on behalf of the Underwriter. Any authority, discretion or other power conferred upon the Underwriter by this Bond Purchase Agreement may be executed by the representative alone. Capitalized terms not otherwise defined herein shall have the meaning provided in the Indenture (defined below).

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 from the District, and the District agrees to sell to the Underwriter, all (but not less than all) of the $_________ Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2013 (the "Bonds"). The Bonds shall be dated the Closing Date (hereinafter defined), and bear interest (payable semiannually on March 1 and September 1 in each year, commencing September 1, 2013) at the rates per annum and maturing on the dates and in the amounts set forth in Exhibit A hereto. The purchase price for the Bonds shall be $______________ (representing the principal amount of the Bonds, less an Underwriter's discount of $__________, and [less net original issue discount] [plus net original issue premium] of $__________). The Bonds will be subject to redemption as set forth in the Indenture (defined below). The Bonds will be issued in book-entry form only.

The Bonds shall be issued and secured under the provisions of, and shall be payable and subject to redemption as provided in, an Indenture, dated as of February 1, 2013 (the "Indenture"), between the District and U.S. Bank National Association, as trustee (the "Trustee"), approved in a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors"), acting in its capacity as the legislative body of the District (the "Resolution of Issuance"). The Bonds and interest thereon will be payable from a special tax (the "Special Tax") levied and collected on the taxable land within the District. Proceeds of the sale of the Bonds, together with certain other funds of the District, will be used in accordance with the Indenture and 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"), to defease the District's outstanding Special Tax Bonds, Series 2008 (the "Refunded Bonds"), to provide additional financing for certain public infrastructure improvements, to fund a Reserve Fund for the Bonds, and to pay costs of issuance of the Bonds.

(b) At or prior to the acceptance hereof, the District has authorized the use of the Official Statement in connection with the public offering of the Bonds. The District has also consented to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement (defined below) relating to the Bonds in connection with the public offering of the Bonds. Authorized officers of the District have certified to the Underwriter that such Preliminary Official Statement was deemed to be final as of its date for purposes of Rule 15c2-12 (defined below), with the exception of certain final pricing and related information referred to in Rule 15c2-12.

(c) Subsequent to its receipt of a certificate from the District deeming the Preliminary Official Statement for the Bonds, dated ________, 2013 (which Preliminary Official Statement, together with the cover page and all appendices thereto, is herein collectively referred to as the "Preliminary Official Statement" and which, as amended with the prior approval of the Underwriter and executed by the District, will be referred to herein as the "Official Statement") final for purposes of Rule 15c2-12 ("Rule 15c2-12") of the Securities and Exchange Commission (the "SEC"), the Underwriter has distributed electronic copies of the Preliminary Official Statement. The District hereby ratifies the use by the Underwriter of the Preliminary Official Statement and authorizes the Underwriter to use and distribute the final Official Statement dated the date hereof (including all information previously permitted to have been omitted by Rule 15c2-12 and any supplements and amendments thereto as have been approved by the District as evidenced by the execution and delivery of such document by an officer of the District (the "Official Statement"), the Indenture, the Continuing Disclosure Agreement of the District, dated as of February 1, 2013, between the District and U.S. Bank National Association, as dissemination agent (the "Disclosure Agreement"), this Bond Purchase Agreement, the Escrow Agreement with regard to the Refunded Bonds (the "Escrow Agreement"), dated as of February 1, 2013, between the District and U.S. Bank National Association, as escrow agent (the "Escrow Agent"), any other documents or contracts to which the County, acting on behalf of the District, or the District is a party, and all information contained therein, and all other documents, certificates and statements furnished by the 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.

The Underwriter hereby agrees to deliver a copy of the Official Statement to a national repository on or before the Closing Date (as hereinafter defined), and to make available an electronic copy to each investor that purchases any of the Bonds prior to the "end of the underwriting period" (as such term is defined in Section 2(h) below), and otherwise to comply with all applicable statutes and regulations in connection with the offering and sale of the Bonds, including, without limitation, Rule G-32 of the Municipal Securities Rulemaking Board (the "MSRB") and Rule 15c2-12. The Underwriter has reviewed the information in this Official Statement in accordance with, and as 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. As of the date hereof, the Underwriter has not notified the District of the need to modify or supplement the Preliminary Official Statement.

(d) At 8:00 A.M., Pacific Daylight Time, on _________, 2013, or at such earlier time or date as shall be agreed upon by the Underwriter and the District (such time and date being herein referred to as the "Closing Date"), the County, on behalf of the District, will deliver (i) through the facilities of The Depository Trust Company, 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 District as provided in the Indenture, and (ii) to the Underwriter, at the offices of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel") in Los Angeles, California, or at such other place as shall be mutually agreed upon by the District and the Underwriter, the other documents herein mentioned; and the Underwriter shall accept such delivery and pay the purchase price of the Bonds in immediately available cleared funds (such delivery and payment being herein referred to as the "Closing"). Notwithstanding the foregoing, the Underwriter may, in its discretion, accept delivery of the Bonds in temporary form upon making arrangements with the District which are satisfactory to the Underwriter relating to the delivery of the Bonds in definitive form.

(e) The District acknowledges and agrees that: (i) the primary role of the Underwriter is to purchase securities for resale to investors in an arms-length commercial transaction between the District and the Underwriter and that the Underwriter has financial and other interests that differ from those of the District, (ii) the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the District or any other person or entity and has not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District or the County on other matters), (iii) the only obligations the Underwriter has to the District with respect to the transaction contemplated hereby expressly are set forth in this Bond Purchase Agreement, except as otherwise provided by applicable rules and regulations of the SEC or the rules of the MSRB, and (iv) the District has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein. The District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under rule G-17 of the MSRB.

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

(a) The District is duly organized and is validly existing under the Act and laws of the State as a community facilities district, has full legal right, power, and authority (i) to execute, deliver and perform its obligations under, and to carry out all transactions contemplated by, the Indenture, the Disclosure Agreement, this Bond Purchase Agreement and the Escrow Agreement (collectively, the "District Documents"), (ii) to issue, sell and deliver the Bonds to the Underwriter pursuant to the Resolution of Issuance, this Bond Purchase Agreement and the Indenture as provided herein, and (iii) to carry out, give effect to and consummate the transactions contemplated by the District Documents and the Official Statement. The Board of Supervisors, in its capacity as the legislative body for the District, has duly formed the District, and adopted an ordinance and amendments thereto authorizing the levy of a special tax on the taxable property within the District (the "Special Tax Ordinance"). The District has caused to be recorded in the real property records of the County of Riverside a Notice of Special Tax Lien and amendments thereto (collectively, the "Notice of Special Tax Lien") (such ordinances and resolutions, as subsequently amended, and the Notice of Special Tax Lien being collectively referred to herein as the "Formation Documents") with respect to the District. Each of the Formation Documents remains in full force and effect as of the date hereof and has not been otherwise amended.

(b) The District has complied, and will at the Closing Date be in compliance, in all material respects with, the Formation Documents and the District Documents, and any immaterial compliance by the District, if any, will not impair the ability of the District to carry out, give effect to or consummate the transactions contemplated by the foregoing. From and after the date of issuance of the Bonds, the District will continue to comply with its covenants in the District Documents;

(c) The Board of Supervisors, in its capacity as the legislative body for the District, 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 District, to authorize the execution of the District Documents and the levy of a special tax (the "Special Tax") on the taxable property within the District pursuant to the 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); (ii) authorized and approved the execution and delivery of the District Documents and the issuance and sale of the Bonds; and (iii) authorized and approved the performance by the 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 District Documents (including, without limitation, the collection of the Special Tax). The 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 District Documents will constitute the valid, legal and binding obligations of the

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.

(d) To the best of the District's knowledge, neither the District nor the County, acting on behalf of the District, is in breach of or default under any applicable material law or administrative rule or regulation of the State of California (the "State"), or of any department, division, agency or instrumentality thereof, or under any applicable court or administrative decree or order, or under any material loan agreement, note, resolution, bond indenture, contract, agreement or other instrument to which the District or the County, acting on behalf of the 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 District of its obligations under the Bonds, the Formation Documents or the District Documents, and compliance with the provisions of each thereof, will not conflict with or constitute a material breach of or default under any applicable law or administrative rule or regulation of the State, or of any department, division, agency or instrumentality thereof, or under any applicable court or administrative decree or order, or a material breach of or default under any loan agreement, note, resolution, trust agreement, contract, agreement or other instrument to which the District or the County, acting on behalf of the District, as the case may be, is a party or is otherwise subject to or bound;

(e) Except for compliance with the blue sky or other states securities law filings, as to which the 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 District of its obligations hereunder, or under the Formation Documents or the District Documents, have been obtained and are in full force and effect;

(f) The Special Tax constituting the security for the Bonds (i) has been duly and lawfully authorized and may be levied under the Act and the Constitution and the applicable laws of the State of California, and (ii) such Special Tax, when levied in accordance with the Rate and Method of Apportionment, will constitute a valid and legally binding continuing lien on the properties on which it has been levied, subject to the effect of bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws relating to or affecting creditors' rights generally, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against agencies in the State of California;

(g) The District has never been in default at any time, as to principal of or interest on any obligation which it has issued, which default may have an adverse effect on the ability of the District to consummate the transactions on its part under the District Documents, except as specifically disclosed in the Official Statement; and other than the Indenture and the Notice of Special Tax Lien, the District has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Special Taxes following issuance of the Bonds.

(h) Until the earlier of (i) the date which is twenty-five (25) days after the "end of the underwriting period" (as hereinafter defined), or (ii) the date on which all of the Bonds have been sold by the Underwriter, if any event shall occur of which the District is 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 District shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, in the Underwriter's or District's opinion, so that the statements therein as so supplemented will not be misleading in light of the circumstances existing at such time and the District shall promptly furnish to the Underwriter electronic copies of such supplement. As used herein, the term "end of the underwriting period" means the later of such time as (i) the 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. Unless the Underwriter gives notice to the contrary, the "end of the underwriting period" shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the District at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the "end of the underwriting period," and the Underwriter agrees to notify the District in writing of the date on which 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;

(i) The Indenture creates a valid pledge of the Special Taxes and the moneys in the Special Tax Fund (other than the Administrative Expenses) established pursuant to the Indenture, including the investments thereof, subject in all cases to the provisions of the Indenture 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 or, to the best current, actual knowledge of the District, threatened against the District or the County, acting on behalf of the District, in which the District or the County has been served (i) which would materially adversely affect the ability of either the District to perform its obligations under the Formation Documents, the Bonds or the District Documents, or (ii) seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or the collection or application of the Special Tax pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Formation Documents, the District Documents, 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 powers or authority of the District with respect to the Bonds, the Formation Documents, the District Documents, or any action of the District contemplated by any of said documents; nor is there any action pending or, to the best knowledge of the District, threatened against the District or the County, acting in the capacity of the District, in which the District or the County has been served, 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 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, the 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 District and the County, acting on behalf of the District, authorized to do so shall be deemed a representation and warranty to the Underwriter as to the statements made therein;

(m) Except as otherwise described in the Official Statement, the District has not failed in any material respect to comply with any undertaking of the District under Rule 15c2-12 in the previous five years;

(n) The District will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Official Statement;

(o) The total interest cost to maturity on the portion of the Bonds related to the refunding the Refunded Bonds plus the principal amount of such portion of the Bonds is less than the total remaining interest cost to maturity on the Refunded Bonds plus the outstanding principal amount of the Refunded Bonds;

(p) The information contained in the Preliminary Official Statement and the Official Statement (other than information in "APPENDIX F - Book-Entry and DTC" and the information concerning the Underwriter under the heading of "Underwriter," as to which no view is expressed) as of the date thereof did not, and on the Closing Date the Official Statement will not, contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(q) The Preliminary Official Statement heretofore delivered to the Underwriter was deemed final by the 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 District hereby covenants and agrees that, within seven (7) business days from the date hereof, the District shall cause a final version of the Official Statement to be electronically delivered to the Underwriter, so that the Underwriter may comply with paragraph (b)(4) of Rule 15c2-12 and Rules G-12, G-15, G-32 and G-36 of 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 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 District or the County, acting on behalf of the District, made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the 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 Formation Documents and the 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, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement shall not have been materially adversely affected, in the reasonable judgment of the Underwriter following consultation with the District (evidenced by a written notice to the 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 as 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 (it being acknowledged by the parties hereto that of the date hereof no such legislation, ruling, regulation, press release or other form of notice which would result in such adverse impact on the market price or marketability of the Bonds exists);

(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 Indenture 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) 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 District or the County, their property, income, securities (or interest thereon), or the validity or enforceability of the Special Tax;

(4) 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;

(5) the declaration of war or the escalation of, or engagement in, military hostilities by the United States or the occurrence of any other national or international emergency or calamity relating to the effective operation of the government of, or the financial community in, the United States;

(6) the declaration of a general banking moratorium by federal, State of New York or State of California authorities, or the general suspension of trading on any national securities exchange;

(7) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(8) the commencement of any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body described in Section 2(j); or

(9) any amendment is made to the Official Statement that in the Underwriter's reasonable judgment will materially adversely affect the marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds.

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

(1) the Formation Documents and the District Documents, together with a certificate dated as of the Closing Date of the Clerk of the Board of Supervisors to the effect that each Formation Document is a true, correct and complete copy of the one duly adopted by the Board of Supervisors;

(2) the Preliminary Official Statement and the Official Statement;

(3) an opinion of Bond Counsel, dated the Closing Date and addressed to the District, in the form attached to the Preliminary Official Statement as APPENDIX E, and

an unqualified opinion of such counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such approving opinion addressed to the District may be relied upon by the Underwriter to the same extent as if such opinion was addressed to it;

(4) a supplemental opinion, dated the Closing Date and addressed to the Underwriter, of Bond Counsel, to the effect that (i) this Bond Purchase Agreement has been duly authorized, executed and delivered by the District and, assuming such agreement constitutes a valid and binding obligation of the other parties thereto, constitutes the legally valid and binding agreement of the District enforceable in accordance with its 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 (regardless of whether such enforceability is considered in equity or at law); (ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (iii) the information contained in the Official Statement on the cover and under the captions "INTRODUCTION," "THE SERIES 2013 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS," "LEGAL MATTERS – Tax Exemption" and APPENDICES C, D and E thereof, insofar as it purports to summarize certain provisions of the Bonds and the Indenture and such counsel's opinion as to the exclusion from gross income for federal income tax purposes and exemption from State of California personal income taxes of interest on the Bonds, present a fair and accurate summary of such provisions;

(5) a letter from Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel ("Disclosure Counsel"), 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, no facts have come to the attention of the attorneys in the firm rendering legal services in connection with the issuance of the Bonds that have caused them to believe that the Official Statement as of its date contained, or as of the Closing Date contains, any untrue statement of a material fact, or as of its date omitted, or as of the Closing Date 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 the firm expresses no view with respect to any information concerning The Depository Trust Company, or the book-entry system, or with respect to any financial, statistical, economic or demographic data or revenue or other forecasts, projections, numbers, estimates, tables, assumptions, appraisals, assessed valuations or assumptions or expressions of opinion contained in the Official Statement, or with respect to any of the appendices thereto);

(6) a defeasance opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriter, in a form satisfactory to the Escrow Agent and the Underwriter, with respect to the Refunded Bonds;

(7) a certificate, dated the Closing Date and signed by an authorized representative of the 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 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; (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 in order to make the statements and information contained in the Official Statement not misleading in any material respect, and the Bonds, the Formation Documents and the District Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement; and (iii) the District has complied with all the material agreements and satisfied all the conditions on its part to be performed or satisfied under the Formation Documents, the District Documents and the Official Statement at or prior to the Closing Date;

(8) an opinion of the County Counsel, as counsel to the District and the County, acting on behalf of the District, dated the Closing Date and addressed to the Underwriter, to the effect that (i) the District is duly organized and validly existing under the Constitution and laws of the State as a community facilities district under the Act; (ii) the District has full legal right, power, and authority to execute and deliver the District Documents; (iii) the District Documents have been duly authorized, executed, and delivered by the District and, assuming due authorization and execution by any other applicable parties thereto, the District Documents constitute the valid and binding obligations of the 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, to the limitations on legal remedies against political subdivisions in the State of California, and to the application of equitable principles if equitable remedies are sought; (iv) the Board of Supervisors adopted the resolutions and ordinances forming the District, confirming the Special Taxes, approving the District Documents and authorizing the sale and issuance of the Bonds at meetings of the Board of Supervisors 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; (v) except as disclosed in the Official Statement, to the best of such counsel's current, actual 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 or threatened against the District or the County, acting on behalf of the District, for which the District or the County has been served, to restrain or enjoin the issuance of the Bonds, the collection or application of the Special Taxes, or the payment of principal of and interest on the Bonds, or in any way contesting the validity of the formation of the District, the Bonds, or the District Documents; (vi) the execution and delivery of the District Documents, 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 District or the County, acting on behalf of the 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 that would materially adversely affect the ability of the District to pay the principal or interest on the Bonds, and (vii) except as disclosed in the Official Statement, the Special Taxes constituting the security for the Bonds have been duly and lawfully levied under and pursuant to the Act and constitute valid and legally binding liens on the properties on which they have been levied, subject to the effect of bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws relating to or affecting creditors' rights generally, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against political subdivisions in the State of California;

(9) a certificate dated the Closing Date from Albert A. Webb Associates (the "Special Tax Consultant") addressed to District and the Underwriter to the effect that (i) the Special Tax if collected in the maximum amounts permitted pursuant to the Rate and Method of Apportionment as of the Closing Date would generate at least 110% of the sum of the maximum annual debt service payable on the Bonds, plus the Administrative Expenses, based on such assumptions and qualifications as shall be acceptable to the Underwriter, and (ii) it has reviewed the Preliminary Official Statement and Official Statement, and the statements concerning the Rate and Method of Apportionment and all statistical, financial and other data set forth in the tables and described in the Official Statement which were derived from information supplied by the Special Tax Consultant for use in the Official Statement as of the date of the Official Statement and as of the Closing Date 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 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 the Special Tax Consultant or have come to its attention that would substantially change such information set forth in the Official Statement;

(10) a certificate of the District dated the Closing Date, in a form reasonably acceptable to Bond Counsel, that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

(11) a certificate of the Trustee and an opinion of counsel to the Trustee dated the Closing Date and addressed to the District and the Underwriter to the effect that it has duly authorized the execution and delivery of the Indenture and the Continuing Disclosure Agreement and that the Indenture and the Continuing Disclosure Agreement are valid and binding obligations of the Trustee enforceable in accordance with their respective terms;

(12) a certificate of the Escrow Agent and an opinion of counsel to the Escrow Agent dated the Closing Date and addressed to the District and the Underwriter to the effect that it has duly authorized the execution and delivery of the Escrow Agreement and that the Escrow Agreement is a valid and binding obligation of the Escrow Agent enforceable in accordance with its terms;

(13) A certificate from the County that it has filed all missing reports and audits and is in compliance with the requirements of Rule 15c2-12 as of the Closing Date; and

(14) 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 District's representations and warranties contained herein and the due performance or satisfaction by the District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the District in connection with the transactions contemplated hereby and by the Official Statement.

If the 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 District shall be under any further obligation hereunder, except that the respective obligations of the District and the Underwriter set forth in Section 5 and Section 6 hereof shall continue in full force and effect.

4. Conditions of the District's Obligations. The 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, except as disclosed in the Official Statement or as may be waived by the District, no litigation shall be pending or, to the knowledge of the duly authorized officer of the 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, the Formation Documents, the District Documents or the existence or powers of the District or the County; and

(b) As of the Closing Date, the District shall receive the opinions of Bond Counsel and Disclosure Counsel 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:

(a) The Underwriter shall be under no obligation to pay, and the District shall pay or cause to be paid (out of any legally available funds of the District) any expenses incident to the performance of the District's obligations hereunder, including, but not limited to, the cost of printing and delivering the Bonds to the Underwriter, the cost of preparation, posting, distribution and delivery of the Indenture, the Preliminary Official Statement, the Official Statement and all other agreements and documents contemplated hereby (and drafts of any thereof) as requested by the Underwriter; and any fees and disbursements of the Trustee for the Bonds then due, Bond Counsel, Disclosure Counsel, counsel to the District, and any accountants, engineers or any other experts or consultants the District or the County has retained in connection with the Bonds; and

(b) The District shall be under no obligation to pay, and the Underwriter shall pay, any fees of the California Debt and Investment Advisory Commission, the cost of preparation of any "blue sky" or legal investment memoranda and this Bond Purchase Agreement; expenses to qualify the Bonds for sale under any "blue sky" or other state securities laws; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in paragraph (a) of this section), including Underwriter's counsel and any advertising expenses.

6. Notices. Any notice or other communication to be given to the District under this Bond Purchase Agreement may be given by delivering the same in writing to the District at the address set forth above; 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 Blvd., Suite 1650, Los Angeles, CA 90024, attention: Mr. Raul Amezcua.

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

8. Survival of Representations and Warranties. The representations and warranties of the District set forth in or made pursuant to this Bond Purchase Agreement and any certificates delivered hereunder shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Bond Purchase Agreement 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 District and regardless of delivery of and payment for the Bonds.

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

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

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

12. Counterparts. This Bond Purchase Agreement may be executed 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.

By: ______________________________
Title: ______________________________

ACCEPTED:

COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE

By: ______________________________
Deputy County Executive Officer
Time of Execution: ______________________

EXHIBIT A

MATURITY SCHEDULE

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield

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* Priced to first optional call date of September 1, 20__.
** Term Bond.

Stradling Yocca Carlson & Rauth
Draft dated January 11, 2013

PRELIMINARY OFFICIAL STATEMENT DATED ______________, 2013

NEW ISSUE **NOT RATED**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Community Facilities District, based upon 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, interest on the Series 2013 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 the further opinion of Bond Counsel, interest on the Series 2013 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2013 Bonds. See "LEGAL MATTERS — Tax Exemption" herein.

$15,705,000*
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX BONDS, SERIES 2013

Dated: Date of Delivery Due: September 1, as shown on the inside cover page

The Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2013 (the "Series 2013 Bonds") are being issued and delivered by Community Facilities District No. 05-8 (Scott Road) of the County of Riverside (the "Community Facilities District") to (i) provide additional financing for certain public infrastructure improvements along a section of Scott Road, (ii) refund all of the Community Facilities District's outstanding Special Tax Bonds, Series 2008 issued in the original aggregate principal amount of $11,585,000 and currently outstanding in the aggregate principal amount of $11,585,000, (iii) fund a reserve fund with respect to the Series 2013 Bonds and (iv) pay the costs of issuance with respect to the Series 2013 Bonds. See "THE REFUNDING PLAN" and "SOURCES AND USES OF FUNDS" herein. The Community Facilities District has been formed by and is located in the County of Riverside, California (the "County").

The Series 2013 Bonds are authorized to be 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), and pursuant to an Indenture, dated as of February 1, 2013 (the "Indenture") by and between the Community Facilities District and U.S. Bank National Association, as trustee (the "Trustee").

The Series 2013 Bonds are special obligations of the Community Facilities District and are payable solely from revenues derived from certain annual Special Taxes (as defined herein) to be levied on and collected from the owners of parcels within the Community Facilities District subject to the Special Tax and from certain other funds pledged under the Indenture, 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 Community Facilities District. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS." The Board of Supervisors of the County is the legislative body of the Community Facilities District.

The Series 2013 Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases may be made in principal amounts of $100,000 and integral multiples of $5,000 in excess thereof in book-entry form only. Purchasers of Series 2013 Bonds will not receive certificates representing their beneficial ownership of the Series 2013 Bonds but will receive credit balances on the books of their respective nominees. Interest on the Series 2013 Bonds will be payable on September 1, 2013 and semiannually thereafter on each March 1 and September 1. Principal of and interest on the Series 2013 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are to remit such payments to the beneficial owners of the Series 2013 Bonds. See "THE SERIES 2013 BONDS — General Provisions" and APPENDIX F — "BOOK-ENTRY AND DTC" herein.

Neither the faith and credit nor the taxing power of the County of Riverside, the State of California or any political subdivision thereof is pledged to the payment of the Series 2013 Bonds. Except for the Net Special Tax Revenues (as defined herein), no other taxes are pledged to the payment of the Series 2013 Bonds. The Series 2013 Bonds are special tax obligations of the Community Facilities District payable solely from Net Special Tax Revenues (as defined herein) and certain other amounts held under the Indenture as more fully described herein.

The Series 2013 Bonds are subject to optional redemption, mandatory redemption from Special Tax prepayments and mandatory sinking fund redemption prior to maturity as set forth herein. See "THE SERIES 2013 BONDS — Redemption" herein.

Certain events could affect the ability of the Community Facilities District to pay the principal of and interest on the Series 2013 Bonds when due. The purchase of the Series 2013 Bonds involves significant investment risks, and the Series 2013 Bonds may not be suitable investment for many investors. 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 Series 2013 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)

The Series 2013 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Community Facilities District, and subject to certain other conditions. Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Disclosure Counsel to the Community Facilities District with respect to the Series 2013 Bonds. Certain legal matters will be passed on for the County and the Community Facilities District by County Counsel and for the Underwriter by Nossaman LLP,

MATURITY SCHEDULE

Maturity Date (September 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP*†

\$_______ _____% Term Bonds due September 1, 20__, Yield: _____% Price: _____ CUSIP† No. _______

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† Copyright 2013, American Bankers Association. CUSIP® data herein in provided by Standard & Poor's, CUSIP® Service Bureau, a division of The McGraw-Hill Companies, Inc. The County and the Underwriter take no responsibility for the accuracy of such data.

COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)

COUNTY OF RIVERSIDE
STATE OF CALIFORNIA

BOARD OF SUPERVISORS

John J. Benoit, Fourth District, Chairman
Jeff Stone, Third District, Vice Chairman
Kevin Jeffries, First District
John Tavaglione, Second District
Marion Ashley, Fifth District

COUNTY OFFICIALS

Jay Orr, County Executive Officer
Don Kent, Treasurer-Tax Collector
Paul Angulo, Auditor-Controller
Larry Ward, Assessor-County Clerk-Recorder
Pamela J. Walls, County Counsel

SPECIAL SERVICES

Bond Counsel

Orrick Herrington & Sutcliffe, LLP
San Francisco, California

Disclosure Counsel

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

Financial Advisor

Fieldman, Rolapp & Associates
Irvine, California

Special Tax Consultant

Albert A. Webb Associates
Riverside, California

Trustee

U.S. Bank National Association
Los Angeles, California

Verification Agent

Grant Thornton LLP
Minneapolis, Minnesota

No dealer, broker, salesperson or other person has been authorized by the County, the Community Facilities District, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Series 2013 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 Community Facilities District, the Trustee 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 Series 2013 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 Beneficial Owners of the Series 2013 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 the Municipal Securities Rulemaking Board, or 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 part of, their 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 in APPENDIX F — "BOOK-ENTRY AND DTC" attached hereto has been furnished by The Depository Trust Company, and no representation has been made by the Community Facilities District or the County or the Underwriter as to the accuracy or completeness of such information.

The information set forth herein which has been obtained from third party sources is believed to be reliable but is not guaranteed as to accuracy or completeness by the County or the Community Facilities District. 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 Community Facilities District or any other parties described herein since the date hereof. All summaries of the Indenture 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.

A wide variety of other information, including financial information, concerning the County, is available from publications and websites of the County and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement.

Cautionary Information Regarding Forward-Looking Statements in the 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 Securities 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," "project," "budget" or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve 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. Except as set forth in the Continuing Disclosure Agreement, a form of which is attached as Appendix D, neither the County nor the Community Facilities District plans to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

In connection with the offering of the Series 2013 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 Underwriter may offer and sell the Series 2013 Bonds to certain dealers and dealer banks and banks acting as

agent at prices lower than the public offering prices stated on the cover page hereof, and such public offering prices may be changed from time to time by the Underwriter.

The Series 2013 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act. The Series 2013 Bonds have not been registered or qualified under the securities laws of any state.

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OFFICIAL STATEMENT

$15,705,000*
COMMUNITY FACILITIES DISTRICT NO. 05-8
(SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX BONDS, SERIES 2013

INTRODUCTION

General

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, including the appendices, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of Series 2013 Bonds (defined below) 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 CERTAIN PROVISIONS OF THE INDENTURE — Definitions" herein.

The purpose of this Official Statement, which includes the cover page, the inside cover page, the table of contents and the attached appendices (collectively, the "Official Statement"), is to provide certain information concerning the issuance by Community Facilities District No. 05-8 (Scott Road) of the County of Riverside (the "Community Facilities District") of the $15,705,000* Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Bonds, Series 2013 (the "Series 2013 Bonds"). The proceeds of the Series 2013 Bonds, together with certain existing funds of the Community Facilities District, will be used to (i) provide additional financing for certain public infrastructure improvements along a section of Scott Road, (ii) defease all of the Community Facilities District's outstanding Special Tax Bonds, Series 2008 (the "2008 Bonds"), originally issued pursuant to a Bond Indenture, by and between the District and U.S. Bank National Association, as trustee, dated January 1, 2008, (the "2008 Indenture"), in the aggregate principal amount of $11,585,000 and now outstanding in the principal amount of $11,585,000 (the "Refunded Bonds"), (iii) fund a deposit to the Reserve Fund, and (iv) pay costs of issuance of the Series 2013 Bonds. See "THE REFUNDING PLAN" and "SOURCES AND USES OF FUNDS" herein.

The Series 2013 Bonds are authorized to be 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 an Indenture dated as of February 1, 2013 (the "Indenture") by and between the Community Facilities District and U.S. Bank National Association (the "Trustee"). Upon their issuance, the Series 2013 Bonds will be the only outstanding bonds of the Community Facilities District and will be secured under the Indenture by a pledge of and lien upon Net Special Taxes Revenues (as defined herein) and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund as described in the Indenture.

Under the terms of the Indenture, under certain conditions the Community Facilities District may issue additional bonds secured by the Net Special Tax Revenues of the Community Facilities District on a parity with the Series 2013 Bonds ("Additional Bonds"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS — Additional Bonds." The term "Bonds" means the Series 2013 Bonds together with any Additional Bonds.

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* *Preliminary, subject to change.*

The Community Facilities District

Formation Proceedings. The Community Facilities District was formed by the County of Riverside, California (the "County") pursuant to the Act.

The Act was enacted by the California legislature to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. Any local agency (as defined in the Act) may establish a district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency which forms a district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election of the property owners within such district and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a district and may levy and collect a special tax within such district to repay such indebtedness.

Pursuant to the Act, the Board of Supervisors of the County adopted the necessary resolutions stating its intent to establish the Community Facilities District, to authorize the levy of Special Taxes on taxable property within the boundaries of the Community Facilities District, and to have the Community Facilities District incur bonded indebtedness. Following public hearings conducted pursuant to the provisions of the Act, the Board of Supervisors of the County adopted resolutions establishing the Community Facilities District and calling special elections to submit the levy of the Special Taxes and the incurring of bonded indebtedness to the qualified voters of the Community Facilities District. On April 18, 2006, at an election held pursuant to the Act, the landowners who comprised the qualified voters of the Community Facilities District, authorized the Community Facilities District to incur bonded indebtedness in an aggregate principal amount not to exceed $100,000,000 and approved the rate and method of apportionment of the Special Taxes for the Community Facilities District (the "Rate and Method") to pay the principal of and interest on the bonds of the Community Facilities District. The Rate and Method is set forth in APPENDIX A hereto. The Board of Supervisors of the County acts as the legislative body of the Community Facilities District.

The Community Facilities District was formed to finance various public improvements needed as a result of the proposed development within the Community Facilities District, including the widening of the interchange at Interstate 215, the widening of sections of Scott Road and construction of other road facilities authorized under the County's Transportation Uniform Mitigation Fee program (the "Facilities"). The 2008 Bonds were issued to finance the widening of a section of Scott Road. The Series 2013 Bonds will finance additional Facilities. See "THE COMMUNITY FACILITIES DISTRICT — Description of Authorized Facilities; Facilities Financing Plan." Additional Bonds are expected to be issued to fund additional Facilities after further development occurs. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS — Additional Bonds" and "SPECIAL RISK FACTORS — Effects of Additional Bonds on Credit Quality." The County has determined that the Facilities are regional transportation facilities necessary to support development in the Community Facilities District and surrounding areas.

As a condition to development, the County is requiring each of the landowners proposing development in a designated area to join the Community Facilities District. Future annexations of other developments may occur. The County has adopted Local Goals and Policies for Land Secured Financing Community Facilities Districts, which establishes several categories of community facilities districts that will be used by the County to finance various types of public facilities. The Community Facilities District fits within the category known as a "Critical Transportation Corridor Improvement Program Community Facilities District" (a "CTCIP CFD") established to finance the Facilities. See "THE SERIES 2013 BONDS — Authority for Issuance" and "THE COMMUNITY FACILITIES DISTRICT — Description of Authorized Facilities; Facilities Financing Plan."

Development Status. The Community Facilities District consists of a number of noncontiguous properties located in part in the newly incorporated City of Menifee and in part in an unincorporated portion of the County approximately 10 miles north of the City of Temecula, 35 miles southeast of the City of Riverside, 90 miles southeast of the City of Los Angeles, and 60 miles north of the City of San Diego. The Community Facilities District is located on both the east and west sides of Interstate 215 which is a major freeway connecting the cities of Riverside and San Diego.

The Community Facilities District is comprised of approximately 1,344 gross acres which is expected to be developed into approximately 758 residential acres, approximately 295 acres of street areas, approximately 229 acres of open space and drainage, approximately 49 acres of park space and approximately 13 acres of detention basins. The Community Facilities District may also contain a school of approximately 12 acres. Based on existing zoning and land use entitlements approved by or being processed by the County, the County estimates that the land within the Community Facilities District has a potential build out of approximately 4,963 residential units consisting of 3,174 single family detached units and 1,789 attached units.

As of December 1, 2012, of the 707 parcels classified as Developed Property within the Community Facilities District for Fiscal Year 2012-13, there are 696 completed single family attached and detached residential units which have been completed and conveyed to individual homeowners, 10 single family attached and detached units which are either under construction or completed but still owned by the developer developing such units and one completed multi-family apartment complex. In addition to the 707 parcels classified as Developed Property for Fiscal Year 2012-13, as of December 1, 2012, there were ten additional parcels in various stages of construction which were not classified as Developed Property for Fiscal Year 2012-13 but for which building permits have since been obtained. All of such units will be classified as "Developed Property" under the Rate and Method for the Fiscal Year 2013-14. Special Taxes from Developed Property are expected to be at least 110% of maximum annual debt service on the Series 2013 Bonds plus administrative expenses of the Community Facilities District. However, Additional Bonds may be issued under certain conditions on a parity with the Series 2013 Bonds which could potentially cause part of or all of the Series 2013 Bonds to be expected to be payable from Special Taxes on Approved Property and Undeveloped Property (as such terms are defined in the Rate and Method). See "THE COMMUNITY FACILITIES DISTRICT," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS — Additional Bonds" and "SPECIAL RISK FACTORS — Effects of Additional Bonds on Credit Quality" herein.

Additionally, as of December 1, 2012, within the Community Facilities District there are 269 parcels of Approved Property (as such term is defined in the Rate and Method) and 945 acres of Undeveloped Property (as such term is defined in the Rate and Method). Such parcels are not expected to be levied by the Community Facilities District until such parcels become Developed Property under the Rate and Method or Additional Bonds are issued. See "THE COMMUNITY FACILITIES DISTRICT" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS — Additional Bonds." Herein.

During Fiscal Year 2007-08, four parcels consisting of approximately 12.41 acres within Final Tract Map No. 12598 were annexed into the Community Facilities District ("Annexation No. 1"). The Annexation No. 1 parcels are owned by Fairfield Holland Road LLC ("Fairfield Holland"). Fairfield Holland has developed the property within Annexation No. 1 into 230 multi-family apartments. Fairfield Holland is expected to be the largest taxpayer in the Community Facilities District in Fiscal Year 2012-13 responsible for approximately 19.34% of the Fiscal Year 2012-13 Special Tax levy. See "THE COMMUNITY FACILITIES DISTRICT — Largest Taxpayers."

In addition to Annexation No. 1, there is a possibility of future annexation of property into the Community Facilities District, although no annexations are underway or planned at this time. See "THE COMMUNITY FACILITIES DISTRICT — General Description; Potential Annexations" herein.

According to the Riverside County Assessor's Office Certified Roll for Fiscal Year 2012-13, the assessed value of the property within the Community Facilities District classified as Developed Property for the Fiscal Year 2012-13 Special Tax levy was $207,644,243 resulting in an estimated assessed value to lien ratio of 7.26*-to-1 for Developed Property in Fiscal Year 2012-13 based on the principal amount of the Series 2013 Bonds (allocated to each parcel of Developed Property within the Community Facilities District based on the proportion of the Fiscal Year 2012-13 Special Taxes on such parcels) and other overlapping debt secured by *ad valorem* taxes, special taxes and assessments on such property. See "THE COMMUNITY FACILITIES DISTRICT — Estimated Assessed Value-to-Lien Ratios" herein. Additionally, the Fiscal Year 2012-13 assessed value of all the taxable property within the Community Facilities District was $265,504,162 resulting in an estimated assessed value to lien ratio of 9.29*-to-1 for all the taxable property within the Community Facilities District based on the principal amount of the Series 2013 Bonds and other overlapping debt secured by ad valorem taxes, special taxes and assessments on such property. See "THE COMMUNITY FACILITIES DISTRICT — Estimated Assessed Value-to-Lien Ratios" herein.

Security and Sources of Payment for the Series 2013 Bonds

General. The Series 2013 Bonds are limited obligations of the Community Facilities District, and the interest on and principal of and redemption premiums, if any, on the Series 2013 Bonds are payable solely from Net Special Tax Revenues (described below) to be levied annually against the property in the Community Facilities District, and other amounts on deposit in the Special Tax Fund, the Bond Fund and the Reserve Fund. As described herein, the Special Taxes are collected along with *ad valorem* property taxes on the tax bills mailed by the Treasurer-Tax Collector of Riverside County. Although the Special Taxes will constitute a lien on the property subject to taxation in the Community Facilities District, they will not constitute a personal indebtedness of the owners of such property. There is no assurance that such owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if they are financially able to do so.

Net Special Tax Revenues. Under the Indenture, the Community Facilities District has pledged to repay the Series 2013 Bonds from Net Special Tax Revenues and other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund established under the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Net Special Tax Revenues consist of Special Tax Revenues less the amount required to pay Administrative Expenses. Special Tax Revenues are defined in the Indenture to include the proceeds of the Special Taxes received by or on behalf of the Community Facilities District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes and proceeds of any security for payment of Special Taxes taken in lieu of foreclosure after payment of administrative costs and attorneys' fees payable from proceeds of such redemption, sale or security.

The Net Special Tax Revenues are the primary security for the repayment of the Series 2013 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 Series 2013 Bonds are amounts held by the Trustee in the Special Tax Fund, the Bond Fund and the Reserve Fund. Amounts held in the Improvement Fund, the Rebate Fund and the Administrative Expense Fund are not available to pay the debt service on the Series 2013 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS."

Proceeds of Foreclosure Sales. Pursuant to Section 53356.1 of the Act and the Indenture, the Community Facilities District will covenant in the Indenture with and for the benefit of the Owners of the Series 2013 Bonds and any additional bonds issued pursuant to the Indenture that the Community Facilities District will commence appropriate judicial foreclosure proceedings against parcels with total Special Tax delinquencies in excess of $5,000 (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 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

* *Preliminary, subject to change.*

proceedings. However, 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. Additionally, 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. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS — Proceeds of Foreclosure Sales."

There is no assurance that the property within the Community Facilities District can be sold for the assessed values described herein, or for a price sufficient to pay the principal of and interest on the Series 2013 Bonds in the event of a default in payment of Special Taxes by the current or future landowners within the Community Facilities District. See "SPECIAL RISK FACTORS — Property Values; Value-to-Lien Ratios" herein.

EXCEPT FOR THE NET SPECIAL TAX REVENUES AND AMOUNTS HELD IN THE SPECIAL TAX FUND, THE BOND FUND AND THE RESERVE FUND, NO OTHER FUNDS ARE PLEDGED TO THE PAYMENT OF THE SERIES 2013 BONDS. THE SERIES 2013 BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE COUNTY BUT ARE SPECIAL OBLIGATIONS OF THE COMMUNITY FACILITIES DISTRICT PAYABLE SOLELY FROM THE NET SPECIAL TAX REVENUES AND AMOUNTS HELD IN THE SPECIAL TAX FUND, THE BOND FUND AND THE RESERVE FUND UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMUNITY FACILITIES DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE COUNTY, OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2013 BONDS.

Under the terms of the Indenture, under certain conditions the Community Facilities District may issue Additional Bonds secured by the Net Special Tax Revenues of the Community Facilities District on a parity with the Series 2013 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS — Additional Bonds."

Description of the Series 2013 Bonds

The Series 2013 Bonds will be 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 Series 2013 Bonds (the "Beneficial Owners") in the denominations of $100,000 and integral multiples of $5,000 in excess thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Series 2013 Bonds. In the event that the book-entry only system described herein is no longer used with respect to the Series 2013 Bonds, the Series 2013 Bonds will be registered and transferred in accordance with the Indenture. See APPENDIX F — "BOOK-ENTRY AND DTC" herein.

Principal of, premium, if any, and interest on the Series 2013 Bonds is payable by the Trustee 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 Series 2013 Bonds, the Beneficial Owners will become the registered owners of the Series 2013 Bonds and will be paid principal and interest by the Trustee, all as described herein. See APPENDIX F — "BOOK-ENTRY AND DTC" herein.

The Series 2013 Bonds are subject to optional redemption, mandatory redemption from Special Tax prepayments and mandatory sinking fund redemption as described herein. For a more complete description of the Series 2013 Bonds and the basic documentation pursuant to which they are being sold and delivered, see "THE SERIES 2013 BONDS" and APPENDIX C — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" herein.

Tax Matters

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Community Facilities District, based upon 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, interest on the Series 2013 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 the further opinion of Bond Counsel, interest on the Series 2013 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2013 Bonds. See "LEGAL MATTERS — Tax Exemption."

Professionals Involved in the Offering

U.S. Bank National Association will act as Trustee under the Indenture and as the escrow agent under the Escrow Agreement relating to the defeasance of the Refunded Bonds. De La Rosa & Co. is the Underwriter of the Series 2013 Bonds. Certain proceedings in connection with the issuance and delivery of the Series 2013 Bonds are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Community Facilities District. See APPENDIX E — "FORM OF OPINION OF BOND COUNSEL." Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Disclosure Counsel to the Community Facilities District with respect to the Series 2013 Bonds. Fieldman, Rolapp & Associates is acting as Financial Advisor to the County in connection with the Series 2013 Bonds. Certain legal matters will be passed upon for the County and the Community Facilities District by County Counsel, and for the Underwriter by Nossaman LLP, as Underwriter's Counsel. Other professional services have been performed by Albert A. Webb Associates, Inc., as Special Tax Consultant and Grant Thornton LLP as Verification Agent.

For information concerning the 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 Series 2013 Bonds, see "LEGAL MATTERS — Financial Interests" herein.

Continuing Disclosure

The Community Facilities District will enter into a Continuing Disclosure Agreement, dated as of February 1, 2013, with the Trustee (the "Continuing Disclosure Agreement") pursuant to which the Community Facilities District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system certain annual financial information and operating data. The Community Facilities District will further agree to provide notice of certain listed events. These covenants will be made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). See "CONTINUING DISCLOSURE" herein and APPENDIX D hereto for a description of the specific nature of the annual reports to be filed by the Community Facilities District and notices of listed events to be provided by the Community Facilities District. Within the last five years, the Community Facilities District has not failed to comply in all material respects with any of its prior continuing disclosure obligations under Rule 15c2-12(b)(5). See "CONTINUING DISCLOSURE."

Bond Owners' Risks

Certain events could affect the timely repayment of the principal of and interest on the Series 2013 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 Series 2013 Bonds. The Series 2013 Bonds are not rated by any nationally recognized rating agency. ***The purchase of the Series 2013 Bonds involves significant investment risks, and the Series 2013 Bonds may not be suitable investments for many investors.*** See "SPECIAL RISK FACTORS" herein.

Other Information

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

Brief descriptions of the Series 2013 Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Series 2013 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 Community Facilities District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Series 2013 Bonds, by reference to the Indenture.

Copies of the Indenture, 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 Trustee at 633 W. Fifth Street, 24th Floor, Los Angeles, CA 90071, Attention: Ashraf Almurdaah.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Series 2013 Bonds, together with other amounts held under the 2008 Indenture with respect to the Refunded Bonds, will be deposited into the following respective accounts and funds established by the Community Facilities District under the Indenture, as follows:

Sources:	
Principal Amount of Bonds	$
Plus Prior Funds Held under 2008 Indenture	
[Less Original Issue Discount] [Plus net original Issue Premium]	
Total Sources	$
Uses:	
Escrow Fund	
Deposit into Reserve Fund(1)	$
Deposit into Costs of Issuance Fund(2)	
Project Fund	
Underwriter's Discount	
Total Uses	$

(1) Equal to the Reserve Requirement with respect to the Series 2013 Bonds as of the date of delivery of the Series 2013 Bonds.
(2) Includes, among other things, the fees and expenses of Bond Counsel, Disclosure Counsel, the cost of printing the preliminary and final Official Statements, fees and expenses of the Trustee, Verification Agent, Special Tax Consultant and the Financial Advisor.

THE REFUNDING PLAN

A portion of the proceeds from the sale of the Series 2013 Bonds will be used along with other funds held by the Community Facilities District to defease the Refunded Bonds. The Community Facilities District will enter into an Escrow Agreement with regard to the Refunded Bonds (the "Escrow Agreement"), dated as of February 1, 2013, by and between the Community Facilities District and U.S. Bank National Association, as prior trustee and as escrow bank (the "Escrow Agent"). An irrevocable escrow fund will be established under the Escrow Agreement (the "Escrow Fund"). The moneys deposited with the Escrow Agent will be sufficient to pay the principal of, and interest on, the Refunded Bonds due and payable on March 1, 2013, and to defease the remaining Refunded Bonds and redeem such Refunded Bonds maturing after March 1, 2013 on March 1, 2013 (the "Redemption Date"). Moneys on deposit in the Escrow Fund will be held uninvested in cash. The amounts in the Escrow Fund will be held by the Escrow Agent and for the benefit of the owners of the Refunded Bonds and will be applied to pay at maturity and redeem, as applicable, the Refunded Bonds which remain outstanding, in whole, on March 1, 2013. Upon the establishment of the Escrow Fund as described above, the Refunded Bonds will be discharged under the 2008 Indenture and the owners of the Refunded Bonds will have no rights thereunder except to be paid the principal and interest due on the Refunded Bonds from amounts in the Escrow Fund.

Grant Thornton LLP, upon delivery of the Series 2013 Bonds, will deliver a verification report relating to the sufficiency of moneys deposited into the Escrow Fund to pay the principal of, interest on and the redemption price with respect to the Refunded Bonds on the Redemption Date.

THE SERIES 2013 BONDS

Authority for Issuance

The Series 2013 Bonds will be issued pursuant to the Act, the Indenture and the Resolution Authorizing Issuance of the Series 2013 Bonds adopted by the Board of Supervisors of the County of

Riverside, acting as the legislative body of the District (the "Legislative Body"), on____________, 2013, as Resolution No. __________.

As required by the Act, the Legislative Body has taken the following actions with respect to establishing the Community Facilities District and authorizing issuance of the Series 2013 Bonds:

Resolutions of Intention: On February 28, 2006, the Board of Supervisors adopted Resolution No. 2006-072 stating its intention to establish the Community Facilities District and to authorize the levy of a special tax therein pursuant to the Rate and Method. On February 28, 2006, the Board of Supervisors adopted Resolution No. 2006-073 stating its intention to incur bonded indebtedness in an amount not to exceed $100,000,000 with respect to the Community Facilities District. The Community Facilities District proceedings authorize Special Taxes to be used to pay directly for Facilities. See "THE COMMUNITY FACILITIES DISTRICT — Description of Authorized Facilities; Facilities Financing Plan."

Resolution of Formation: Following a noticed public hearing on April 4, 2006, the Board of Supervisors adopted Resolution No. 2006-092 (the "Resolution of Formation"), establishing the Community Facilities District and authorizing the levy of a special tax within the Community Facilities District pursuant to the Rate and Method. Resolution No. 2006-092 also called an election for the purpose of submitting the propositions to incur bonded indebtedness, to levy a special tax within the Community Facilities District and to establish an appropriations limit for the Community Facilities District to the qualified electors of the Community Facilities District.

Resolution of Necessity: On April 4, 2006, the Board of Supervisors, acting as the Legislative Body of the Community Facilities District, adopted Resolution No. CFD 2006-02 deeming it necessary to incur bonded indebtedness in an amount not to exceed $100,000,000 within the Community Facilities District.

Landowner Election and Declaration of Results: On April 18, 2006, a special election was held within the Community Facilities District, in which the landowners eligible to vote, being the qualified electors, approved the ballot proposition to incur bonded indebtedness in a maximum amount of $100,000,000, to levy a special tax within the Community Facilities District and to establish an appropriations limit for the Community Facilities District.

On April 25, 2006, the Legislative Body adopted Resolution No. CFD 2006-03 declaring the results of the special election.

Ordinance Levying Special Taxes: On May 2, 2006, the Board of Supervisors adopted Ordinance No. 852 (the "Ordinance") authorizing the levy of the Special Tax within the Community Facilities District.

Special Tax Lien and Levy: A Notice of Special Tax Lien for the Community Facilities District was recorded in the real property records of the County on May 4, 2006, as Document No. 2006-0323346.

General Provisions

The Series 2013 Bonds will be dated their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing on September 1, 2013 (each, an "Interest Payment Date"), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Series 2013 Bonds will be issued in fully registered form in denominations of $100,000 and integral multiples of $5,000 in excess thereof. So long as the Series 2013 Bonds are held in book-entry form, principal and interest on the Series 2013 Bonds will be paid to DTC for subsequent disbursement to DTC Participants who are to remit such payments to the Beneficial Owners in accordance with DTC procedures. See APPENDIX F — "BOOK-ENTRY AND DTC."

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Series 2013 Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Series 2013 Bond, unless (i) a Series 2013 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Series 2013 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any Series 2013 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for.

Debt Service Schedule

The following table presents the annual debt service on the Series 2013 Bonds, assuming there are no redemptions other than mandatory sinking fund redemptions. However, it should be noted that the Rate and Method allows prepayment of the Special Taxes in full or in part and the Indenture requires redemption of Series 2013 Bonds on any Interest Payment Date from the proceeds of any prepayments of Special Taxes. Additionally, the Series 2013 Bonds are subject to optional redemption as described herein. See "THE SERIES 2013 BONDS — Redemption."

Period ending September 1	***Principal***	***Interest***	***Total***
2013	$	$	$
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
Totals	$	$	$

Source: De La Rosa & Co.

Redemption

*Optional Redemption.** The Series 2013 Bonds maturing on or after September 1, 2023 are subject to optional redemption, in whole or in part in denominations of $100,000 and integral multiples of $5,000 in excess thereof on any date on or after September 1, 2022, from any source of available funds, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

*Mandatory Redemption from Special Tax Prepayments.** The Series 2013 Bonds are subject to mandatory redemption, in whole or in part, on any Interest Payment Date on or after September 1, 2013, from and to the extent of any prepaid Special Taxes deposited in the Redemption Fund, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2013 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	***Redemption Price***
September 1, 2013 through March 1, 2020	103%
September 1, 2020 and March 1, 2021	102
September 1, 2021 and March 1, 2022	101
September 1, 2022 and each Interest Payment Date thereafter	100

Mandatory Sinking Fund Redemption. The Series 2013 Bonds maturing September 1, 20__ (the "Series 2013 Term Bonds") shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2013 Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 1)	***Principal Amount to be Redeemed***
	$
(Maturity)	

If some but not all of the Series 2013 Term Bonds are redeemed pursuant to the optional redemption provisions of the Indenture described above, the principal amount of Series 2013 Term Bonds to be redeemed described above on any subsequent September 1 shall be reduced, by $5,000 or an integral multiple thereof, as designated by the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of Series 2013 Term Bonds so optionally redeemed.

If some but not all of the Series 2013 Term Bonds are redeemed pursuant to the mandatory redemption from Special Tax Prepayments provisions of the Indenture, the principal amount of Series 2013 Term Bonds to be redeemed described above on any subsequent September 1 shall be reduced by the aggregate principal amount of the Series 2013 Term Bonds so redeemed, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of $5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Community Facilities District.

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* *Preliminary, subject to change.*
* *Preliminary, subject to change.*

Notice of Redemption. So long as the Series 2013 Bonds are held by DTC, all notices of redemption will be sent only to DTC in accordance with its procedures and will not be delivered to any Beneficial Owner. The Trustee is obligated to mail, at least 30 days but not more than 60 days prior to the date of redemption, notice of intended redemption, by first-class mail, postage prepaid, to the original purchasers of the Series 2013 Bonds and the registered Owners of the Series 2013 Bonds at the addresses appearing on the Bond registration books. The notice of redemption must: (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Series 2013 Bonds selected for redemption; (ii) state the date fixed for redemption and surrender of the Series 2013 Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Series 2013 Bonds are to be redeemed; (v) state the date of the notice; (vi) state that interest on the Series 2013 Bonds selected for redemption will not accrue from and after the date fixed for redemption; and (vii) state any other descriptive information needed to identify accurately the Series 2013 Bonds being redeemed as shall be specified by the Trustee.

So long as notice by first class mail has been provided as set forth above, the actual receipt by the Owner of any Series 2013 Bond of notice of such redemption is not a condition precedent to redemption. Neither the failure to receive such notice nor any defect in such notice will affect the validity of the proceedings for redemption of such Series 2013 Bonds or the cessation of interest on the date fixed for redemption.

With respect to any notice of any optional redemption of Series 2013 Bonds, unless at the time such notice is given the Series 2013 Bonds to be redeemed shall be deemed to have been paid within the meaning of the Indenture, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the principal of and premium, if any, on the Series 2013 Bonds on the date fixed for redemption (the "Redemption Price"), and accrued interest on, the Series 2013 Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Community Facilities District shall not be required to redeem such Series 2013 Bonds. In the event a notice of redemption of Series 2013 Bonds contains such a condition and such moneys are not so received, the redemption of Series 2013 Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Series 2013 Bonds pursuant to such notice of redemption.

Effect of Redemption. When notice has been mailed as provided in the Indenture, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside with the Trustee, the Series 2013 Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Series 2013 Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Series 2013 Bonds to be redeemed, together with interest to said date, shall be held by the Trustee 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 Series 2013 Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Series 2013 Bonds shall be held in trust for the account of the Owners of the Series 2013 Bonds so to be redeemed without liability to such Owners for interest thereon.

Registration, Transfer and Exchange

Registration. The Trustee will keep sufficient books for the registration and transfer of the Series 2013 Bonds. The ownership of the Series 2013 Bonds will be established by the bond registration books held by the Trustee.

Transfer or Exchange. Whenever any Series 2013 Bond is surrendered for registration of transfer or exchange, the Community Facilities District shall execute and Trustee will authenticate and deliver a new Series 2013 Bond or Series 2013 Bonds of the same maturity, for a like aggregate principal amount of authorized denominations; provided that the Trustee will not be required to register transfers or make exchanges of (i) Series 2013 Bonds for a period of 15 days next preceding the date of any selection of the Series 2013 Bonds to be redeemed, or (ii) any Series 2013 Bonds chosen for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS

Covenants and Warranties

The Community Facilities District will covenant in the Indenture to comply with the covenants and warranties therein, which will be in full force and effect upon the issuance of the Series 2013 Bonds. See APPENDIX C — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Covenants."

Limited Obligations

The Series 2013 Bonds are limited obligations of the Community Facilities District, and the interest on and principal of and redemption premiums, if any, on the Series 2013 Bonds are payable solely from Net Special Tax Revenues (described below) to be levied annually against the property in the Community Facilities District, and other amounts on deposit in the Special Tax Fund, the Bond Fund and the Reserve Fund.

Under the Indenture, the Community Facilities District has pledged to repay the Series 2013 Bonds from Net Special Tax Revenues and other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund established under the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Net Special Tax Revenues consist of Special Tax Revenues less the amount required to pay Administrative Expenses. Special Tax Revenues are defined in the Indenture to include the proceeds of the Special Taxes received by or on behalf of the Community Facilities District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes and any proceeds of any security for payment of Special Taxes taken in lieu of foreclosure after payment of administrative costs and attorneys' fees payable from proceeds of such redemption, sale or security.

The Net Special Tax Revenues are the primary security for the repayment of the Series 2013 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 Series 2013 Bonds are amounts held by the Trustee in the Special Tax Fund, the Bond Fund and the Reserve Fund. Amounts held in the Rebate Fund and the Administrative Expense Fund are not available to pay the debt service on the Series 2013 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS."

EXCEPT FOR THE NET SPECIAL TAX REVENUES AND AMOUNTS HELD IN THE SPECIAL TAX FUND, THE BOND FUND AND THE RESERVE FUND, NO OTHER FUNDS ARE PLEDGED TO THE PAYMENT OF THE SERIES 2013 BONDS. THE SERIES 2013 BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE COUNTY BUT ARE SPECIAL OBLIGATIONS OF THE COMMUNITY FACILITIES DISTRICT PAYABLE SOLELY FROM THE NET SPECIAL TAX REVENUES AND AMOUNTS HELD IN THE SPECIAL TAX FUND, THE BOND FUND AND THE RESERVE FUND UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMUNITY FACILITIES DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE COUNTY, OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2013 BONDS.

Collection of Special Taxes

The Rate and Method provides that the Special Taxes are payable and will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that the County may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

Because the Special Tax levy is limited to the Maximum Special Tax rates set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the receipt of Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay debt service on the Bonds.

Although the Special Taxes, when levied, will constitute a lien on parcels subject to taxation, they do not constitute a personal indebtedness of the owners of property. There is no assurance that the owners of real property will be financially able to pay the annual Special Tax or that they will pay such tax even if financially able to do so. See also, "SPECIAL RISK FACTORS" herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE SERIES 2013 BONDS. EXCEPT FOR THE NET SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE SERIES 2013 BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE COUNTY NOR GENERAL OBLIGATIONS OF THE COMMUNITY FACILITIES DISTRICT, BUT ARE SPECIAL OBLIGATIONS OF THE COMMUNITY FACILITIES DISTRICT PAYABLE SOLELY FROM NET SPECIAL TAX REVENUES AND AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Rate and Method

General. On April 4, 2006, the Board of Supervisors established the Community Facilities District. The Community Facilities District is authorized to levy and collect the Special Tax to finance the Facilities pursuant to and in accordance with the Rate and Method, a copy of which is set forth in APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE." Capitalized terms used under this caption "Rate and Method" shall have the meanings set forth in the Rate and Method attached as Appendix A.

The qualified electors of the Community Facilities District approved the Rate and Method at an election held on April 18, 2006.

Rate and Method. The Rate and Method contains the provisions by which the Legislative Body may annually levy the Special Taxes on Taxable Property within the District up to the applicable Maximum Special Tax to pay for the Special Tax Requirement. The Bonds will be secured by the annual Special Taxes levied pursuant to the Rate and Method. The Rate and Method provides that the Special Tax shall be levied for the period necessary to satisfy the Special Tax Requirement, but in no event shall it be levied after Fiscal Year 2049-50 or the stated maturity of the Bonds, whichever is sooner.

Special Tax Requirement. The Special Tax Requirement is defined in the Rate and Method as the amount required in any Fiscal Year to pay: (i) annual debt service on all outstanding Bonds due in the calendar year which commences in such Fiscal Year, (ii) periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds, (iii) Administrative Expenses, (iv) an amount equal to any shortfall due to Special Tax delinquencies experienced in the prior Fiscal Year, (v) for acquisition or construction of Facilities, provided such amount does not cause an increase in the Special Tax levy on Approved Property, Undeveloped Property, Taxable Property Owners' Association Property, Taxable Public

Property or Taxable Non-Residential Property, and (vi) any amounts required to establish or replenish any reserve funds for the Bonds, less (vii) a credit for funds available to reduce the annual Special Tax levy as determined pursuant to the Indenture.

Method of Apportionment. The Rate and Method provides that the Legislative Body shall levy the Special Tax on all Taxable Property in accordance with the following steps in order to collect Special Taxes sufficient to satisfy the Special Tax Requirement:

First: Prior to the issuance of any series of the Bonds, the Special Tax shall be levied on each Parcel of Developed Property for which a Building Permit has been issued at 100% of the applicable Assigned Special Tax to be applied to the Cost of the Facilities. Subsequent to the issue of the first series of the Bonds, the Special Tax shall be levied Proportionately on each Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement.

Second: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Parcel of Approved Property at up to 100% of the applicable Assigned Special Tax, as needed to satisfy the Special Tax Requirement.

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax levied on each Parcel of Approved Property and Developed Property shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Parcel as needed to satisfy the Special Tax Requirement.

Fifth: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Taxable Non-Residential Property up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Sixth: If additional moneys are needed to satisfy the Special Tax Requirement after the first five steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Taxable Property Owners' Association Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Seventh: If additional moneys are needed to satisfy the Special Tax Requirement after the first six steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances shall the Special Taxes levied against any Parcel of Residential Property be increased by more than 10% per Fiscal Year as a consequence of delinquency or default by the owner of any other Parcel within the Community Facilities District.

Taxable Property and Exempt Property. The Rate and Method declares that for each Fiscal Year, each Parcel shall be categorized as either Approved Property, Developed Property, Taxable Public Property, Taxable Property Owners' Association Property, Taxable Non-Residential Property or Undeveloped Property and shall be subject to the levy of Special Taxes in accordance with the Rate and Method. Approved Property and Developed Property shall further be classified as Single Family Property or Multifamily Property.

(i) "Approved Property" means, for each Fiscal Year, for which a Special Tax is being levied, all Parcels of Taxable Property not classified as Taxable Non-Residential Property, Taxable Property Owners'

Association Property and Taxable Public Property: (i) that are included in a Final Map that was recorded prior to the January 1 preceding said Fiscal Year and (ii) that have not been issued a Building Permit prior to the April 1 preceding said Fiscal Year. Any Final Map recorded prior to July 1, 2006 shall be treated for the purposes of setting the Assigned Special Tax for such Approved Property as if it were subject to the Transportation Uniform Mitigation Fee ("TUMF") in effect as of July 1, 2006.

Certain projects that are to be constructed as condominiums may record a final map for the entire project followed by a series of condominium plan maps dividing the project into multiple phases. In those cases, the District intends to treat these individual phases as Approved Property and/or Developed Property, as applicable, as and when the condominium plan maps are recorded for the individual phases. All portions of the project not encumbered by a condominium plan map are expected to remain as Undeveloped Property.

(ii) "Developed Property" means, for each Fiscal Year after formation of the District for which the Special Tax is being levied, each Parcel of Taxable Property not classified as Taxable Public Property, Taxable Property Owners' Association Property and Taxable Non-Residential Property: (i) that is included in a Final Map that was recorded prior to January 1 preceding said Fiscal Year and (ii) a Building Permit has been issued for a Single Family Residential Unit or a Multifamily Residential Unit on such Parcel prior to April 1 preceding said Fiscal Year. Parcels upon which a model unit has been constructed will be treated as Developed Property when any other Parcel within said Final Map is issued a Building Permit.

(iii) "Exempt Property" means, for each Fiscal Year any Parcel which is exempt from Special Taxes pursuant to the Rate and Method or non-taxable pursuant to the Rate and Method.

(iv) "Multifamily Property" means, for each Fiscal Year, a Parcel designated to be developed with one or more Multifamily Residential Units as determined by the Administrator consistent with the TUMF Ordinance in effect on the date such determination is made; provided, however, that once a Parcel is categorized as Approved Property with a Land Use Category as Multifamily Property, said Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition of Multifamily Residential Unit.

(v) "Single Family Property" means, for each Fiscal Year, a Parcel designated to be developed with one or more Single Family Residential Units as determined by the Administrator; provided, however, that once a Parcel is categorized as Approved Property, said Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition of Single Family Residential Unit.

(vi) "Taxable Non-Residential Property" means, for each Fiscal Year, any Parcel of Non-Residential Property which is not Exempt Property pursuant to the Rate and Method or non-taxable pursuant to the Rate and Method.

(vii) "Taxable Property Owners' Association Property" means, for each Fiscal Year, any Parcel of Property Owners' Association Property which is not Exempt Property pursuant to the Rate and Method or non-taxable pursuant to the Rate and Method.

(viii) "Taxable Public Property" means, for each Fiscal Year, any Parcel of Public Property which is not Exempt Property pursuant to the Rate and Method or non-taxable pursuant to the Rate and Method.

(ix) "Undeveloped Property" means, for each Fiscal Year, all Taxable Property including residentially zoned property which has not become Approved Property or Developed Property, excluding Taxable Public Property, Taxable Property Owners' Association Property and Taxable Non-Residential Property which has not become Approved Property or Developed Property and which is not Exempt Property pursuant to the Rate and Method or non-taxable pursuant to the Rate and Method.

Maximum Special Tax. The Maximum Special Tax is defined in the Rate and Method as follows:

(i) The Maximum Special Tax for each Parcel of Undeveloped Property, Taxable Non-Residential Property, Taxable Property Owners' Association Property and Taxable Public Property is $2,273.66 per Acre for Fiscal Year 2012-13. This rate increases by 2% each July 1, commencing July 1, 2008.

(ii) The Maximum Special Tax for each Parcel of Approved Property or Developed Property is determined by the date on which the Parcel became Approved Property or Developed Property and is the greater of the Assigned Special Tax or the amount derived by application of the Backup Special Tax.

The Assigned Special Tax for any parcel is calculated as a percentage of the applicable TUMF in effect when a Final Map is first recorded for such parcel and again after a building permit is issued for any parcel within such Final Map. For the Parcels which were classified as Single Family Property Developed Property for Fiscal Year 2012-13, the Assigned Special Tax ranged from $511.41 to $1,233.50, and for Parcels which were classified as Multifamily Property Developed Property for Fiscal Year 2012-13, the Assigned Special Tax was $862.81 per multifamily unit. The Assigned Special Tax applicable to units of Approved Property in the District will depend on the amount of the TUMF at the time that a Final Map is first recorded for such parcel.

Once a Parcel is Approved Property, the Assigned Special Tax for each Parcel to be developed as Single Family Property, as shown on the Final Map, is the product of the TUMF for a Single Family Residential Unit in effect on the July 1st preceding the recordation date of the Final Map multiplied by the Special Tax Factor of 11.3%. The Assigned Special Tax for each Parcel that is to be developed as Multifamily Property is the product of the TUMF for a Multifamily Residential Unit in effect on the July 1st preceding the recordation date of the Final Map multiplied by the number of proposed dwelling units as shown on the Final Map or as determined by the Administrator, multiplied by the Special Tax Factor of 11.3%.

Once a Parcel within a Final Map of Taxable Property is Developed Property, the Assigned Special Tax as Developed Property for each Parcel within the Final Map to be developed as Single Family Property, as shown on the Final Map is established as the greater of (a) the product of the TUMF for a Single Family Residential Unit in effect on the July 1st preceding the date the first Building Permit is issued for a Parcel of Single Family Property within that Final Map multiplied by the Special Tax Factor of 11.3% or (b) the Assigned Special Tax in effect for such Parcels as Approved Property increased by 2.00% per Fiscal Year since the Parcel became Approved Property. Once a Parcel within a Final Map of Taxable Property is Developed Property, the Assigned Special Tax as Developed Property for each Parcel within the Final Map to be developed as Multifamily Property, as determined by the Administrator, is the greater of (a) the product of the TUMF for a Multifamily Residential Unit in effect on the July 1st preceding the date the first Building Permit is issued for a Parcel of Multifamily Property within that Final Map multiplied by the number of dwelling units in the Building Permit for said Parcel, as determined by the Administrator, multiplied by the Special Tax Factor of 11.3% or (b) the Assigned Special Tax in effect for such Parcel as Approved Property increased by 2.00% per Fiscal Year since the Parcel became Approved Property. The Special Tax established for Developed Property within a Final Map shall be applied to an individual parcel within said Final Map only after a Building Permit has been issued for such parcel.

On July 1st of each Fiscal Year, commencing July 1, 2007, after a parcel is determined to be Developed Property, the Assigned Special Tax for a Parcel of Developed Property will increase by an amount equal to 2.00% of the Assigned Special Tax as Developed Property in effect for such Parcel of Developed Property as of July 1st of the prior Fiscal Year.

The Backup Special Tax is the Assigned Special Tax for such Parcel provided that if the number of Parcels in a specific Final Map is subsequently changed or modified, then the Backup Special Tax will be recalculated for the Parcels within the changed or modified area such that the modified Backup Special Tax for each Parcel within such changed area shall equal the aggregate Backup Special Tax within the changed area prior to the change or modification of such Final Map.

TUMF Percentage Change means the percentage increase in the respective TUMF applicable to a Single Family Residential Unit or a Multifamily Residential Unit, as of July 1st of the prior calendar year to July 1st of the current calendar year, beginning with the increase from the respective TUMF in effect as of July 1, 2005 to the TUMF in effect as of July 1, 2006.

Prepayment of Special Taxes. The Maximum Special Tax obligation may only be prepaid and permanently satisfied by a Parcel of Developed Property or Public Property, Property Owners' Association Property and/or Non-residential Property that is not Exempt Property. The Maximum Special Tax obligation applicable to such Parcel may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described in the Rate and Method; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment.

No Special Tax prepayment in full or prepayment in part shall be allowed unless the amount of Maximum Special Taxes, based on the categorization and classification under the Rate and Method of all Parcels on the date of the calculation, that may be levied on Taxable Property in each Fiscal Year commencing with the Fiscal Year of the proposed prepayment is at least equal to the sum of (a) 1.1 times the debt service on the Outstanding Bonds due in the calendar year which commences in such Fiscal Year (assuming a full year's debt service); plus (b) the Administrative Expenses for such Fiscal Year.

In addition, an owner of a Developed Property may partially prepay the Maximum Special Tax as specified in APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE" herein.

No Obligation of the County Upon Delinquency

The County is under no obligation to transfer any funds of the County into the Special Tax Fund for payment of the principal of or interest on the Bonds if a delinquency occurs in the payment of any Special Taxes. "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS — Proceeds of Foreclosure Sales" for a discussion of the County's obligation to foreclose on Special Tax liens upon delinquencies.

Coverage and Source of Annual Debt Service

Annual debt service on the Series 2013 Bonds is payable from the Maximum Special Taxes that may be levied on property categorized as Taxable Property. As of December 1, 2012, the Maximum Special Taxes that could be levied on the owners of all Taxable Property within the Community Facilities District were not less than 442% of debt service due on the Bonds plus the Community Facilities District's estimated Administrative Expenses. Based on the development status within the Community Facilities District as of December 1, 2012, assuming no delinquencies, the Special Taxes that may be levied within the Community Facilities District on Developed Property are at least 110% of maximum annual debt service on the Series 2013 Bonds plus estimated Administrative Expenses in each of the years the Series 2013 Bonds are outstanding. However, pursuant to Section 53321(d) of the California Government Code, Special Taxes levied on any parcel of property used for private residential purposes in the Community Facilities District may not be increased by more than 10% in any fiscal year as a consequence of delinquency or default by the owner of any other parcel within the Community Facilities District. As a result, it is possible that the Community Facilities District may not be able to levy Special Taxes at the full amount of the Maximum Special Tax rates, as a result of high delinquencies. Additional debt service coverage on the Series 2013 Bonds plus estimated Administrative Expenses may be derived from Undeveloped Property. Moreover, the coverage from Maximum Special Taxes from all Taxable Property, including Developed, Approved Property and

Undeveloped Property, could be reduced to as low as 110% of maximum annual debt service plus estimated Administrative Expenses in the event that the maximum amount of Additional Bonds are issued in accordance with the Indenture, and the coverage from Developed Property could be reduced substantially. See "— Additional Bonds" below and "SPECIAL RISK FACTORS — Effect of Additional Bonds on Credit Quality."

Proceeds of Foreclosure Sales

The proceeds of delinquent Special Taxes received following a judicial foreclosure sale of parcels within the Community Facilities District resulting from a landowner's failure to pay the Special Taxes when due, up to the amount of the delinquent Special Tax lien, are included within the Net Special Tax Revenues pledged to the payment of principal and interest on the Bonds under the Indenture.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the Community Facilities District of Special Taxes in an amount which is less than the Special Tax levied, the Board of Supervisors of the County, as the legislative body of the Community Facilities District, may order that Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the Community Facilities District will covenant in the Indenture with and for the benefit of the Owners of the Series 2013 Bonds that the Community Facilities District will commence appropriate judicial foreclosure proceedings against parcels with total Special Tax delinquencies in excess of $5,000 (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 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. However, 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. Additionally, 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. See APPENDIX C — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Covenants" herein.

If foreclosure is necessary and other funds (including amounts in the Reserve Fund) have been exhausted, debt service payments on the Series 2013 Bonds could be delayed until the foreclosure proceedings have ended with the receipt of any foreclosure sale proceeds. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions, involvement by agencies of the federal government and other factors beyond the control of the County and the Community Facilities District. See "SPECIAL RISK FACTORS — Bankruptcy and Foreclosure" herein. Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See "SPECIAL RISK FACTORS — Property Values; Value-to-Lien Ratios" herein. Although the Act authorizes the Community Facilities District to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the Community Facilities District or the County any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* taxes.

If the County does purchase such property through a credit bid (which the County has done on occasion in the past but is not obligated to do so), the credit bid is not required to be paid for 24 months.

If the Reserve Fund is depleted and delinquencies in the payment of Special Taxes exist, there could be a default or delay in payments to the Series 2013 Bond owners pending prosecution of foreclosure proceedings and receipt by the Community Facilities District of foreclosure sale proceeds, if any. However, within the limits of the Rate and Method and the Act (specifically, the Maximum Special Tax and the requirement under the Act that under no circumstances shall the Special Taxes levied against any Parcel of Residential Property, as defined in the Rate and Method, be increased by more than ten percent (10%) as a consequence of delinquency or default by the owner of any other Parcel within the Community Facilities District), the Community Facilities District may adjust the Special Taxes levied on all property in future Fiscal Years to provide an amount, taking into account such delinquencies, required to pay debt service on the Bonds and to replenish the Reserve Fund. There is, however, no assurance that the Maximum Special Tax rates will be at all times sufficient to pay the amounts required to be paid on the Bonds by the Indenture.

Special Taxes Are Not Within Teeter Plan

The County has adopted a Teeter Plan as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code, under which a tax distribution procedure is implemented and secured roll taxes are distributed to taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections. However, by policy, the County does not include assessments, reassessments and special taxes in its Teeter program. **The Special Taxes are not included in the County's Teeter Program.**

Tender for Bonds

In accordance with Section 53344.1 of the California Government Code, the District has reserved to itself the right to adopt a policy permitting the tender of Bonds or Additional Bonds in full payment or partial payment of any Special Taxes, provided that the Community Facilities District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Series 2013 Bonds and Additional Bonds when due and to pay estimated Administrative Expenses when due.

Special Tax Fund

The Trustee shall establish and maintain a separate fund designated the "Special Tax Fund." As soon as practicable after the receipt by the Community Facilities District of any Special Tax Revenues, the Community Facilities District shall transfer such Special Tax Revenues to the Trustee for deposit in the Special Tax Fund; provided, however, that with respect to any Special Tax Revenues that represent prepaid Special Taxes that are to be applied to the redemption of the Bonds in accordance with the provisions of the Indenture, said prepaid Special Taxes shall be identified as such in a Written Certificate of the Community Facilities District delivered to the Trustee at the time such prepaid Special Taxes are transferred to the Trustee, the portion of such prepaid Special Taxes to be applied to the Redemption Price of the Bonds to be so redeemed shall be identified in such Written Certificate of the Community Facilities District and shall be deposited by the Trustee in the Redemption Fund and the portion of such prepaid Special Taxes to be applied to the payment of interest on the Bonds to be so redeemed shall be identified in such Written Certificate of the Community Facilities District and shall be deposited by the Trustee in the Bond Fund.

Disbursements. Upon receipt of a Written Request of the Community Facilities District, the Trustee shall withdraw from the Special Tax Fund and transfer to the Administrative Expense Fund the amount specified in such Written Request of the Community Facilities District as the amount necessary to be transferred thereto in order to have sufficient amounts available therein to pay Administrative Expenses.

On the Business Day immediately preceding each Interest Payment Date, after having made any requested transfer to the Administrative Expense Fund, the Trustee shall make the following transfers in the following order of priority:

Bond Fund. The Trustee shall withdraw from the Special Tax Fund and transfer to the Bond Fund, Net Special Tax Revenues in the amount, if any, necessary to cause the amount on deposit in the Bond Fund to be equal to the principal and interest due on the Bonds on such Interest Payment Date; and

Reserve Fund. After having made any transfers required to be made pursuant to the preceding paragraph, the Trustee shall withdraw from the Special Tax Fund and transfer to the Reserve Fund, Net Special Tax Revenues in the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement.

Bond Fund

The Trustee will hold the Bond Fund (as defined in the Indenture) for the benefit of the Bond Owners.

On each Interest Payment Date, the Trustee will withdraw from the Bond Fund and pay to the Bond Owners the principal, if any, of and interest on the Bonds then due and payable, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds.

In the event that, on an Interest Payment Date, amounts in the Bond Fund are insufficient to pay the principal, if any, of and interest on the Bonds due and payable on such interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, the Trustee shall apply available funds therein in accordance with the provisions of the Indenture relating to the application of Net Special Tax Revenues upon a default. See APPENDIX E — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Events of Default and Remedies — Application of Net Special Tax Revenues After Default."

Redemption Fund

Moneys in the Redemption Fund shall be set aside and used solely for the purpose of redeeming Bonds in accordance with the Indenture.

Reserve Fund

Certain proceeds of the Series 2013 Bonds will be deposited into the Reserve Fund in an amount equal to the Reserve Requirement (see "ESTIMATED SOURCES AND USES OF FUNDS" herein). Reserve Requirement is defined in the Indenture to mean, as of any date of calculation, an amount equal to the least of (a) 10% of the original aggregate principal amount of the Bonds (excluding Bonds refunded with proceeds of subsequently issued Bonds), (b) the Maximum Annual Debt Service on the Bonds and (c) 125% of the Average Annual Debt Service on the Bonds.

If a portion of Bonds are to be redeemed, a proportionate amount in the Reserve Fund (determined on the basis of the principal of such Bonds to be redeemed and the original principal of such Bonds) will be applied to the redemption of such Bonds; provided, however, that such amount shall be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds to be redeemed).

Except as otherwise provided in the Indenture, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of and interest on the Bonds or, in accordance with the provisions of the Indenture, for the purpose of redeeming Bonds. Transfers shall be made from the Reserve Fund to the Bond Fund in the event of a deficiency in the Bond Fund, in accordance with the Indenture.

Moneys in the Reserve Fund will be invested and deposited as described in the Indenture. Any interest or profits or other income received with respect to investments held in the Reserve Fund will be transferred to the Special Tax Fund, as directed by the Indenture, to the extent amounts on deposit on the Reserve Fund exceed the Reserve Requirement.

See APPENDIX E — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Security For Bonds; Flow of Funds; Investments — Investment of Moneys" for a description of the timing, purpose and manner of disbursements from the Reserve Fund.

Administrative Expense Fund

The Trustee will receive the transfer of Special Taxes from the Community Facilities District from the Special Tax Fund and deposit in the Administrative Expense Fund an amount sufficient to pay Administrative Expenses.

Moneys in the Administrative Expense Fund will not be pledged to payment of debt service on the Bonds.

Improvement Fund

The Trustee will establish and maintain a separate fund designated the "Improvement Fund." Within the Improvement Fund, the Trustee will establish and maintain a separate account designated the "Proceeds Account" and a separate account designated the "Non-Proceeds Account." On the Closing Date, the Trustee shall deposit in the Proceeds Account the amount specified in the table under the heading "SOURCES AND USES OF FUNDS." The moneys in the Proceeds Account will be used and withdrawn by the Trustee from time to time to pay the costs of the Facilities upon submission to the Trustee of a Written Request of the Community Facilities District.

Upon the filing of a Written Certificate of the Community Facilities District stating (i) that the portion of the Facilities to be financed from the Proceeds Account has been completed and that all costs of such Facilities have been paid, or (ii) that such portion of the Facilities has been substantially completed and that all remaining costs of such portion of the Facilities have been determined and specifying the amount to be retained therefor, the Trustee will (A) if the amount remaining in the Proceeds Account (less any such retention) is equal to or greater than $25,000, transfer the portion of such amount equal to the largest integral multiple of $5,000 that is not greater than such amount to the Redemption Fund, to be applied to the redemption of Bonds, and (B) after making the transfer, if any, required to be made pursuant to the preceding clause (A), transfer all of the amount remaining in the Proceeds Account (less any such retention) to the Bond Fund, to be applied to the payment of interest on the Bonds.

Additional Bonds

The District may at any time after the issuance and delivery of the Series 2013 Bonds issue Additional Bonds in an aggregate amount not to exceed $84,295,000* payable from Net Special Tax Revenues secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Series 2013 Bonds and any other Additional Bonds previously issued under the Indenture. Additional Bonds may be issued for the purpose of funding additional Facilities Costs or for the purpose of refunding all or a portion of the Series 2013 Bonds or any Additional Bonds then Outstanding. The issuance of Additional Bonds to fund additional Facilities Costs will require an increase in the amount of Special Taxes levied annually, which could result in the need to levy Special Taxes on Undeveloped Property and would reduce the coverage ratio between the Maximum Special Taxes that could be levied annually and the annual levy required to pay debt service on the Series 2013 Bonds and Additional Bonds plus Administrative Expenses. See "— Coverage and Source of

* *Preliminary, subject to change.*

Annual Debt Service" above and "SPECIAL RISK FACTORS — Effect of Additional Bonds on Credit Quality."

The Indenture provides that Additional Bonds may only be issued subject to certain conditions precedent, including but not limited to the District having received a certificate of one or more Independent Consultant, if the Additional Bonds are being issued other than for refunding purposes, certifying as of the closing date that:

(i) on the basis of the parcels of land and improvements existing in the Community Facilities District as of the January 1 preceding the proposed issuance of such Additional Bonds, for each Fiscal Year that Bonds will be Outstanding, the amount of the Available Special Taxes that may be levied on all Taxable Property in such Fiscal Year is at least equal to 110% of Annual Debt Service for the Corresponding Bond Year on all Outstanding Bonds; and

(ii) the sum of (A) the Assessed Value of parcels of Taxable Property for which a Qualified Appraisal Report has not been provided, plus (B) the Appraised Value of parcels of Taxable Property for which a Qualified Appraisal Report has been provided, as such Appraised Value is shown in such Qualified Appraisal Report, is at least three times the sum of (I) the aggregate principal amount of Outstanding Bonds, plus (II) the aggregate principal amount of all fixed lien special assessments levied on parcels of Taxable Property, based upon information from the most recent Fiscal Year for which such information is available, plus (III) the sum of a portion of the aggregate principal amount of Other CFD Bonds, which portion shall be equal to the aggregate principal amount of such Other CFD Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for such Other CFD Bonds on parcels of Taxable Property, and the denominator of which is the total amount of special taxes levied for such Other CFD Bonds on all parcels of land (such fraction to be determined based upon the maximum special taxes which could be levied in the year in which maximum annual debt service on such Other CFD Bonds occurs), based upon information from the most recent Fiscal Year for which such information is available.

For a complete description of all conditions that must be satisfied prior to issuance of Additional Bonds, see APPENDIX C — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

For purposes of the above, the following capitalized terms have the following meanings.

"Independent Consultant" means any consultant or firm of such consultants selected by the Community Facilities District and who, or each of whom (a) is generally recognized to be qualified in the financial consulting field, (b) is in fact independent and not under the control of the Community Facilities District or the County, (c) does not have any substantial interest, direct or indirect, with or in the Community Facilities District or the County, or any owner of real property in the Community Facilities District, or any real property in the Community Facilities District, and (d) is not connected with the Community Facilities District or the County as an officer or employee thereof, but who may be regularly retained to make reports to the Community Facilities District or the County.

"Other CFD Bonds" means, as of the date of determination, any and all bonds, notes or other evidences of indebtedness, other than the Bonds, then outstanding issued under the Act and payable at least partially from special taxes to be levied on parcels of Taxable Property.

"Qualified Appraisal Report" means a real estate appraisal report which (a) has been prepared by a Qualified Appraiser, (b) uses a date of value that is no earlier than three months prior to the date on which the value reported in such appraisal report is used in accordance with the provisions of this Indenture, (c) is prepared in accordance with the applicable standards of the Appraisal Institute for such reports, and (d) is prepared in accordance with the applicable guidelines of the California Debt and Investment Advisory Commission for such reports, as such guidelines are in effect on the Closing Date.

"Qualified Appraiser" means a real estate appraiser selected by the Community Facilities District and having an "MAI" designation from the Appraisal Institute.

THE COMMUNITY FACILITIES DISTRICT

General Description; Potential Annexations

The Community Facilities District consists of a number of noncontiguous properties located in part in the newly incorporated City of Menifee and in part in an unincorporated portion of the County approximately 10 miles north of the City of Temecula, 35 miles southeast of the City of Riverside, 90 miles southeast of the City of Los Angeles, and 60 miles north of the City of San Diego. The Community Facilities District is located on both the east and west sides of Interstate 215 which is a major freeway connecting the cities of Riverside and San Diego.

The Community Facilities District is comprised of approximately 1,344 gross acres which are expected to be developed into approximately 758 residential acres, approximately 295 acres of street areas, approximately 229 acres of open space and drainage, approximately 49 acres of park space and approximately 13 acres of detention basins. The Community Facilities District may also contain a school of approximately 12 acres. Based on existing zoning and land use entitlements approved by or being processed by the County, the County estimates that the land within the Community Facilities District has a potential build out of approximately 4,963 residential units consisting of 3,174 single family detached units and 1,789 attached units.

As of December 1, 2012, of the 707 parcels classified as Developed Property within the Community Facilities District for Fiscal Year 2012-13, there are 696 completed single family attached and detached residential units which have been completed and conveyed to individual homeowners, 10 single family attached and detached units which are either under construction or completed but still owned by the developer developing such units and one completed multi-family apartment complex owned by Fairfield Holland. In addition to the 707 parcels classified as Developed Property for Fiscal Year 2012-13, as of December 1, 2012, there were ten additional parcels in various stages of construction which were not classified as Developed Property for Fiscal Year 2012-13 but for which building permits have since been obtained. All of such units will be classified as "Developed Property" under the Rate and Method for the Fiscal Year 2013-14.

Special Taxes from Developed Property are expected to be at least 110% of maximum annual debt service on the Series 2013 Bonds plus administrative expenses of the Community Facilities District. However, Additional Bonds may be issued under certain conditions on a parity with the Series 2013 Bonds which could cause the Series 2013 Bonds to be expected to be payable from Special Taxes on Approved Property and Undeveloped Property. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS — Additional Bonds" herein.

Additionally, as of December 1, 2012, within the Community Facilities District there are 269 parcels of Approved Property and 945 acres of Undeveloped Property. Such parcels are not expected to be levied by the Community Facilities District until such parcels become Developed Property under the Rate and Method or Additional Bonds are issued. See "THE COMMUNITY FACILITIES DISTRICT" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS — Additional Bonds" and "SPECIAL RISK FACTORS — Effects of Additional Bonds on Credit Quality" herein.

At the time of formation of the Community Facilities District, an annexation area was identified, in which property owners may submit a written consent for annexation to the Community Facilities District. Owners of the properties within the annexation area are required by the County to annex to the Community Facilities District as a condition of getting an approved final map. Upon receipt of a consent to annexation, the

Board of Supervisors of the County, acting ex-officio as the Legislative Body of the Community Facilities District, may call a special election to authorize the imposition of the Special Tax on such property. The boundaries of the territory within which any property may annex to the Community Facilities District are more particularly described and shown on that certain map (the "Annexation Map") entitled "Boundaries — Potential Annexation Area Community Facilities District No. 05-8 (Scott Road) of the County of Riverside, State of California," a copy of which is attached hereto as Appendix G. It is anticipated that additional properties will annex to the Community Facilities District as such properties reach a development stage where such property would be categorized as Developed Property and/or Approved Property.

One such annexation has occurred. During Fiscal Year 2007-08, four parcels consisting of approximately 12.41 acres within Final Tract Map No. 12598 were annexed into the Community Facilities District ("Annexation No. 1"). The Annexation No. 1 parcels are owned by Fairfield Holland Road LLC ("Fairfield Holland"). Fairfield Holland has developed the property within Annexation No. 1 into 230 multi-family apartments. Fairfield Holland is the largest taxpayer in the Community Facilities District in Fiscal Year 2012-13 responsible for approximately 19.34% of the Fiscal Year 2012-13 Special Tax levy. See "THE COMMUNITY FACILITIES DISTRICT — Largest Taxpayers."

If land within the Community Facilities District is included within the boundaries of an incorporated city, the County will no longer be responsible for land use approvals and would no longer be able to require annexation with respect to such property into the Community Facilities District. Certain annexation areas of the Community Facilities District are now within the boundaries of the City of Menifee, which incorporated in 2008. Such areas will not be annexed into the Community Facilities District. Other annexation areas remain in unincorporated areas of the County. See APPENDIX G — "BOUNDARIES — POTENTIAL ANNEXATION AREA" for the boundaries of the area which is currently annexable into the Community Facilities District.

Utility services for parcels in the Community Facilities District are provided by Southern California Edison Company (electricity), Southern California Gas Company (natural gas), the Eastern Municipal Water District (water and sewer), Verizon (telephone), County of Riverside Sheriff's Department (police services) and the County of Riverside Fire Department (fire protection).

Description of Authorized Facilities; Facilities Financing Plan

Proceeds of the Series 2013 Bonds and Additional Bonds may be used to finance the Facilities as authorized at the April 18, 2006, election within the District which include: (i) the widening of Scott Road between Antelope Road and Briggs Road to four lanes, (ii) the widening of the interchange at Interstate 215 and Scott Road and the modification of the ramps to meet future traffic demands including all associated appurtenances and any rights-of-way, (iii) the full width improvement to Scott Road from Antelope Road to Highway 79 including all associated appurtenances and any rights-of-way, and (iv) other road facilities and appurtenances authorized under the County's Transportation Uniform Mitigation Fee program, as amended from time to time. Facilities include related administrative expenses, costs related to the acquisition of land for the construction of the road improvements and appurtenances, and related facilities or land or interests in land required to be provided as mitigation of environmental impacts associated with the development of the Facilities.

The 2008 Bonds were issued to finance improvements to widen Scott Road between Antelope Road and Briggs Road to four lanes. The Series 2013 Bonds are being issued to refund the outstanding 2008 Bonds and to provide additional financing for the Scott Road/Interstate 215 interchange. The County has secured financing for approximately $40 million of the estimated cost of the Scott Road/Interstate 215 interchange, and the County estimates that an additional $10 million will be required to complete the Scott Road/Interstate 215 interchange. The County is continuing to work to secure the additional moneys necessary to complete the Scott Road/Interstate 215 interchange, and will not be able to complete the project until such additional financing is obtained. The County has no immediate plans to issue any Additional Bonds. However, one or more additional series of Additional Bonds is expected to be issued in the future to finance street and highway improvements once additional development within the Community Facilities District warrants the issuance of Additional Bonds. The timing, amount and number of series of Additional Bonds issued may change depending on a variety of factors, including the pace of development in the Community Facilities District and surrounding areas. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS — Additional Bonds" and "SPECIAL RISK FACTORS — Effect of Additional Bonds on Credit Quality."

Land Use Status and Approvals

The Comprehensive General Plan, adopted by the Board of Supervisors on October 7, 2003, divides the County into 19 Community Plan Areas. The Community Facilities District is located in the Sun City / Menifee Valley Area Plan Area. The Comprehensive General Plan establishes foundation components (Community Development, Rural Community, Agricultural and Open Spaces). The Community Facilities District is within the Community Development component.

The land uses designated for the Community Facilities District include: (i) medium high density residential, (ii) high density residential, (iii) very high density residential, (iv) elementary school, (v) community park, (vi) drainage and (vii) streets.

As of December 1, 2012, final tract maps had been recorded for ten tracts within nine separate projects within the Community Facilities District totaling 271 acres upon which approximately 982 residential units are proposed to be built. As of that date, of the 707 parcels classified as Developed Property within the District for Fiscal Year 2012-13, there were 696 completed single family attached and detached residential units which have been completed and conveyed to individual homeowners, 10 single family attached units which are either under construction or completed but still owned by the developer developing such units and one completed multi-family apartment complex owned by Fairfield Holland. In addition to the 707 parcels classified as Developed Property for Fiscal Year 2012-13, as of December 1, 2012, there were ten additional parcels in various stages of construction which were not classified as Developed Property for Fiscal Year 2012-13 but for which building permits have since been obtained. All of such units will be classified as "Developed Property" under the Rate and Method for the Fiscal Year 2013-14.

There are approximately 945 acres of Undeveloped Property within the Community Facilities District. A number of the landowners are not proceeding with development in the Community Facilities District at this time, and the Community Facilities District cannot predict when or if development of such undeveloped property will occur. See "SPECIAL RISK FACTORS — Failure to Develop Properties."

Transportation Uniform Mitigation Fee. The projects in the Community Facilities District are required to pay many fees as a condition to develop. In 2003, the County and the various cities in the County adopted a new transportation fee for development, known as the Transportation Uniform Mitigation Fee ("TUMF"), which varies on an annual basis. The latest adjustment to the TUMF is scheduled to be effective April 1, 2013, which will add approximately $8,873 to every new single-family residential unit and approximately $6,213 to each future multi-family unit in the County, subject to credit for a portion, if any, of transportation facility fees imposed by the County or applicable city which relates to facilities encompassed within the new transportation fee. New retail, service and industrial development will also be charged the transportation fee based on the square footage of new development ($10.49 per square foot for retail, $4.19 per square foot for service and $1.73 per square foot for industrial). The TUMF was approved by the County in February 2003, effective 61 days thereafter. Cities may opt out of the fee, but if they do so, they will not be able to receive any money from Measure A, the County's half-cent sales tax initiative. Extension of the term of Measure A was approved by the voters at the November 5, 2002 election. The half-cent sales tax program is now extended an additional 30 years and will expire in 2039. The TUMF applies to lots within the Community Facilities District. The landowners will receive partial credit against payment of the TUMF based on funding of Facilities by the Community Facilities District.

Environmental Approvals and Permits

As required by various California Environmental Quality Act ("CEQA") approvals, the development projects in the Community Facilities District are required to comply with certain mitigation measures. Certain sensitive plant and animal species, including burrowing owls, were observed within the Community Facilities District and mitigation measures are required to be implemented in accordance with the applicable conditions of approval. Each property owner in the County is required to provide a burrowing owl survey and provide corresponding mitigation measures, including payment of a fee and the relocation of burrowing owls present on its land, prior to obtaining an approved final map from the County. Numerous areas within the County have been identified as containing potential habitat of the Stephen's Kangaroo Rat, which is a listed species. The evidence of habitation by this rat may result in delays or substantial revisions of proposed developments within the County.

The Western Riverside County Multiple Species Habitat Conservation Plan ("MSHCP") was approved by federal and state wildlife agencies and the MSHCP became effective June 22, 2004. At that time, "take" permits were issued authorizing take of certain covered species. The MSHCP is a comprehensive, multi-jurisdictional effort that includes the County and 14 cities within the County. The plan focuses on the conservation of 146 species. The MSHCP consists of a reserve system of approximately 500,000 acres of which 347,000 acres are within public ownership and approximately 153,000 acres are in private ownership. The purchase of the privately owned lands will be funded by an adopted fee.

The Community Facilities District cannot predict the likelihood of a listing of additional species affecting the development of the property in the Community Facilities District. Any future listing of additional species may potentially be addressed by the MSHCP, thereby allowing affected projects to obtain take authorization for those species as well. Furthermore, certain of the developments will need to follow normal permitting requirements for impacts to wetlands and other water courses regulated by the U.S. Army Corps of Engineers and the California Department of Fish and Wildlife.

Estimated Direct and Overlapping Indebtedness

Within the boundaries of the Community Facilities District are numerous overlapping local agencies providing public services. Some of these local agencies have outstanding bonds which are secured by taxes and assessments on the parcels within the Community Facilities District and others have authorized but have not yet issued bonds which, if issued, will be secured by taxes and assessments levied on parcels within the Community Facilities District. Table 1 below sets forth the existing authorized indebtedness payable from taxes and assessments that may be levied on the parcels of Developed Property within the Community Facilities District, prepared by Albert A. Webb Associates, and dated September 30, 2012 (the "Debt Report"). The Debt Report is included for general information purposes only. The Community Facilities District believes the information is current as of its date, but makes no representation as to its completeness or accuracy. Other public agencies and the County may issue additional indebtedness at any time, without the consent or approval of the Community Facilities District. See "SPECIAL RISK FACTORS — Burden of Parity Liens, Taxes and Other Special Assessments on the Taxable Property."

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the Community Facilities District in whole or in part. In many cases long term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. Additional indebtedness could be authorized by the County or other public agencies at any time.

There are various community facilities districts and assessment districts which have been formed or which are in the process of formation and which have issued bonds or are in the process of issuing bonds which overlap with the Community Facilities District. The issuance of bonds by such community facilities districts and assessment districts will lower the value-to-lien ratio of the property within the Community

TABLE 1
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE
DETAILED DIRECT AND OVERLAPPING DEBT
AS OF SEPTEMBER 30, 2012

I. ASSESSED VALUE

2012-13 EQUALIZED ROLL ASSESSED VALUATION[1] $ 207,644,243

II. SECURED PROPERTY TAX ROLL

Description of Tax Bill	*Type*	*Total Parcels*	*Total Levy*	*% Applicable*	*Parcels In CFD*	*Levy Amount*
GENERAL PURPOSE	1%	8,104,924	$ 1,907,954,663	0.107%	707	$ 2,050,048
MENIFEE UNION SCHOOL DISTRICT	GO	35,074	2,117,410	3.424	706	72,507
PERRIS UNION HIGH SCHOOL	GO	64,069	3,412,834	2.056	706	70,174
METROPOLITAN WATER EAST	GO	240,706	1,750,947	0.409	706	7,161
EASTERN MWD IMP NO. 21	GO	3,273	134,876	10.671	460	14,392
EASTERN MWD IMP U-35	GO	10,516	594,336	8.118	697	48,246
EASTERN MWD IMP U-36	GO	10,516	594,336	8.118	697	48,246
L&LM DIST 89-1-C ZONE 63	SPL	178	17,800	100.000	178	17,800
L&LM DIST 89-1-C ZONE 69	SPL	128	44,278	61.719	79	27,328
L&LM DIST 89-1-C ZONE 81	SPL	103	57,797	100.000	103	57,797
L&LM DIST 89-1-C ZONE 114	SPL	133	1,404	21.318	55	299
L&LM DIST 89-1-C ZONE 118	SPL	1	4,266	100.000	1	4,266
CSA #84 - STREET LIGHTS	SPL	1,981	97,200	1.207	26	1,174
CSA # 84 - CITY OF MENIFEE	SPL	14,182	394,478	3.341	292	13,181
CSA #145 - CITY OF MENIFEE	SPL	7,386	800,782	5.796	267	46,414
CSA #152 - NPDES	SPL	58,655	1,504,912	2.081	622	31,324
FLOOD CONTROL STORMWATER/CLEANWATER (SA)	SPL	366,404	2,427,488	0.114	641	2,758
FLOOD CONTROL STORMWATER/CLEANWATER (SM)	SPL	83,022	527,315	0.020	26	104
RIVERSIDE COUNTY CFD 05-8	CFD	707	1,026,355	100.000	707	1,026,355
PERRIS UNION HIGH SCHOOL CFD 92-1	CFD	17,267	2,999,991	6.054	685	181,621
MENIFEE USD CFD 2005-2	CFD	178	382,814	100.000	178	382,814
MENIFEE USD CFD 2006-2	CFD	67	131,084	78.887	52	103,409
MENIFEE USD CFD 2006-3	CFD	114	192,986	100.000	114	192,986
MENIFEE USD CFD 2006-4	CFD	35	74,202	100.000	35	74,202
EASTERN MUNICIPAL WATER DISTRICT CFD 2006-52	CFD	105	132,202	100.000	105	132,202
EASTERN MUNICIPAL WATER DISTRICT AD 20	AD	1,176	731,129	3.903	55	28,536
V-WIDE MENIFEE FACILITIES LMD 88-1	LMD	66,851	1,115,773	0.252	370	2,808
V-WIDE LMD MENIFEE SOUTH PARK	LMD	2,253	1,011,510	23.428	370	236,976
MWD STANDBY EAST	WTR	239,228	2,813,778	0.177	706	4,968
EMWD STANDBY - COMBINED CHARGE	WTR	242,278	5,618,164	0.293	706	16,485
FISCAL YEAR 2012-13 TOTAL PROPERTY TAX LIABILITY						**$ 4,896,579**

TOTAL PROPERTY TAX AS A PERCENTAGE OF 2012-13 ASSESSED VALUATION 2.36%

III. LAND SECURED BOND INDEBTEDNESS

Outstanding Direct and Overlapping Bonded Debt	*Type*	*Issued*	*Outstanding*	*% Applicable*	*CFD Parcels*	*Amount of Debt*
COUNTY OF RIVERSIDE CFD 05-8	CFD	$15,705,000*	$ 15,705,000*	100.000%	707	$ 15,705,000*
MENIFEE UNION SCHOOL DISTRICT CFD 2005-2[2]	CFD	4,740,000	4,320,000	100.000	178	4,320,000
MENIFEE UNION SCHOOL DISTRICT CFD 2006-2[3]	CFD	N/A	N/A	N/A	N/A	N/A
MENIFEE UNION SCHOOL DISTRICT CFD 2006-3[4]	CFD	2,040,000	1,890,000	100.000	114	1,890,000
MENIFEE UNION SCHOOL DISTRICT CFD 2006-4[5]	CFD	N/A	N/A	N/A	N/A	N/A
PERRIS UNION HIGH SCHOOL DISTRICT CFD 92-1	CFD	33,450,000	33,450,000	6.054	685	2,025,079
EASTERN MUNICIPAL WATER DISTRICT CFD 2005-39[6]	CFD	N/A	N/A	N/A	N/A	N/A
EASTERN MUNICIPAL WATER DISTRICT CFD 2006-52[7]	CFD	1,690,000	1,610,000	100.000	105	1,610,000
EASTERN MUNICIPAL WATER DISTRICT AD 20[8]	AD	11,665,000	7,025,000	3.903	55	274,188
TOTAL LAND SECURED BONDED DEBT						**$ 25,824,267***

Authorized Direct and Overlapping Bonded Debt	*Type*	*Authorized*	*Unissued*	*% Applicable*	*Parcels In CFD*	*Amount Applicable*
COUNTY OF RIVERSIDE CFD 05-8	CFD	$100,000,000	$ 84,295,000*	100.000%	707	$ 84,295,000*
MENIFEE UNION SCHOOL DISTRICT CFD 2005-2[2]	CFD	5,500,000	760,000	100.000	178	760,000
MENIFEE UNION SCHOOL DISTRICT CFD 2006-2[3]	CFD	8,000,000	8,000,000	78.887	52	6,310,960
MENIFEE UNION SCHOOL DISTRICT CFD 2006-3[4]	CFD	6,000,000	3,960,000	100.000	114	3,960,000
MENIFEE UNION SCHOOL DISTRICT CFD 2006-4[5]	CFD	5,000,000	5,000,000	100.000	35	5,000,000
PERRIS UNION HIGH SCHOOL DISTRICT CFD 92-1	CFD	40,000,000	6,550,000	6.054	685	396,540
EASTERN MUNICIPAL WATER DISTRICT CFD 2005-39[6]	CFD	4,000,000	4,000,000	100.000	N/A	4,000,000
EASTERN MUNICIPAL WATER DISTRICT CFD 2006-52[7]	CFD	2,400,000	710,000	100.000	105	710,000
EASTERN MUNICIPAL WATER DISTRICT AD 20[8]	AD	11,665,000	0	3.903	55	0
TOTAL UNISSUED LAND SECURED BONDED DEBT						**$ 105,432,500**

TOTAL OUTSTANDING AND UNISSUED LAND SECURED BONDED INDEBTEDNESS **$ 131,256,767***

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* *Preliminary, subject to change.*

IV. GENERAL OBLIGATION BOND INDEBTEDNESS

Outstanding Direct and Overlapping Bonded Debt	*Type*	*Issued*	*Outstanding*	*% Applicable*	*Parcels In CFD*	*Amount of Debt*
MENIFEE SCHOOL DISTRICT	GO	$ 45,958,923	$ 44,683,923	3.424%	706	$ 1,530,118
PERRIS UNION HIGH SCHOOL	GO	62,000,000	58,785,878	2.056	706	1,208,737
METROPOLITAN WTR DEBT SV	GO	850,000,000	196,545,000	0.015	706	30,000
EASTERN MUNICIPAL WATER DISTRICT ID NO. 21	GO	700,000	294,000	0.000	460	0
EASTERN MUNICIPAL WATER DISTRICT ID NO. U-35	GO	9,000,000	8,571,000	0.000	697	0
EASTERN MUNICIPAL WATER DISTRICT ID NO. U-36	GO	9,012,000	8,581,000	0.000	697	0
TOTAL GENERAL OBLIGATION BONDED DEBT(9)						**$ 2,768,875**

Authorized Direct and Overlapping Bonded Debt	*Type*	*Authorized*	*Unissued*	*% Applicable*	*Parcels In CFD*	*Amount Applicable*
MENIFEE SCHOOL DISTRICT	GO	$ 45,960,000	$ 1,077.50	3.424%	706	$ 37
PERRIS UNION HIGH SCHOOL	GO	62,000,000	0.00	2.056	706	0
METROPOLITAN WTR DEBT SV	GO	850,000,000	0.00	0.000	706	0
EASTERN MUNICIPAL WATER DISTRICT ID NO. 21	GO	700,000	0.00	0.000	460	0
EASTERN MUNICIPAL WATER DISTRICT ID NO. U-35	GO	9,000,000	37,200,000.00	0.000	697	2
EASTERN MUNICIPAL WATER DISTRICT ID NO. U-36	GO	9,012,000	10,688,000.00	0.000	697	0
TOTAL UNISSUED GENERAL OBLIGATION BONDS(9)						**$ 37**

TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION BONDED INDEBTEDNESS	**$ 2,678,912**
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	$ 28,593,142*
ASSESSED VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	7.26:1*
TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING BONDED DEBT	$ 134,025,679
ASSESSED VALUE TO ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING BONDED DEBT	1.55:1

(1) Fiscal Year 2012-13 Equalized Roll Assessed Valuation, Riverside County Assessor's Office.
(2) Bonds issued July 2006 - entirely overlaps Tract 31383 (Beazer Homes).
(3) Bonds not yet issued, maximum authorization is $8 million - entirely overlaps only Tract 28206 (Granite Homes).
(4) Bonds issued April 2007 - entirely overlaps Tract 31629 (DR Horton - Continental Series).
(5) Bonds not yet issued, maximum authorization is $5 million - only developed parcels levied for Fiscal Year 2012-13 - entirely overlaps Tracts 31347 (Keystone Communities) and Tract 30664 (Gallery Homes).
(6) Bonds not yet issued, maximum authorization is $4 million - entirely overlaps only Tract 31724 (Capital Pacific).
(7) Bonds issued April 2010 - entirely overlaps only Tract 31831 (Capital Pacific), Tract 33060 (Spectrum Communities), Tract 33049 (Spectrum Communities) and Tract 30902 (Woodside Homes).
(8) Bonds issued March 2002 - entirely overlaps only Tract 28206.
(9) Additional bonded debt or available bond authorization may exist but is not shown because a tax was not levied for the referenced fiscal year.
Source: Albert A. Webb Associates.

* *Preliminary, subject to change.*

Community Facilities Districts, Overlapping Assessments and Maintenance Community Facilities Districts. The Community Facilities District is within the 54-153 Tax Rate Area according to the Riverside County Tax Collector's office. The base tax rate for the Community Facilities District is 1.04270%, which includes miscellaneous assessments. For the Parcels which were classified as Single Family Property Developed Property for Fiscal Year 2012-13, the Assigned Special Tax ranged from $511.41 to $1,233.50, and for Parcels which were classified as Multifamily Property Developed Property for Fiscal Year 2012-13, the Assigned Special Tax was $862.81 per multifamily unit. The Assigned Special Tax applicable to units of Approved Property in the Community Facilities District will depend on the amount of the TUMF at the time that a Final Map is first recorded for such parcel. For the property currently categorized as Approved Property, the Assigned Special Taxes for Fiscal Year 2012-13 are the same as those for Single Family Property Developed Property and for Multifamily Property Developed Property, respectively. No Special Tax was levied on Approved Property or Undeveloped Property in Fiscal Year 2012-13. The Maximum Special Taxes for Fiscal Year 2012-13 are estimated at $3,090 per acre for Undeveloped Property, Taxable Public Property, Taxable Property Owners' Association Property and Taxable Non-Residential Property. The foregoing rates are subject to increase as set forth in the Rate and Method.

The properties that are within other existing community facilities districts and assessment districts, as noted in Table 1 above, will have higher tax rates. Subsequent to the issuance of the Bonds, additional overlapping community facilities districts and/or assessment districts may be formed and may issue bonds, which would increase the total tax burden of any properties in the Community Facilities District included therein. See "SPECIAL RISK FACTORS—Burden of Additional Liens, Taxes and Other Special Assessments on the Taxable Property."

Expected Tax Burden

Table 2 below sets forth a sample property tax bill for individually owned residential units in the Community Facilities District. The taxes, assessments and charges set forth in Table 2 are based on a weighted average of such taxes, assessments and charges on the 706 homes owned by individuals as of September 30, 2012. Actual property tax bills will vary significantly from parcel to parcel depending on the home size and location. There are numerous overlapping local agencies within the boundaries of the Community Facilities District as shown in Table 1 herein. Based on the weighted average of the taxes, assessments and charges within the Community Facilities District, the weighted average total effective tax rate on homes owned by individuals within the Community Facilities District is approximately 2.38% of the Fiscal Year 2011-12 and assessed values from the Riverside County Assessor's Office Fiscal Year 2012-13 Certified Roll. The actual amounts charged may vary and may increase in future years. Based on the property tax information for Fiscal Year 2012-13 and Fiscal Year 2012-13 assessed values, the estimated total effective tax rate range for units in the Community Facilities District is approximately 1.48% of assessed value to approximately 2.84% of assessed value.

TABLE 2
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)
OF THE COUNTY OF RIVERSIDE
FISCAL YEAR 2012-13 TAX OBLIGATION
FOR A SAMPLE DEVELOPED PROPERTY

Developed Property Tract Map	Average[1]
Assessed Value as of June 2012 [2]	$244,311.89
Ad Valorem Property Taxes	
GENERAL PURPOSE	$2,398.15
MENIFEE UNION SCHOOL B & I	$84.79
PERRIS UNION HIGH SCHOOL B & I	$82.06
METROPOLITAN WATER EAST	$8.37
EASTERN MWD IMP 21	$20.35
EASTERN MUNI WATER IMP U-35	$56.20
EASTERN MUNI WATER IMP U-36	$56.20
Total General Property Taxes	$2,706.11
Assessment, Special Taxes & Parcel Charges[3]	
L&LM DIST 89-1 C ZONE 63	$25.32
L&LM DIST 89-1 C ZONE 69	$38.87
L&LMD 89-1 C ZONE 81	$82.22
CFD 05-8 SCOTT ROAD	$1,172.44
FLD CNTL STORMWATER/CLEANWATER	$3.39
FLD CNTL STORMWATER/CLEANWATER	$0.15
L&LMD 89-1 C ZONE 114	$0.40
L&LMD 89-1 C ZONE 118	$0.00
CSA #84 STREET LIGHTS	$1.67
CSA #152 NPDES	$44.56
PERRIS UNION HS CFD 92-1	$257.52
MENIFEE USD 2005-2	$544.54
MENIFEE USD 2006-2	$139.49
MENIFEE USD 2006-3	$274.52
MENIFEE USD 2006-4	$105.55
CSA 84 - CITY OF MENIFEE	$18.75
CSA 145 - CITY OF MENIFEE	$66.02
V-WIDE REGIONAL FAC.LMD 88-1	$5.73
V-WIDE LMD MENIFEE SOUTH PARK	$2.89
MWD STANDBY EAST	$265.45
EMWD STANDBY-COMBINED CHARGE	$6.93
EMWD AD 20 MENIFEE DEV	$23.02
EMWD CFD 2006-52 (NELSON)	$38.38
Total Assessments & Parcel Charges	**$3,117.80**
Projected Total Property Tax	**$5,823.91**
Projected Effective Tax Rate	**2.38%**

(1) Average is the weighted averages based on 706 parcels classified as Single Family Residential Developed Property for Fiscal Year 2012-13.
(2) Assessed values from the Fiscal Year 2012-13 Equalized Roll, Riverside County Assessor's Office.
(3) Rate assigned is average per parcel amount as taxed in Fiscal Year 2012-13.
Source: Riverside County Assessor, Albert A. Webb Associates.

Estimated Assessed Value-to-Lien Ratios

Tables 3 and 4 below sets forth the estimated assessed value-to-lien ratios for various categories of property ownership within the Community Facilities District based upon ownership status as of September 30, 2012 and the assessed values included on the Fiscal Year 2012-13 Assessor's roll. The assessed value of the taxable parcels within the Community Facilities District for Fiscal Year 2012-13 is $265,504,162. However, the assessed value from property classified as Developed Property for Fiscal Year 2012-13 is $207,644,243. The estimated assessed value-to-lien ratio of the Developed Property within the Community Facilities District based upon the principal amount of the Series 2013 Bonds, overlapping debt payable from other taxes and assessments levied on the property within the Community Facilities District, and the assessed values included on the 2012-13 Assessor's roll is 7.26*-to-1 based on Developed Property only. Because a parcel's assessed value generally represents the lower of its acquisition cost and adjustments for inflation (but not more than 2% per year) or its current market value, it may not be indicative of the parcel's market value. No assurance can be given that any of the value-to-lien ratios in Tables 3 and 4 will be maintained during the period of time that the Series 2013 Bonds are outstanding. The Community Facilities District does not have any control over future property values or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which is made through the levy of a tax or an assessment with a lien on a parity with the Special Taxes. See "SPECIAL RISK FACTORS — Property Values; Value-to-Lien Ratios."

Table 5 below sets forth the estimated value-to-lien ratios for parcels within the Community Facilities District by various ranges based upon the direct and overlapping debt information included in Table 1.

* *Preliminary, subject to change.*

TABLE 3
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE
ESTIMATED VALUE-TO-LIEN RATIOS
FISCAL YEAR 2012-13 DEVELOPED PROPERTY OWNERSHIP BY CLASSIFICATION

Classification	*No. of Parcels*[1]	*Assessed Value*[2]	*% of Assessed Value*[2]	*Fiscal Year 2012-13 Special Tax*[3]	*% of Levy Special Tax*	*Estimated Series 2013 Bonds**	*Other Overlapping Debt*	*GO Overlapping Debt*	*Aggregate Overlapping Debt*	*Outstanding & Proposed Debt**	*Aggregate Value-to-Lien Ratio**
Developed Single Family Residential - Individually Owned	696	$ 169,463,616	81.61%	$ 820,780	79.97%	$ 12,559,339	$ 8,258,585	$ 2,259,747	$ 10,518,332	$ 23,077,671	7.34:1
Developed Multi-Family Residential Property [4]	1	35,778,745	17.23	198,446	19.34	3,036,570	1,743,630	477,099	2,220,729	5,257,298	6.81:1
Developed Property - Developer Owned	10	2,401,882	1.16	7,129	0.69	109,091	117,053	32,028	149,081	258,172	9.30:1
TOTAL	707	$ 207,644,243	100.00%	$ 1,026,355	100.00%	$ 15,705,000	$ 10,119,267	$ 2,768,875	$ 12,888,142	$ 28,593,142	7.26:1

* *Preliminary, subject to change.*

(1) Parcels only include parcels of Developed Property within the Community Facilities District. Does not include 276 parcels classified as Approved Property and approximately 945 acres classified as Undeveloped Property which were not levied for Fiscal Year 2012-13. See Table 4 herein.

(2) Fiscal Year 2012-2013 Equalized Roll Assessed Valuation, Riverside County Assessor's Office.

(3) Bond Allocation based on Fiscal Year 2012-13 Special Tax for the Developed Property of $1,026,355.22.

(4) Includes one apartment complex with 230 units owned by Fairfield Holland Road responsible for $198,446 of the Fiscal Year 2012-13 Special Tax Levy.

Source: Albert A. Webb Associates.

TABLE 4
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE
PROPERTY OWNERSHIP BY LAND USE CATEGORY – FISCAL YEAR 2012-13

Land Use Category[1]	*Residential Acreage*	*Estimated SFR DU's*	*Estimated MFR DU's*	*Assessed Value*[2]	*Community Facilities District 2013 Bonds*[3]*	*Assessed Value-to-Lien*	*Fiscal Year 2012-13 Maximum Special Taxes*[4]	*Fiscal Year 2012-13 % of Maximum Special Tax*	*Applied Fiscal Year 2012-13 Levy*	*% of Applied Fiscal Year 2012-13 Levy*
Developed Land										
Individual Owners	N/A	696	0	$ 169,463,616	$ 12,559,339	13.49:1	$ 820,786	19.21%	$ 820,779	79.97%
Beazer Homes (TR31383)	N/A	1	0	231,305	17,305	13.37:1	1,131	0.03	1,131	0.11
Richmond American Homes of Maryland Inc (TR31724)	N/A	2	0	511,773	37,009	13.83:1	2,419	0.06	2,419	0.24
KB Homes Coastal Inc (TR30142-1)	N/A	7	0	1,658,804	54,777	30.28:1	3,580	0.08	3,580	0.35
Fairfield Holland Road (PM 12598)	N/A	0	230	35,778,745	3,036,570	11.78:1	198,446	4.64	198,446	19.34
DEVELOPED SUBTOTAL		706	230	$ 207,644,243	$ 15,705,000	13.22:1	$ 1,026,362	24.02%	$ 1,026,355	100.00%
Approved Land										
Beazer Homes (TR31383)	N/A	24	0	$ 1,755,390	$ 0	N/A	$ 27,142	0.64%	$ 0	0.00%
Desert Candle (TR30664)	N/A	23	0	1,994,100	0	N/A	27,269	0.64	0	0.00
KB Home Coastal Inc (TR30142-1)	N/A	86	0	5,146,750	0	N/A	97,260	2.28	0	0.00
Richmond American Homes of Maryland Inc (TR31724)	N/A	49	0	3,290,141	0	N/A	59,256	1.39	0	0.00
Scott Road Marigold (TR31347)	N/A	42	0	2,414,098	0	N/A	51,807	1.21	0	0.00
Watt Communities At Mosaic (TR28206-1)	N/A	52	0	3,129,360	0	N/A	63,896	1.50	0	0.00
APPROVED SUBTOTAL		276	0	$ 17,729,839	$ 0	N/A	$ 326,630	7.64%	$ 0	0.00%
Undeveloped Land										
Chappelow Ann R (TR 32335)	4.45	0	30	$ 178,000	$ 0	N/A	$ 13,749	0.32%	$ 0	0.00%
Greenstein Jay L (KELLER EAST)	4.78	0	38	245,341	0	N/A	14,768	0.35	0	0.00
Moralez Enterprises (KELLER EAST)	10.40	0	84	208,714	0	N/A	32,132	0.75	0	0.00
McKinley Mosaic (TR 28206-3, -F)	17.81	65	0	1,616,810	0	N/A	55,025	1.29	0	0.00
Watt Communities at Mosaic (TR 28206-3, -F)	17.14	62	0	1,468,800	0	N/A	52,955	1.24	0	0.00
KB Home Coastal Inc (TR 30142)	115.91	511	0	10,978,019	0	N/A	358,113	8.38	0	0.00
Eastern Financial (TR 31008)	158.18	373	0	1,640,388	0	N/A	488,710	11.44	0	0.00
Richland Meadowland (TR 31194)	205.49	472	0	6,324,000	0	N/A	634,878	14.86	0	0.00
RCFC INV (TR 32277)	154.70	359	0	2,476,709	0	N/A	477,958	11.19	0	0.00
Conrad Albert F (KELLER EAST)	5.33	0	42	225,947	0	N/A	16,467	0.39	0	0.00
Costello Georgia A (TR 32335)	10.73	0	68	539,825	0	N/A	33,151	0.78	0	0.00
Prime II INV (TR 32335)	5.00	0	34	198,000	0	N/A	15,448	0.36	0	0.00
Wimbley Court (TR 32335)	11.50	0	81	209,529	0	N/A	35,530	0.83	0	0.00
RBC Real Estate Finance Inc (TR 32628)	28.40	0	327	4,688,272	0	N/A	87,744	2.05	0	0.00
Park Stephen H (TR 33049)	9.61	28	0	508,200	0	N/A	29,691	0.69	0	0.00
Brenes Louis Scott (TR 33060)	9.30	26	0	262,140	0	N/A	28,733	0.67	0	0.00
Oak Prop (TR 33371)	18.02	0	216	1,887,000	0	N/A	55,674	1.30	0	0.00
EPC Holdings 781 (TR 33732)	158.32	296	639	6,474,386	0	N/A	489,142	11.45	0	0.00
UNDEVELOPED SUBTOTAL	945.07	2,192	1,559	$ 40,130,080	$ 0	N/A	$ 2,919,869	68.34%	$ 0	0.00%
TOTAL	945.07	3,174	1,789	$ 265,504,162	$ 15,705,000	16.91:1	$ 4,272,854	100.00%	$ 1,026,355	100.00%

(1) Based on Land Use and Building Permit status as of April 1, 2012.

(2) Fiscal Year 2012-13 Equalized Roll Assessed Valuation, Riverside County Assessor's Office.

(3) The principal amount of the 2013 Bonds has been allocated based on the actual Fiscal Year 2012-13 Special Tax levy. Only Developed Property was levied in Fiscal Year 2012-13 and the Community Facilities District expects to only levy on Developed Property until additional development occurs and Additional Bonds are issued. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2013 BONDS — Additional Bonds." Table 4 does not include any other overlapping land secured debt. See "THE COMMUNITY FACILITIES DISTRICT — Direct and Overlapping Indebtedness."

(4) Fiscal Year 2012-13 Maximum Special Taxes based on Land Use Category as of April 1, 2012 and assumes a 2% escalator in all categories from Fiscal Year 2011-12.

Source: Albert A. Webb Associates.

TABLE 5
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE
VALUE-TO-LIEN STRATIFICATION
(AS OF SEPTEMBER 30, 2012 EQUALIZED ROLL ASSESSED VALUES)

Value-to-Lien	*Parcels*[1]	*% of Total Parcels*	*Fiscal Year 2012-13 Special Tax*[2]	*% of Applied Special Tax*	*Assessed Value*[3]	*% of Assessed Value*	*Aggregate Outstanding & Proposed Debt**	*% of Aggregate Outstanding & Proposed Debt**
2.5:1 to 3:1[4]	3	0.42%	$ 3,686	0.36%	$ 180,540	0.09%	$ 67,612	0.24%
Between 3 - 4:1	0	0.00	0	0.00	0	0.00	0	0.00
Between 4 - 5:1	0	0.00	0	0.00	0	0.00	0	0.00
Between 5 - 6:1	65	9.19	79,869	7.78	10,543,957	5.08	1,876,586	6.56
Between 6 - 7:1	149	21.07	378,371	36.87	66,732,785	32.14	9,931,715	34.73
Between 7 - 8:1	365	51.63	439,908	42.86	93,302,842	44.93	12,522,512	43.80
Between 8 - 9:1	80	11.32	95,867	9.34	24,263,154	11.68	2,972,898	10.40
Greater than 9:1	45	6.36	28,654	2.79	12,620,965	6.08	1,221,819	4.27
Totals	707	100.00%	$ 1,026,355	100.00%	$ 207,644,243	100.00%	$ 28,593,142	100.00%

* *Preliminary, subject to change.*

(1) Reflects the number of parcels of Developed Property levied for Fiscal Year 2012-13. Does not include 276 parcels classified as Approved Property and approximately 945 acres classified as Undeveloped Property which were not levied for Fiscal Year 2012-13.

(2) Special Tax is based on Fiscal Year 2012-13 Special Taxes applied for the Community Facilities District of $1,026,355.22.

(3) Fiscal Year 2012-2013 Equalized Roll Assessed Valuation, Riverside County Assessor's Office.

(4) Consists of three parcels with building permits issued as of September 30, 2012 but no structural improvement value included in the Fiscal Year 2012-13 Assessed Value.

Source: Albert A. Webb Associates.

Largest Taxpayers

In Fiscal Year 2012-13, 100% of the Special Taxes were levied on parcels of Developed Property. Only one property owner within the District is responsible for more than 1% of the Fiscal Year 2012-13 Special Tax levy. Fairfield Holland owns a 230 unit multi-family housing apartment complex in the Community Facilities District on approximately 12.41 acres known as ("Cantabria Apartments"). Construction of Cantabria Apartments was completed in 2008 and has a Fiscal Year 2012-13 assessed value of $35,778,745. Fairfield Holland's property was annexed into the Community Facilities District in Fiscal Year 2007-08. Fairfield Holland first paid Special Taxes in Fiscal Year 2008-09. Fairfield Holland was delinquent for approximately two months in 2011 on its Fiscal Year 2010-11 Special Taxes. Fairfield Holland paid such delinquent Special Taxes and has never been delinquent in the payment of Special Taxes since. A summary of the principal taxpayers within the Community Facilities District is set forth in Table 6 below.

TABLE 6
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE ESTIMATED VALUE-TO-LIEN RATIOS LARGEST PROPERTY OWNERS

Owner	*No. of Parcels*[1]	*Assessed Value*[2]	*% of Assessed Value*[2]	*Estimated Series 2013 Bonds**	*Other Overlapping Debt*	*Aggregate Outstanding & Proposed Debt**	*Value-to-Lien Ratio**	*Fiscal Year 2012-13 Special Tax*[3]	*% of Applied Special Tax*
Fairfield Holland	1	$ 35,778,745	17.23%	$ 3,036,570	$ 2,220,729	$ 5,257,298	6.81:1	$ 198,446	19.34%
Bernard C. Jones	3	514,982	0.80	56,406	31,964	88,371	5.83:1	3,686	0.36
Watt Communities at Mosaic	3	180,540	0.40	56,406	11,206	67,612	2.67:1	3,686	0.36
Preeminent Inv Corp.	3	794,000	0.38	56,254	49,282	105,536	7.52:1	3,676	0.36
Robert M. Miller	3	835,813	0.36	55,513	51,878	107,391	7.78:1	3,628	0.35
KB Homes Coastal Inc.	7	1,658,804	0.25	54,777	102,959	157,736	10.52:1	3,580	0.35
Daniel J. Miller	2	751,200	0.25	37,604	46,626	84,230	8.92:1	2,458	0.24
Federal National Mortgage Association	2	481,000	0.23	37,009	29,855	66,864	7.19:1	2,419	0.24
Richmond American Homes of Maryland	2	511,773	0.23	37,009	31,765	68,774	7.44:1	2,419	0.24
Nathan T. Atchison	1	240,000	0.21	18,875	14,896	33,771	7.11:1	1,234	0.12
SUBTOTAL	27	$ 41,746,857	20.10%	$ 3,446,423	$ 2,591,160	$ 6,037,583	6.91:1	$ 225,231	21.94%
ALL OTHERS	680	165,897,386	79.90	12,258,577	10,296,982	22,555,559	7.36:1	801,124	78.06
TOTAL	707	$ 207,644,243	100.00%	$ 15,705,000	$ 12,888,142	$ 28,593,142	7.26:1	$ 1,026,355	100.00%

* *Preliminary, subject to change.*
(1) Reflects the number of parcels levied for Fiscal Year 2012-13, not including 276 Approved Properties not levied.
(2) Fiscal Year 2012-13 Equalized Roll Assessed Valuation, Riverside County Assessor's Office.
(3) Special Tax is based on Fiscal Year 2012-13 Special Taxes applied for the Community Facilities District of $1,026,355.22.
Source: Albert A. Webb Associates.

Delinquency History

Table 7 below summarizes the Special Tax delinquencies for property within the boundaries of the Community Facilities District for Fiscal Years 2007-08 through the first installment of Fiscal Year 2012-13. The highest fiscal year end delinquency rate in any of these years was 11.99% for Fiscal Year 2007-08 as of September 30, 2009, during the real estate market slowdown which began in 2007. See "SPECIAL RISK FACTORS — Risks Relating to Current Market Conditions" and "— Economic Uncertainty." However, delinquency rates within the Community Facilities District have declined significantly since that time. The delinquency rate for the first installment of Fiscal Year 2012-13 due December 10, 2012 was 2.23% as of January 1, 2013. The largest property owner in the Community Facilities District, Fairfield Holland, first paid Special Taxes in Fiscal Year 2008-09. Fairfield Holland was delinquent for approximately two months in 2011 on its Fiscal Year 2010-11 Special Taxes. Fairfield Holland paid such delinquent Special Taxes and has never been delinquent in the payment of Special Taxes since.

TABLE 7
COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES FISCAL YEAR 2007-08 THROUGH JANUARY 1, 2013

			Delinquencies as of September 30 of Fiscal Year			*Delinquencies as of January 1, 2013*		
Fiscal Year	*Amount Levied*	*Parcels Levied*	*Parcels Delinquent*	*Amount Delinquent*	*Percent Delinquent*	*Parcels Delinquent*	*Amount Delinquent*	*Percent Delinquent*
2007-08	$298,297.74	267	37	$35,751.04	11.99%	0	$ 0.00	0.00%
2008-09	395,592.38	347	41	43,450.00	10.98	0	0.00	0.00
2009-10	886,234.42	796	38	25,137.47	2.84	0	0.00	0.00
2010-11	875,379.88	796	7	5,584.91	0.64	1	529.79	0.06
2011-12	896,261.44	983	7	6,539.88	0.73	5	4,168.68	0.47
2012-13[1]	513,177.61	707	N/A	N/A	N/A	19	11,431.80	2.23

(1) Delinquency information for Fiscal Year 2012-13 includes only the first installment due December 10, 2012.
Source: Albert A. Webb Associates.

SPECIAL RISK FACTORS

In addition to the other information contained in this Official Statement, the following risk factors should be carefully considered in evaluating the investment quality of the Series 2013 Bonds. The Community Facilities District cautions prospective investors that this discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Series 2013 Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the Community Facilities District to pay their Special Taxes when due. Any such failure to pay Special Taxes could result in the inability of the Community Facilities District to make full and punctual payments of debt service on the Series 2013 Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the Community Facilities District.

Risks of Real Estate Secured Investments Generally

The Series 2013 Bondowners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the Community Facilities District, the supply of or demand for competitive properties in such area, and the market value of residential property in the event of sale or foreclosure, (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies and (iii) natural disasters (including, without limitation, earthquakes, fires, floods and landslides), which may result in uninsured losses.

No assurance can be given that the individual property owners will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See "— Bankruptcy and Foreclosure Delay" below, for a discussion of certain limitations on the Community Facilities District's ability to pursue judicial proceedings with respect to delinquent parcels.

Risks Related to Current Market Conditions

The housing market in southern California experienced significant price appreciation and accelerating demand from approximately 2002 to 2006 but subsequently the housing market weakened substantially, with changes from the prior pattern of price appreciation and a slowdown in demand for new housing and declining prices. Beginning in 2007, home developers, appraisers and market absorption consultants have reported weak housing market conditions due to factors including but not limited to the following: (i) lower demand for new homes; (ii) significant increase in cancellation rates for homes under contract; (iii) the exit of speculators from the new home market; (iv) increasing mortgage defaults and foreclosures, (v) a growing supply of new and existing homes available for purchase; (vi) increase in competition for new homes orders; (vii) prospective home buyers having a more difficult time selling their existing homes in the more competitive environment; (viii) reduced sales prices and/or higher incentives required to stimulate new home orders or to induce home buyers not to cancel purchase contracts, (ix) more stringent credit qualification requirements by home loan providers and (x) increased unemployment levels. One or more of these factors may negatively impact home values in the Community Facilities District and affect the willingness or ability of taxpayers to pay their Special Taxes when due.

Economic Uncertainty

The Series 2013 Bonds are being issued at a time of economic uncertainty and volatility. Unemployment rates are approximately 11.5% for the County as of November 2012 (not seasonally adjusted) as compared to approximately 13.6% for calendar year 2011 (not seasonally adjusted) and are approximately 9.6% (not seasonally adjusted) for the State as of November 2012 as compared to approximately 11.7% for calendar year 2011 (not seasonally adjusted). The Community Facilities District cannot predict how long these conditions will last or whether to what extent they may affect the ability of homeowners to pay Special Taxes or the marketability of the Series 2013 Bonds.

Concentration of Ownership

Assuming the development status as of December 1, 2012, the ownership status as of September 30, 2012 and no issuance of Additional Bonds, Fairfield Holland will be responsible for approximately 19.34% of the Fiscal Year 2012-13 Special Taxes, approximately 79.97% of the Fiscal Year 2012-13 Special Tax levy will be paid by individual homeowners and the remaining approximately 0.70% of the Fiscal Year 2012-13 Special Tax levy will be paid by Beazer Homes, Richmond American Homes of Maryland and KB Homes Coastal Inc., developers within the Community Facilities District. See Tables 4 and 6 herein. Special Taxes were levied solely on Developed Property in Fiscal Year 2012-13 and the Community Facilities District expects to continue to levy Special Taxes 100% on Developed Property until further development within the Community Facilities District occurs and Additional Bonds are issued. Fairfield Holland is the owner of a 230 unit multi-family apartment complex within the Community Facilities District. See "THE COMMUNITY FACILITIES DISTRICT — Largest Taxpayers." Until further development within the Community Facilities District occurs, if Fairfield Holland is unwilling or unable to pay the Special Tax when due, a potential shortfall in the Special Tax Fund could occur, which would result in the depletion of the Reserve Fund prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Taxes and, consequently, a delay or failure in payments of the principal of or interest on the Series 2013 Bonds.

No property owner is obligated in any manner to continue to own or develop any of the land it presently owns within the Community Facilities District. The Special Taxes are not a personal obligation of any owner, developer or merchant builder of the parcels, and the Community Facilities District can offer no assurance that any current owner or any future owner will be financially able to pay such installments or that it will choose to pay even if financially able to do so.

Until the construction and sale of a substantial number of additional units in the Community Facilities District to individual homeowners, the receipt of the Special Taxes is dependent on the willingness and the ability of Fairfield Holland to pay the Special Taxes when due. Failure of Fairfield Holland, or any successor, to pay the annual Special Taxes when due could result in a default in payments of the principal of, and interest on, the Series 2013 Bonds, when due. No assurance can be given that Fairfield Holland or its successors, will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis.

Failure to Develop Properties

Continued development of property within the Community Facilities District may be subject to economic considerations and unexpected delays, disruptions and changes which may affect the willingness or ability of a property owner to pay the Special Taxes when due. Land development is also subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. It is possible that the approvals necessary to complete development of the property within the Community Facilities District will not be obtained, or if obtained, will not be obtained on a timely basis. Failure to obtain any such approval or to satisfy such governmental requirements could adversely affect land development operations within the Community Facilities District. In addition, there is a risk that future governmental restrictions on land development within the Community Facilities District will be enacted, either directly by a governmental entity with jurisdiction or by the voters through the exercise of the initiative power.

The failure to complete the development of homes and the required infrastructure in the Community Facilities District or substantial delays in the completion of the development of homes and the required infrastructure for the development due to litigation, the inability to obtain required funding, failure to obtain necessary governmental approval or other causes may reduce the value of the property within the Community

Facilities District and increase the length of time during which Special Taxes will be payable from Approved Property and Undeveloped Property, and may affect the willingness and ability of the property owners within the Community Facilities District to pay the Special Taxes when due.

Bond Owners should assume that any event that significantly impacts the ability to develop land in the Community Facilities District would cause the property values within the Community Facilities District to decrease substantially and could affect the willingness and ability of the property owners within the Community Facilities District to pay the Special Taxes when due.

Special Taxes Are Not Personal Obligations

The current and future owners of land within the Community Facilities District are not personally liable for the payment of the Special Taxes. Rather, the Special Tax is an obligation only of the land within the Community Facilities District. In the event of foreclosure following delinquency, if the value of the development parcel within the Community Facilities District is not sufficient to fully secure the Special Tax, then the Community Facilities District has no recourse against the landowner under the laws by which the Special Tax has been levied and the Series 2013 Bonds have been issued.

The Series 2013 Bonds Are Limited Obligations of the Community Facilities District

The Series 2013 Bonds are not general obligations of the County or the Community Facilities District, but are limited obligations of the Community Facilities District payable solely from proceeds of the Special Tax and proceeds of the Series 2013 Bonds, including amounts in the Special Tax Fund (exclusive of the Administrative Expense Account) and investment income on funds held pursuant to the Indenture (other than as necessary to be rebated to the United States of America pursuant to Section 148(f) of the Code and any applicable regulations promulgated pursuant thereto).

The Community Facilities District has no obligation to pay principal of and interest on the Series 2013 Bonds in the event Special Tax collections are delinquent, other than from amounts, if any, on deposit in the Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Special Tax are delinquent. Neither the County nor the Community Facilities District is obligated to advance funds from any source other than amounts pledged under the Indenture to pay such debt service on the Series 2013 Bonds.

Property Values; Value-to-Lien Ratios

The value of the property within the Community Facilities District is a critical factor in determining the investment quality of the Series 2013 Bonds. If a property owner is delinquent in the payment of Special Taxes, the Community Facilities District's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations, delays in development or other events may adversely impact the security underlying the Special Taxes. According to the National Association of Realtors, while modest sales price and sales gains were made from 2010 through October 2012, the median home price in the Inland Empire is still approximately 49% below its peak in 2006 as of October 2012. There is no assurance that assessed values will not decline in the future. See "THE COMMUNITY FACILITIES DISTRICT — Estimated Assessed Value-to-Lien Ratios" herein.

The assessed values set forth in this Official Statement do not represent market values arrived at through an appraisal process and generally reflect only the sales price of a parcel when acquired by its current owner, adjusted annually by an amount determined by the Riverside County Assessor, generally not to exceed an increase of more than 2% per fiscal year. No assurance can be given that a parcel could actually be sold for its assessed value.

No assurance can be given that the estimated value-to-lien ratios as set forth in Tables 2 through 6 will be maintained over time. As discussed herein, many factors which are beyond the control of the Community Facilities District could adversely affect the property values within the Community Facilities District. The Community Facilities District does not have any control over the amount of additional indebtedness that may be issued by other public agencies, the payment of which through the levy of a tax or an assessment is on a parity with the Special Taxes. A decrease in the assessed values in the Community Facilities District or an increase in the indebtedness secured by taxes and amounts with parity liens on property in the Community Facilities District, or both, could result in a lowering of the value-to-lien ratio of the property in the Community Facilities District. See THE COMMUNITY FACILITIES DISTRICT — Estimated Assessed Value-to-Lien Ratios" and "SPECIAL RISK FACTORS — Burden of Parity Liens, Taxes and Other Special Assessments on the Taxable Property."

No assurance can be given that any bid will be received for a parcel with delinquent Special Taxes offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS — Proceeds of Foreclosure Sales."

Burden of Parity Liens, Taxes and Other Special Assessments on the Taxable Property

While the Special Taxes are secured by the Taxable Property, the Taxable Property is subject to parity tax liens and assessments. Table 1 in the section entitled "THE COMMUNITY FACILITIES DISTRICT — Estimated Direct and Overlapping Indebtedness" states the presently outstanding amount of governmental obligations (with stated exclusions), the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property and furthermore states the additional amount of general obligation bonds the tax for which, if and when issued, may become an obligation of one or more of the parcels of Taxable Property.

Various community facilities districts and assessment districts have been formed that overlap portions of the Community Facilities District. See Table 1 herein. One or more improvement districts or community facilities districts may be formed to finance costs relating to certain public facilities and other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of Taxable Property and may be secured by a lien on a parity with the lien of the Special Tax securing the Series 2013 Bonds.

In general, as long as the Special Tax is collected on the County tax roll, the Special Tax and all other taxes, assessments and charges also collected on the tax roll are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Special Taxes securing the Series 2013 Bonds, the Special Tax may be subordinate only to certain governmental liens. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy.

While governmental taxes, assessments and charges are a common claim against the value of a parcel of Taxable Property, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to pay the Special Tax is a claim with regard to a hazardous substance. See "— Hazardous Substances" below.

The property owners within the Community Facilities District may have formed or are in the process of forming or plan to form additional community facilities districts with other public agencies for issuing bonds. The special tax liens securing these other bonds will be on a parity with the Special Tax liens securing the Series 2013 Bonds in the event of foreclosure. In such an event, the land in the Community Facilities District will have additional debt levied on it and such an event may decrease the likelihood of the ability or willingness of the landowners in the Community Facilities District to pay the Special Taxes.

Effect of Additional Bonds on Credit Quality

The Community Facilities District may at any time after the issuance and delivery of the Series 2013 Bonds issue Additional Bonds in an aggregate amount not to exceed $84,295,000* payable from the Net Special Tax Revenues and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Series 2013 Bonds and any other Additional Bonds theretofore issued under the Indenture or under any Supplemental Indenture for the purpose of funding additional Facilities costs or for the purpose of refunding all or a portion of the Series 2013 Bonds or any Additional Bonds then Outstanding. Additional Bonds may only be issued subject to specific conditions, which are set forth in the Indenture and with which the Community Facilities District must be in compliance. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS—Additional Bonds."

The Indenture permits the issuance of Additional Bonds. It is likely that, if Additional Bonds are issued, the value-to-lien ratio for certain parcels subject to the Special Tax will be lower than the ratios in Tables 2 through 6. If Additional Bonds are issued, the owners of the Series 2013 Bonds will not have any prior claim on the Special Taxes levied on the property within the Community Facilities District, but will have an equal claim with the owners of the Additional Bonds on the Net Special Tax Revenues collected within the Community Facilities District. Additional Bonds could also be issued at a time where certain of the property upon which Special Taxes will be levied is undeveloped. This could result in Owners of the Series 2013 Bonds having to rely upon the payment of Special Taxes from Undeveloped Property.

Disclosure to Future Purchasers

The Community Facilities District has recorded a Notice of Special Tax Lien, in the Office of the Riverside County Recorder on May 4, 2006 as Document No. 2006-0323346. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a parcel of land or a home in the Community Facilities District or the lending of money thereon. The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness or ability of the purchaser or lessor to pay the Special Tax when due.

Local, State and Federal Land Use Regulations

There can be no assurance that land development operations within the Community Facilities District will not be adversely affected by future government policies, including, but not limited to, governmental policies which directly or indirectly restrict or control development. During the past several years, citizens of a number of local communities in California have placed measures on the ballot designed to control the rate of future development. During the past several years, state and federal regulatory agencies have significantly expanded their involvement in local land use matters through increased regulatory enforcement of various environmental laws, including the Endangered Species Act, the Clean Water Act and the Clear Air Act, among others. Such regulations can substantially impair the rate and amount of development without requiring just

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* *Preliminary, subject to change.*

compensation unless the effect of the regulation is to deny all economic use of the affected property. Series 2013 Bondowners should assume that any event that significantly impacts the ability to construct homes on land in the Community Facilities District could cause the land values within the Community Facilities District to decrease substantially and could affect the willingness and ability of the owners of land to pay the Special Taxes when due or to proceed with development of land in the Community Facilities District. See "— Failure to Develop Properties" above.

Water Availability

All of the Developed Property within the Community Facilities District has access to sufficient water for its intended use. However, the continued development of the land within the Community Facilities District is dependent upon the availability of water. The Community Facilities District receives a significant portion of its water from the Eastern Municipal Water District. The Community Facilities District believes that the Eastern Municipal Water District will be able to provide water to the Community Facilities District to permit the construction of the additional planned units within the Community Facilities District. No assurance can be given, however, that water service will be available and the lack of water availability could adversely affect future development in the Community Facilities District. A slowdown or stoppage in future development within the Community Facilities District may reduce the willingness or ability of owners of such property being developed to make Special Tax payments on undeveloped property and could greatly reduce the value of such property in the event it has to be foreclosed upon.

Endangered and Threatened Species

It is illegal to harm or disturb species that have been listed as threatened or endangered by the U.S. Fish & Wildlife Service under the Federal Endangered Species Act or by the California Fish & Game Commission under the California Endangered Species Act without a permit. Thus, the presence of an endangered plant or animal could delay development of or reduce the value of undeveloped property in the Community Facilities District. Failure to develop the undeveloped property in the Community Facilities District or substantial delays in the completion of the development of the property may increase the amount of Special Taxes to be paid by the owners of undeveloped property and affect the willingness and ability of the owners of property within the Community Facilities District to pay the Special Taxes when due.

Certain species covered by the County's MSHCP are present within the undeveloped property within the Community Facilities District. Development will proceed subject to compliance with the MSHCP and all other applicable federal and state requirements. See "THE COMMUNITY FACILITIES DISTRICT—Environmental Approvals and Permits."

Hazardous Substances

While governmental taxes, assessments, and charges are a common claim against the value of Taxable Property, other less common claims may occur. One of the most serious in terms of the potential reduction in the value of the parcels within the Community Facilities District is a claim with regard to hazardous substances. In general, the owners and operators of parcels within the Community Facilities District may be required by law to remedy conditions of the parcels related to the releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substances condition of a property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any parcel within the Community Facilities District be affected by a hazardous substance, would be to reduce the marketability and value of the parcel by the costs of remedying the condition, because the owner (or operator) is obligated to remedy the condition. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling or disposing of it. All of these possibilities could significantly affect the financial and legal ability of a property owner to develop the affected parcel or other parcels, as well as the value of the property that is realizable upon a delinquency and foreclosure.

The assessed values of the property within the Community Facilities District do not take into account the possible reduction in marketability and value of any of the parcels of Taxable Property by reason of the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel. The Community Facilities District has not independently verified and is not aware that any of the owners (or operators) of property within the Community Facilities District have such a current liability with respect to any of the parcels of Taxable Property, except as expressly noted. However, it is possible that such liabilities do currently exist and that the Community Facilities District is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels of Taxable Property resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling or disposing of it. All of these possibilities could significantly affect the value of a Taxable Property that is realizable upon a delinquency.

Insufficiency of the Special Tax

The principal source of payment of principal of and interest on the Series 2013 Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the Community Facilities District. The annual levy of the Special Tax is subject to the maximum tax rates authorized. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the Series 2013 Bonds. Other funds which might be available include funds derived from the payment of penalties on delinquent Special Taxes and funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Special Tax are delinquent.

The levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular Taxable Property and the amount of the levy of the Special Tax against such parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of such parcels and the proportionate share of debt service on the Series 2013 Bonds, and certainly not a direct relationship.

The Special Tax levied in any particular tax year on a Taxable Property is based upon the revenue needs of the Community Facilities District and application of the Rate and Method. Application of the Rate and Method will, in turn, be dependent upon certain development factors with respect to each Taxable Property by comparison with similar development factors with respect to the other Taxable Property within the Community Facilities District. Thus, in addition to annual variations of the revenue needs from the Special Tax, the following are some of the factors which might cause the levy of the Special Tax on any particular Taxable Property to vary from the Special Tax that might otherwise be expected:

(1) Failure of the owners of Taxable Property to pay the Special Tax and delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, thereby resulting in an increased tax burden on the remaining parcels of Taxable Property.

(2) Reduction in the amount of Taxable Property, for such reasons as acquisition of Taxable Property by a government agency and failure of the government agency to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining parcels of Taxable Property.

Except as set forth above under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS" herein, the Indenture provides that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described in "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS—Proceeds of Foreclosure Sales" and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* property taxes. Pursuant to these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Beneficial Owners of Series 2013 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the Community Facilities District of the proceeds of sale if the Reserve Account is depleted. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS—Proceeds of Foreclosure Sales."

Special Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Series 2013 Bonds are derived, are customarily billed to the properties within the Community Facilities District on the *ad valorem* property tax bills sent to owners of such properties. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS—Proceeds of Foreclosure Sales," for a discussion of the provisions which apply, and procedures which the Community Facilities District is obligated to follow under the Indenture, in the event of delinquencies in the payment of Special Taxes. See "SPECIAL RISK FACTORS — Bankruptcy and Foreclosure" below, for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and assessments and limitations on the Community Facilities District's ability to foreclose on the lien of the Special Taxes in certain circumstances.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Rate and Method. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS—Rate and Method" herein. In addition, the Act provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the Community Facilities District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. It is possible that property acquired by a public entity following a tax sale or foreclosure based upon failure to pay taxes could become exempt from the Special Tax. In addition, although the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Tax. In the event that additional property is dedicated to the County or other public entities, this additional property might become exempt from the Special Tax.

The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

Depletion of Reserve Fund

The Reserve Fund is maintained in an amount equal to the Reserve Requirement. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS—Reserve Fund." Funds in the Reserve Fund may be used to pay principal of and interest on the Series 2013 Bonds in the event the proceeds of the levy and the collection of the Special Taxes against the property in the Community Facilities District is not sufficient. If the Reserve Fund is depleted, the funds can be replenished from the proceeds of the levy and collection of the Special Tax that are in excess of the amount required to pay Administrative Expenses and principal and interest on the Series 2013 Bonds. However, no replenishment of the Reserve Fund from the proceeds of the Special Taxes can occur as long as the proceeds that are collected from the levy of the Special Taxes at the maximum tax rates, together with available funds, remain insufficient to pay all such amounts. Thus, it is possible that the Reserve Fund will be depleted and not replenished by the levy of the Special Taxes.

Potential Delay and Limitations in Foreclosure Proceedings

The payment of property owners' taxes and the ability of the Community Facilities District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings, may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See "SECURITY FOR THE BONDS — Proceeds of Foreclosure Sales" and "SPECIAL RISK FACTORS — Bankruptcy and Foreclosure Delay" herein. In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

The ability of the Community Facilities District to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC") has or obtains an interest. The FDIC could obtain such an interest by taking over a financial institution which has made a loan which is secured by property within the Community Facilities District. See "SPECIAL RISK FACTORS — FDIC/Federal Government Interests in Properties."

In addition, potential investors should be aware that judicial foreclosure proceedings are not summary remedies and can be subject to significant procedural and other delays caused by crowded court calendars and other factors beyond control of the Community Facilities District or the County. Potential investors should assume that, under current conditions, it is estimated that a judicial foreclosure of the lien of Special Taxes will take up to two or three years from initiation to the lien foreclosure sale. At a Special Tax lien foreclosure sale, each parcel will be sold for not less than the "minimum bid amount" which is equal to the sum of all delinquent Special Tax installments, penalties and interest thereon, costs of collection (including reasonable attorneys' fees), post-judgment interest and costs of sale. Each parcel is sold at foreclosure for the amounts secured by the Special Tax lien on such parcel and multiple parcels may not be aggregated in a single "bulk" foreclosure sale. If any parcel fails to obtain a "minimum bid," the Community Facilities District may, but is not obligated to, seek superior court approval to sell such parcel at an amount less than the minimum bid. Such superior court approval requires the consent of a majority of the aggregate principal amount of the outstanding Series 2013 Bonds.

Delays and uncertainties in the Special Tax lien foreclosure process create significant risks for Beneficial Owners of the Series 2013 Bonds. High rates of special tax payment delinquencies which continue during the pendency of protracted Special Tax lien foreclosure proceedings, could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resale of property upon foreclosure. In that event, there could be a default in payment of the principal of, and interest on, the Series 2013 Bonds. See "— Concentration of Ownership" above.

Funds Invested in the County Investment Pool

On January 24, 1996, the United States Bankruptcy Court for the Central Community Facilities District of California held that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county. Following payment of the Special Taxes to the Community Facilities District, such funds may be invested in the name of the Community Facilities District for a period of time in the County investment pool. In the event of a petition of or the adjustment of County debts under Chapter 9 of the Federal Bankruptcy Code, a court might hold that the Beneficial Owners of the Series 2013 Bonds do not have a valid and/or prior lien on the Special Taxes or debt service payments where such amounts are deposited in the County investment pool and may not provide the Beneficial Owners of the Series 2013 Bonds with a priority interest in such amounts. In that circumstance, unless the Beneficial Owners of the Series 2013 Bonds could "trace" the funds that have been deposited in the County investment pool, the Beneficial Owners of the Series 2013 Bonds would be unsecured (rather than secured) creditors of the County. There can be no assurance that the Beneficial Owners of the Series 2013 Bonds could successfully so trace the Special Taxes or debt service payments.

No Acceleration Provision

The Series 2013 Bonds do not contain a provision allowing for the acceleration of the Series 2013 Bonds in the event of a payment default or other default under the terms of the Series 2013 Bonds or the Indenture or in the event interest on the Series 2013 Bonds becomes included in gross income for federal income tax purposes. Pursuant to the Indenture and further subject to the prior lien of owners of Series 2013 Bonds, an owner is given the right for the equal benefit and protection of all owners of a series similarly situated to pursue certain remedies described in APPENDIX C — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Bankruptcy and Foreclosure Delay

Bankruptcy, insolvency and other laws generally affecting creditors rights could adversely impact the interests of Beneficial Owners of the Series 2013 Bonds. The payment of property owners' taxes and the ability of the Community Facilities District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS — Proceeds of Foreclosure Sales." In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

Although a bankruptcy proceeding would not cause the Special Taxes to become extinguished, the amount of any Special Tax lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in prosecuting Superior Court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of delinquent Special Tax installments and the possibility of delinquent Special Tax installments not being paid in full.

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled In re Glasply Marine Industries. In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property. Although the court upheld the priority of unpaid taxes imposed before the bankruptcy petition, unpaid taxes imposed after the filing of the bankruptcy petition were declared to be "administrative expenses" of the bankruptcy estate, payable after all secured creditors. As a result, the secured creditor was able to foreclose on the property and retain all the proceeds of the sale except the amount of the pre-petition taxes.

The Bankruptcy Reform Act of 1994 (the "Bankruptcy Reform Act") included a provision which excepts from the Bankruptcy Code's automatic stay provisions, "the creation of a statutory lien for an *ad valorem* property tax imposed by . . . a political subdivision of a state if such tax comes due after the filing of the petition [by a debtor in bankruptcy court]." This amendment effectively makes the Glasply holding inoperative as it relates to *ad valorem* real property taxes. However, it is possible that the original rationale of the Glasply ruling could still result in the treatment of post-petition special taxes as "administrative expenses," rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings.

According to the court's ruling, as administrative expenses, post petition taxes would be paid, assuming that the debtor had sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise), it would at that time become subject to current *ad valorem* taxes.

The Act provides that the Special Taxes are secured by a continuing lien which is subject to the same lien priority in the case of delinquency as *ad valorem* taxes. No case law exists with respect to how a bankruptcy court would treat the lien for Special Taxes levied after the filing of a petition in bankruptcy. Glasply is controlling precedent on bankruptcy courts in the State. If the Glasply precedent was applied to the levy of the Special Taxes, the amount of Special Taxes received from parcels whose owners declare bankruptcy could be reduced.

The various legal opinions to be delivered concurrently with the delivery of the Series 2013 Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Moreover, the ability of the Community Facilities District to commence and prosecute enforcement proceedings may be limited by bankruptcy, insolvency and other laws generally affecting creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940) and by the laws of the State relating to judicial foreclosure.

FDIC/Federal Government Interests in Properties

The ability of the Community Facilities District to collect interest and penalties specified by the Act and to foreclose the lien of delinquent Special Taxes may be limited in certain respects with regard to parcels in which the FDIC, or other federal government entities such as Fannie Mae, Freddie Mac, the Drug Enforcement Agency, the Internal Revenue Service or other federal agency, has or obtains an interest.

In the case of FDIC, in the event that any financial institution making a loan which is secured by parcels is taken over by the FDIC and the applicable Special Tax is not paid, the remedies available to the Community Facilities District may be constrained. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that taxes other than *ad valorem* taxes which are secured by a valid lien in effect before the FDIC acquired an interest in a property will be paid unless the FDIC determines that abandonment of its interests is appropriate. The Policy Statement provides that the FDIC generally will not pay installments of non-*ad valorem* taxes which are levied after the time the FDIC acquires its fee interest, nor will the FDIC recognize the validity of any lien to secure payment except in certain cases where the Resolution Trust Corporation had an interest in property on or prior to December 31, 1995. Moreover, the Policy Statement provides that, with respect to parcels on which the FDIC holds a mortgage lien, the FDIC will not permit its lien to be foreclosed out by a taxing authority without its specific consent, nor will the FDIC pay or recognize liens for any penalties, fines or similar claims imposed for the non-payment of taxes.

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County in United States Bankruptcy Court and in Federal District Court. The Bankruptcy Court issued a ruling in favor of the FDIC on certain of such claims. Orange County appealed that ruling, and the FDIC cross-appealed. On August 28, 2001, the Ninth Circuit Court of Appeals issued a ruling favorable to the FDIC except with respect to the payment of pre-receivership liens based upon delinquent property tax.

The Community Facilities District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to parcels in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale would prevent or delay the foreclosure sale.

In the case of Fannie Mae and Freddie Mac, in the event a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or a private deed of trust secured by a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution "this Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, anything in the Constitution or Laws of any State to the contrary notwithstanding." In the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of taxable property but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the Community Facilities District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. For a discussion of risks associated with taxable parcels within the Community Facilities District becoming owned by the federal government, federal government entities or federal government sponsored entities, see "— Insufficiency of Special Taxes."

The Community Facilities District's remedies may also be limited in the case of delinquent Special Taxes with respect to parcels in which other federal agencies (such as the Internal Revenue Service and the Drug Enforcement Administration) have or obtain an interest.

Factors Affecting Parcel Values and Aggregate Value

Geologic, Topographic and Climatic Conditions; Natural Disasters. The value of the Taxable Property in the Community Facilities District in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on the parcels of Taxable Property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes and volcanic eruptions, topographic conditions such as earth movements, landslides, liquefaction, floods or fires, and climatic conditions such as tornadoes, droughts, and the possible reduction in water allocation or availability. If one or more of such conditions occur and results in damage to improvements of varying seriousness, such damage may entail significant repair or replacement costs and repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the value of the Taxable Property may well depreciate or disappear. As required by the County General Plan and applicable Specific Plans, in certain cases, commercial uses and future homeowner's associations are required to prepare disaster preparedness plans that include evacuation procedures in the event of a disaster.

Seismic Conditions. The Community Facilities District, like all California communities, may be subject to unpredictable seismic activity. The occurrence of seismic activity in the Community Facilities District could result in substantial damage to properties in the Community Facilities District which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their Special Taxes. Any major damage to structures as a result of seismic activity could result in greater reliance on undeveloped property in the payment of Special Taxes.

Legal Requirements. Other events which may affect the value of a parcel of Taxable Property in the Community Facilities District include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures.

District Formation

California voters, on June 6, 1978, approved an amendment ("Article XIIIA") to the California Constitution. Section 4 of Article XIIIA, requires a vote of two-thirds of the qualified electorate to impose "special taxes," or any additional *ad valorem*, sales or transaction taxes on real property. At an election held in the Community Facilities District pursuant to the Act, more than two-thirds of the qualified electors within the Community Facilities District, authorized the Community Facilities District to incur bonded indebtedness to finance the Facilities and approved the Rate and Method. The Supreme Court of the State of California has not yet decided whether landowner elections (as opposed to resident elections) satisfy requirements of Section 4 of Article XIIIA, nor has the Supreme Court decided whether the special taxes of a Community Facilities District constitute a "special tax" for purposes of Article XIIIA.

Section 53359 of the Act requires that any action or proceeding to attack, review, set aside, void or annul the levy of a special tax or an increase in a special tax pursuant to the Act shall be commenced within 30 days after the special tax is approved by the qualified electors. No such action has been filed with respect to the Special Tax.

Billing of Special Taxes

A special tax formula can result in a substantially heavier property tax burden being imposed upon properties within a Community Facilities District than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In some Community Facilities Districts the taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the Community Facilities District and the bonds issued by the Community Facilities District.

Under provisions of the Act, the Special Taxes are billed to the properties within the Community Facilities District which were entered on the Assessment Roll of the County Assessor by January 1 of the previous fiscal year on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. These Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Taxes in the future. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS — Proceeds of Foreclosure Sales" for a discussion of the provisions which apply and procedures which the Community Facilities District is obligated to follow in the event of delinquency in the payment of installments of Special Taxes.

Inability to Collect Special Taxes

In order to pay debt service on the Series 2013 Bonds, it is necessary that the Special Tax levied against land within the Community Facilities District be paid in a timely manner. The Community Facilities District has covenanted in the Indenture under certain conditions to institute foreclosure proceedings against property with delinquent Special Tax in order to obtain funds to pay debt service on the Series 2013 Bonds. If foreclosure proceedings were instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest. In the event such superior court foreclosure is necessary, there could be a delay in principal and interest payments to the owners of the Series 2013 Bonds pending prosecution of the foreclosure proceedings and receipt of the proceeds of the foreclosure sale, if any. No assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. Although the Act authorizes the Community Facilities District to cause such an action to be commenced and diligently pursued to completion, the Act does not obligate the Community Facilities District to purchase or otherwise acquire any lot or parcel of property sold at the foreclosure sale if there is no other purchaser at such sale. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS — Proceeds of Foreclosure Sales."

Proposition 218

An initiative measure commonly referred to as the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIIIC and Article XIIID to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." The provisions of the Initiative have not yet been interpreted by the courts, although several lawsuits have been filed requesting the courts to interpret various aspects of the Initiative. The Initiative could potentially impact the Special Taxes available to the Community Facilities District to pay the principal of and interest on the Series 2013 Bonds as described below.

Among other things, Section 3 of Article XIII states that ". . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

> "Section 3 of Article XIIIC of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution."

Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the Series 2013 Bonds.

It may be possible, however, for voters or the Board of Supervisors of the County acting as the legislative body of the Community Facilities District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Series 2013 Bonds, but which does reduce the maximum amount of

Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Series 2013 Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Nevertheless, to the maximum extent that the law permits it to do so, the Community Facilities District will covenant in the Indenture that it will not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Series 2013 Bonds. The Community Facilities District also will covenant in the Indenture that, if an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Series 2013 Bonds, the Community Facilities District will, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Series 2013 Bonds. However, no assurance can be given as to the enforceability of the foregoing covenants.

The interpretation and application of the Initiative will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See "SPECIAL RISK FACTORS — Limitations on Remedies."

Ballot Initiatives

Articles XIIIC and XIIID were adopted pursuant to measures qualified for the ballot pursuant to California's constitutional initiative process. On March 6, 1995, in the case of Rossi v. Brown, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the County, or local districts to increase revenues or to increase appropriations or on the ability of the landowners within the Community Facilities District to complete the remaining proposed development.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2013 Bonds or, if a secondary market exists, that the Series 2013 Bonds can be sold at all or for any particular price. Although the Community Facilities District has committed to provide certain financial and operating information on an annual basis, there can be no assurance that such information will be available to Beneficial Owners of the Series 2013 Bonds on a timely basis. See "CONTINUING DISCLOSURE." The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Loss of Tax Exemption; Tax Treatment of the Series 2013 Bonds

As discussed under the caption "LEGAL MATTERS — Tax Exemption," the interest on the Series 2013 Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2013 Bonds as a result of an act or omission of the Community Facilities District in violation of certain provisions of the Code and the covenants of the Indenture. In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2013 Bonds, the Community Facilities District has covenanted in the Indenture not to 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 Series 2013 Bonds under Section 103 of the Internal Revenue Code of 1986. Should such an event of taxability occur, the Series 2013 Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the optional redemption or mandatory sinking fund redemption provisions of the Indenture. See "THE SERIES 2013 BONDS — Redemption."

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Series 2013 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Series 2013 Bonds. Prospective purchasers of the Series 2013 Bonds should consult their own tax advisors regarding any enactment of any such future legislation, as to which Bond Counsel expresses no opinion.

It is possible that subsequent to the issuance of the Series 2013 Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Series 2013 Bonds or the market value of the Series 2013 Bonds. No assurance can be given that subsequent to the issuance of the Series 2013 Bonds such changes or interpretations will not occur.

Limitations on Remedies

Remedies available to the Beneficial Owners of the Series 2013 Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Series 2013 Bonds or to preserve the tax-exempt status of the Series 2013 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Series 2013 Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Beneficial Owners of the Series 2013 Bonds.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), by and between the Community Facilities District and the Trustee, the Community Facilities District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) website, or other repository authorized under Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission, certain annual financial information and operating data concerning the Community Facilities District. The Annual Report to be filed by the Community Facilities District is to be filed not later than April 1 of each year, beginning April 1, 2014, and is to include audited financial statements of the Community Facilities District, if any. The full text of the Continuing Disclosure Agreement is set forth in APPENDIX D — "FORM OF CONTINUING DISCLOSURE AGREEMENT OF THE COMMUNITY FACILITIES DISTRICT."

Notwithstanding any provision of the Indenture, failure of the Community Facilities District to comply with the Continuing Disclosure Agreement shall not be considered an event of default under the Indenture. However, any holder of the Series 2013 Bonds may take such action as is necessary and appropriate, including seeking mandate or a judgment for specific performance, to cause the Community Facilities District to comply with its obligations with respect to the Continuing Disclosure Agreement.

During the last five calendar years the Community Facilities District has not failed to comply in all material respects with its previous undertakings with regard to Rule 15c2-12.

LEGAL MATTERS

Tax Exemption

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Community Facilities District ("Bond Counsel"), based upon 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, interest on the Series 2013 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2013 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Series 2013 Bonds is less than the amount to be paid at maturity of such Series 2013 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2013 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Series 2013 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2013 Bonds is the first price at which a substantial amount of such maturity of the Series 2013 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2013 Bonds accrues daily over the term to maturity of such Series 2013 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2013 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2013 Bonds. Beneficial owners of the Series 2013 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2013 Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Series 2013 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2013 Bonds is sold to the public.

Series 2013 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2013 Bonds. The Community Facilities District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2013 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2013 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2013 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2013 Bonds may adversely affect the value of, or the tax status of interest on, the Series

2013 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2013 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2013 Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2013 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration recently announced a legislative proposal which, for tax years beginning on or after January 1, 2013, generally would limit the exclusion from gross income of interest on obligations like the Series 2013 Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2013 Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2013 Bonds. Prospective purchasers of the Series 2013 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2013 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Community Facilities District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Community Facilities District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2013 Bonds ends with the issuance of the Series 2013 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Community Facilities District or the Beneficial Owners regarding the tax-exempt status of the Series 2013 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Community Facilities District and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Community Facilities District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2013 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2013 Bonds, and may cause the Community Facilities District or the beneficial owners to incur significant expense.

The proposed form of Bond Counsel's opinion with respect to the Series 2013 Bonds is attached as APPENDIX E.

Litigation

No litigation is pending or threatened concerning the validity of the Series 2013 Bonds, the pledge of Special Taxes to repay the Series 2013 Bonds, the powers or authority of the Community Facilities District with respect to the Series 2013 Bonds, or seeking to restrain or enjoin development of the land within the Community Facilities District and a certificate of the Community Facilities District to that effect will be furnished to the Underwriter at the time of the original delivery of the Series 2013 Bonds.

Legal Opinion

The validity of the Series 2013 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Community Facilities District. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the County and the Community Facilities District by the County Counsel, and for the Community Facilities District by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation expresses no opinion as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Series 2013 Bonds and expressly disclaims any duty to advise the Beneficial Owners of the Series 2013 Bonds as to matters related to this Official Statement.

No Rating

The Community Facilities District has not made and does not contemplate making application to any rating agency for the assignment of a rating of the Series 2013 Bonds.

Underwriting

The Series 2013 Bonds are being purchased by De La Rosa & Co. (the "Underwriter"). The Underwriter has agreed to purchase the Series 2013 Bonds at a price of $____________, being $____________ aggregate principal amount thereof, less Underwriter's discount of $____________ [plus net original issue premium] [less net original issue discount] of $____________). The purchase agreement relating to the Series 2013 Bonds provides that the Underwriter will purchase all of the Series 2013 Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the Series 2013 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

Financial Advisor

The Community Facilities District has retained Fieldman Rolapp & Associates, Irvine, California, as financial advisor (the "Financial Advisor") in connection with the preparation of this Official Statement and with respect to the issuance of the Series 2013 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

Financial Interests

The fees being paid to the Underwriter, Bond Counsel, Disclosure Counsel, the Special Tax Consultant and Financial Advisor are contingent upon the issuance and delivery of the Series 2013 Bonds. From time to time, Bond Counsel and Disclosure Counsel represent the Underwriter on matters unrelated to the Series 2013 Bonds.

Pending Legislation

The Community Facilities District is not aware of any significant pending legislation which would have material adverse consequences on the Series 2013 Bonds or the ability of the Community Facilities District to pay the principal of and interest on the Series 2013 Bonds when due.

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Series 2013 Bonds. Quotations and summaries and explanations of the Series 2013 Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions.

The execution and delivery of this Official Statement by an authorized representative of the Community Facilities District has been duly authorized by the Board of Supervisors of the County acting in its capacity as the legislative body of the Community Facilities District.

COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE

By: ______________________________
County Executive Officer

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD) OF THE COUNTY OF RIVERSIDE

A Special Tax (all capitalized terms are defined in Section A. Definitions below), shall be levied on each Parcel of Taxable Property located within the boundaries of Community Facilities District No. 05-8 (Scott Road) of the County. The amount of Special Tax to be levied each Fiscal Year, commencing in Fiscal Year 2006-2007, on a Parcel of Taxable Property shall be determined by the Legislative Body, by applying the appropriate Special Tax for each category of Taxable Property as calculated consistent with Sections B., C., and D. All of the real property within the CFD, unless exempted by law, Section E. or non-taxable pursuant to Section H.1. or H.2. shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"**Acre or Acreage**" means the acreage of a Parcel as stated on the most recent Assessor's Parcel Map, or if the acreage is not shown on such Assessor's Parcel Map, the acreage as defined from the applicable Final Map, or similar instrument.

"**Act**" means 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.

"**Administrative Expenses**" means all actual or reasonably estimated costs and expenses of the CFD as determined by the Administrator to be chargeable or allocable to the CFD and as are allowed by the Act and the Indenture, which shall include without limitation, all costs and expenses arising out of or resulting from the annual levy and collection of the Special Tax, Special Tax appeals, initiating and prosecuting a foreclosure action on a Parcel; all trustee/fiscal agent expenses and fees; the cost of rebate compliance calculation, initiating or defending any litigation involving the CFD, continuing disclosure undertakings of the CFD and/or the County, all communications with bondholders, property owners, or other interested persons; and the costs of County staff, consultants, and legal counsel incurred on behalf of the CFD in performing such administrative responsibilities.

"**Administrator**" means the County Executive Officer of the County, or his or her designee.

"**Annexed Property**" means Taxable Property that has been annexed into the CFD by the Legislative Body upon determination by the Administrator that (i) the Assigned Special Tax from the Parcel(s) is necessary to provide financing of the full Cost of the Facilities, and (ii) the Parcel(s) are within the area designated as potential Annexed Property as shown on Exhibit B.

"**Approved Property**" means, for each Fiscal Year, for which a Special Tax is being levied, all Parcels of Taxable Property not classified as Taxable Non-Residential Property, Taxable Property Owners' Association Property and Taxable Public Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding said Fiscal Year, and (ii) that have not been issued a Building Permit prior to the April 1st preceding said Fiscal Year. Any Final Map recorded prior to July 1st of 2006 shall be treated for the purposes of setting the Assigned Special Tax for such Approved Property as if it were subject to the TUMF in effect as of July 1st of 2006.

"**Assessor's Parcel Map**" means, for each Fiscal Year, the official map(s) of the Assessor of the County designating each Parcel by an Assessor's parcel number.

"**Assigned Special Tax**" means the Special Tax determined in accordance with Section C., below.

"**Backup Special Tax**" means the Special Tax determined in Sections C.2.b. and C.3.b., below.

"**Bonds**" means any bonds or other debt (as defined in the Act) issued by the CFD and secured by the levy of Special Taxes.

"**Building Permit**" means a building permit issued for new construction of any Single Family Residential Unit or Multifamily Residential Unit. For purposes of this definition, Building Permit refers to a permit allowing for construction of a production unit as opposed to a building permit issued in conjunction with a grading permit allowing for the construction of model units.

"**CFD**" means Community Facilities District No. 05-8 (Scott Road) of the County established pursuant to the Act.

"**CFD Boundary Map**" means the map recorded at CFD formation and annexation maps reflecting Annexed Property, Exhibit A.

"**Cost of the Facilities**" means the calculation of the cost of the Facilities to be constructed including financing costs, e.g. capitalized interest, funding a reserve fund, cost of issuance and underwriter's discount, as determined by the Administrator.

"**County**" means the County of Riverside.

"**Developed Property**" means, for each Fiscal Year after formation of the CFD for which the Special Tax is being levied, each Parcel of Taxable Property not classified as Taxable Public Property, Taxable Property Owners' Association Property and Taxable Non-Residential Property: (i) that is included in a Final Map that was recorded prior to January 1st preceding said Fiscal Year, and (ii) a Building Permit has been issued for a Single Family Residential Unit or a Multifamily Residential Unit on such Parcel prior to April 1st preceding said Fiscal Year. Parcels upon which a model unit has been constructed will be treated as Developed Property when any other Parcel within said Final Map is issued a Building Permit.

"**Exempt Property**" means, for each Fiscal Year, any Parcel which is exempt from Special Taxes pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

"**Existing Single Family Residential Unit**" means any constructed Single Family Residential Unit that is located on a Parcel (i) at the time the CFD is established or (ii) at the time a Parcel is annexed into the CFD.

"**Facilities**" means, the improvements, within the boundaries of Exhibit B, whose construction or acquisition is identified in the TUMF Program, including but not limited to: (i) the widening of Scott Road to four lanes between Antelope Road and Briggs Road including all associated appurtenances and any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development; (ii) the widening of the interchange at Interstate 215 and Scott Road and the modification of the ramps to meet future traffic demands including all associated appurtenances and any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development; (iii) the full width improvement to Scott Road from Antelope Road to State Route 79 including all associated appurtenances and any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development bringing into conformance said facility with the TUMF Program, as amended from time to time.

"**Final Map**" means a recorded final map, parcel map, or lot line adjustment, by which a subdivision of property has been made pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or a recorded condominium plan approved pursuant to California Civil Code Section 1352 that creates Parcels for which building permits may be issued without further subdivision.

"**Fiscal Year**" means the period starting on July 1 of any calendar year and ending on June 30 of the following calendar year, commencing July 1, 2006.

"**July 1st**" means the effective date in July of any adjustment to TUMF made pursuant to the TUMF Ordinance; provided that if no adjustment takes effect by July 25, "July 1st" means the first Business Day of July.

"**Indenture**" means the bond indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

"**Land Use Category**" means any of the land use categories listed in Table 1, below.

"**Legislative Body**" means the Board of Supervisors of the County acting *ex officio* as the Legislative Body of the CFD.

"**Maximum Special Tax**" means, for each Fiscal Year, the maximum Special Tax, determined in accordance with Section C., which can be levied in such Fiscal Year on any Parcel.

"**Multifamily Property**" means, for each Fiscal Year, a Parcel designated to be developed with one or more Multifamily Residential Units as determined by the Administrator consistent with the TUMF Ordinance in effect on the date such determination is made; provided, however, that once a Parcel is categorized as Approved Property with a Land Use Category as Multifamily Property, said Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition of Multifamily Residential Unit.

"**Multifamily Residential Unit**" has the meaning set forth in the TUMF Ordinance; provided that once a Parcel of Multifamily Property is categorized as Approved Property such Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition.

"**Multiple Land Use Property**" means, for each Fiscal Year, any Developed Property assigned to more than one Land Use Category (e.g. one structure containing both Non-Residential Property uses and Residential Property uses).

"**Non-Residential Floor Area**" means, with regard to Multiple Land Use Property only, all of the square footage within the perimeter of all structures on a Parcel used for non-residential purposes, measured from outside wall to outside wall, exclusive of any overhangs, porches, patios, enclosed patios, car ports, walkways, garages or similar spaces attached to the building. The determination of the amount of Non-Residential Floor Area shall be made by the Administrator with reference to the building permit(s) issued for said Parcel, or if these are not available, as otherwise determined by the Administrator. Once such determination has been made for a Parcel, it shall remain fixed in all future Fiscal Years. Non-Residential Floor Area is to be treated as Non-Residential Property.

"**Non-Residential Property**" means, for each Fiscal Year, all Parcels for which a building permit may be issued for any type of non-residential use, provided, however, that if zoning allows either residential construction or non-residential construction, such property shall be categorized as Residential Property until such time as a building permit for non-residential use has been issued.

"**Outstanding Bonds**" means all Bonds deemed to be outstanding under the Indenture.

"**Parcel**" means, for each Fiscal Year, each lot or parcel within the boundary of the CFD as shown on an Assessor's Parcel Map to which a parcel number has been assigned.

"**Property Owners' Association Property**" means, for each Fiscal Year, any Parcel which, as of the January 1 preceding said Fiscal Year, is owned by a property owners' association, including any master or sub-association.

"**Proportionately**" means for: (i) Developed Property, that the ratio of the actual Special Tax levy to the Assigned or Backup Special Tax, as applicable, is the same for all Parcels of Developed Property, (ii) Approved Property, that the ratio of the actual Special Tax levy to the Assigned or Backup Special Tax, as applicable, is the same for all Parcels of Approved Property, (iii) Undeveloped Property, that the ratio of the actual Special Tax levy per taxable Acre to the Assigned or Maximum Special Tax per taxable Acre is the same for all Parcels of Undeveloped Property, (iv) Taxable Non-Residential Property, that the ratio of the actual Special Tax levy per taxable Acre to the Maximum Special Tax per taxable Acre is the same for all Parcels of Taxable Non-Residential Property, (v) Taxable Property Owners' Association Property, that the ratio of the actual Special Tax levy per taxable Acre to the Maximum Special Tax per taxable Acre is the same for all Parcels of Taxable Property Owners' Association Property, and (vi) Taxable Public Property, that the ratio of the actual Special Tax levy per taxable Acre to the Maximum Special Tax per taxable Acre is the same for all Parcels of Taxable Public Property.

"**Public Property**" means, for each Fiscal Year, any Parcel within the boundary of the CFD which, as of the January 1 preceding said Fiscal Year, is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other public agency, provided, however, that any Parcel leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"**Residential Floor Area**" means, with regard to Multiple Land Use Property only, all of the square footage within the perimeter of all structures on a Parcel used for residential purposes, measured from outside wall to outside wall, exclusive of any overhangs, porches, patios, enclosed patios, car ports, walkways, garages or similar spaces attached to the building. The determination of the amount of Residential Floor Area shall be made by the Administrator with reference to the building permit(s) issued for said Parcel, or if these are not available, as otherwise determined by the Administrator. Once such determination has been made for a Parcel, it shall remain fixed in all future Fiscal Years. Residential Floor Area shall be treated as Residential Property.

"**Residential Property**" means, for each Fiscal Year, Developed Property and Approved Property for which a Building Permit for residential units may be issued, as determined by the Administrator.

"**Single Family Property**" means, for each Fiscal Year, a Parcel designated to be developed with one or more Single Family Residential Units as determined by the Administrator; provided, however, that once a Parcel is categorized as Approved Property, said Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition of Single Family Residential Unit.

"**Single Family Residential Unit**" has the meaning set forth in the TUMF Ordinance; provided that once a Parcel of Single Family Property is categorized as Approved Property such Parcel will not change Land Use Category should an amendment to the TUMF Ordinance alter the definition.

"**Special Tax**" means, (i) prior to the issuance of any Bonds, the special tax to be levied in any Fiscal Year on each Parcel of Developed Property to be applied towards the Cost of Facilities, and,

(ii) subsequent to the issuance of the first series of Bonds, the special tax to be levied in any Fiscal Year on each Parcel of Taxable Property to provide funding for the Special Tax Requirement.

"**Special Tax Factor**" means the factor stated in column (4) of Table 1 that is to be applied to establish the Assigned Special Tax for Single Family Property and Multifamily Property which is Developed Property or Approved Property.

"**Special Tax Requirement**" means, for each Fiscal Year, that amount required in each Fiscal Year to pay: (i) annual debt service on all Outstanding Bonds due in the calendar year which commences in such Fiscal Year; (ii) periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) Administrative Expenses; (iv) an amount equal to any shortfall due to Special Tax delinquencies experienced in the prior Fiscal Year; (v) for acquisition or construction of Facilities provided such amount does not cause an increase in the Special Tax levy on Approved Property, Undeveloped Property, Taxable Property Owners' Association Property, Taxable Public Property or Taxable Non-Residential Property; and (vi) any amounts required to establish or replenish any reserve funds for the Bonds; less (vii) a credit for funds available to reduce the annual Special Tax levy as determined pursuant to the Indenture.

"**Taxable Non-Residential Property**" means, for each Fiscal Year, any Parcel of Non-Residential Property which is not Exempt Property pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

"**Taxable Property**" means, for each Fiscal Year, all Parcels in the CFD which are not Exempt Property pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

"**Taxable Property Owners' Association Property**" means, for each Fiscal Year, any Parcel of Property Owners' Association Property which is not Exempt Property pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

"**Taxable Public Property**" means, for each Fiscal Year, any Parcel of Public Property which is not Exempt Property pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

"**TUMF**" means the fee authorized pursuant to the TUMF Ordinance.

"**TUMF Ordinance**" means Ordinance 824.1 of the County of Riverside as amended from time to time.

"**TUMF Percentage Change**" means, the percentage increase in the respective TUMF applicable to a Single Family Residential Unit or a Multifamily Residential Unit, as of July 1st of the prior calendar year to July 1st of the current calendar year, beginning with the increase from the respective TUMF in effect as of July 1st of 2005 to the TUMF in effect as of July 1st of 2006.

"**TUMF Program**" means the Western Riverside County Transportation Uniform Mitigation Fee Program as established by the TUMF Ordinance.

"**Undeveloped Property**" means, for each Fiscal Year, all Taxable Property including residentially zoned property which has not become Approved Property or Developed Property, excluding Taxable Public Property, Taxable Property Owners' Association Property and Taxable Non-Residential Property which has not become Approved Property or Developed Property and which is not Exempt Property pursuant to Section E or non-taxable pursuant to Section H.1. or H.2., below.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year in which the Special Tax is levied, each Parcel of Taxable Property shall be categorized as either Undeveloped Property, Approved Property, Developed Property, Taxable Public Property, Taxable Property Owners' Association Property or Taxable Non-Residential Property, and shall be subject to the levy of Special Tax in accordance with this Rate and Method of Apportionment as determined pursuant to Sections C., and D., below. Approved Property and Developed Property shall further be classified as Single Family Property or Multifamily Property.

Any Existing Single Family Residential Unit shall be subject to the levy of the Special Tax as Undeveloped Property. Once a Final Map is recorded that includes the Parcel on which the Existing Single Family Residential Unit is constructed, then: (i) if said Final Map creates a Parcel for the Existing Single Family Residential Unit while such Existing Single Family Residential Unit remains on said Parcel, then said Parcel shall not be subject to the levy of the Special Tax, and the Taxable Property within the boundaries of said Final Map will be treated as Approved Property, or (ii) if said Final Map indicates that the Existing Single Family Residential Unit has been demolished and one or more Parcels have been created over the site on which the Existing Single Family Residential Unit stood, the resulting Parcel(s) and the Taxable Property within the boundaries of said Final Map are to be classified as Approved Property or Developed Property, as applicable.

When Parcels are annexed into the CFD, the Legislative Body shall adopt annexation maps to reflect the inclusion of the Annexed Property.

C. ASSIGNED AND MAXIMUM SPECIAL TAX RATES

1. Undeveloped Property, Taxable Non-Residential Property, Taxable Property Owners' Association Property and Taxable Public Property.

Maximum Special Tax

As of July 1st of 2005 the Maximum Special Tax for each Parcel of Undeveloped Property, Taxable Non-Residential Property, Taxable Property Owners' Association Property and Taxable Public Property is the amount per Acre stated in column (5) of Table 1 times the Acreage of the Parcel.

On July 1st of each Fiscal Year commencing July 1st of 2006, the Maximum Special Tax per Acre for Undeveloped Property, Taxable Non-Residential Property, Taxable Property Owners' Association Property and Taxable Public Property shall increase by the greater of 2.00% or the TUMF Percentage Change for a Single Family Residential Unit for the period beginning on July 1st of the prior calendar year to the next succeeding July 1st on which date the calculation is being made.

2. Approved Property

a. Assigned Special Tax

Upon determination that a Parcel of Taxable Property is Approved Property, (i) the Assigned Special Tax for each Parcel to be developed as Single Family Property, as shown on the Final Map, shall be the product of the TUMF for a Single Family Residential Unit in effect on the July 1st preceding the recordation date of the Final Map multiplied by the Special Tax Factor, and (ii) the Assigned Special Tax for each Parcel that is to be developed as Multifamily Property shall be the product of the TUMF for a Multifamily Residential Unit in effect on the July 1st preceding the recordation date of the Final Map multiplied by the number of proposed dwelling units as shown on the Final Map or as determined by the Administrator, multiplied by the Special Tax Factor.

For any Parcel that becomes Approved Property prior to July 1st of 2006, the TUMF in effect on July 1st of 2006 for shall be applied.

On July 1st of each Fiscal Year commencing July 1st of 2007, the Assigned Special Tax for any Parcel of Approved Property that was classified as such in the prior Fiscal Year shall increase by an amount equal to 2.00% of the Assigned Special Tax in effect for said Parcel for the prior Fiscal Year.

b. Maximum Special Tax

The Maximum Special Tax for each Parcel of Single Family Property and Multifamily Property that is Approved Property shall be the greater of: (i) the applicable Assigned Special Tax as determined by Section C.2.a. or (ii) the amount derived by application of the Backup Special Tax.

Backup Special Tax

Upon determination that a Parcel of Taxable Property is Approved Property, the Backup Special Tax for each Parcel of Single Family Property and Multifamily Property that is Approved Property shall be established as the Assigned Special Tax for such Parcel at the time such Taxable Property becomes Approved Property. On July 1st of each Fiscal Year commencing July 1st of 2007, the Backup Special Tax for any Parcel of Approved Property that was classified as such in the prior Fiscal Year shall increase by an amount equal to 2.00% of the Backup Special Tax in effect the prior Fiscal Year.

Notwithstanding the foregoing, (i) if the number of Parcels of Single Family Property in a specific Final Map is subsequently changed or modified, then the Backup Special Tax will be recalculated for the Parcels of Single Family Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each Parcel of Single Family Property within such changed area shall equal the aggregate Backup Special Tax within the changed area prior to the change or modification in such Final Map divided by the number of Parcels of Single Family Property within such area and (ii) if the number of Parcels of Multifamily Property in a specific Final Map is subsequently changed or modified, then the Backup Special Tax will be recalculated for the Parcels of Multifamily Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each Parcel of Multifamily Property within such changed area shall equal the aggregate Backup Special Tax within the changed area prior to the change or modification in the Final Map divided by the revised number of Parcels of Multifamily Property within such area.

3. Developed Property

a. Assigned Special Tax

Upon determination that any Parcel within a Final Map of Taxable Property is Developed Property, (i) the Assigned Special Tax as Developed Property for each Parcel within the Final Map to be developed as Single Family Property, as shown on the Final Map, shall be established as the greater of (a) product of the TUMF for a Single Family Residential Unit in effect on the July 1st preceding the date the first Building Permit is issued for a Parcel of Single Family Property within that Final Map multiplied by the Special Tax Factor or (b) the Assigned Special Tax in effect for such Parcels as Approved Property increased by 2.00% per Fiscal Year since the Parcel became Approved Property, and (ii) the Assigned Special Tax as Developed Property for each Parcel within the Final Map to be developed as Multifamily Property, as determined by the Administrator, shall be established as the greater (a) the product of the TUMF for a Multifamily Residential Unit in effect on the July 1st preceding the date the first Building Permit is issued for a Parcel of Multifamily Property within that Final Map multiplied by the number of dwelling units in the Building Permit for said Parcel, as determined by the Administrator, multiplied by the Special Tax Factor or (b) the Assigned Special Tax in effect for such Parcel as Approved Property increased by 2.00% per Fiscal Year since the Parcel became Approved Property.

The Special Tax established for Developed Property within a Final Map shall be applied to an individual Parcel within said Final Map only after a Building Permit has been issued for such Parcel.

For any Parcel that becomes Developed Property prior to July 1st of 2006, the TUMF effective on July 1st of 2006 shall be applied.

On July 1st of each Fiscal Year commencing July 1st of 2007, after a Parcel is determined to be Developed Property, the Assigned Special Tax for a Parcel of Developed Property shall increase by an amount equal to 2.00% of the Assigned Special Tax as Developed Property in effect for such Parcel of Developed Property as of July 1st of the prior Fiscal Year.

b. Maximum Special Tax

The Maximum Special Tax for each Parcel of Single Family Property and Multifamily Property that is Developed Property shall be the greater of: (i) the applicable Assigned Special Tax as determined by Section 3.a. above, or (ii) the amount derived by application of the Backup Special Tax.

Backup Special Tax

Upon determination that any Parcel of Taxable Property within a Final Map is Developed Property, the Backup Special Tax for each Parcel of Single Family Property and Multifamily Property within such Final Map shall be established as the Assigned Special Tax for such Parcel at the time such Parcel's Developed Property Assigned Special Tax rate is established. On July 1st of each Fiscal Year commencing July 1st of 2007, the Developed Property Backup Special Tax for any Parcel within such Final Map shall increase by an amount equal to 2.00% of the Backup Special Tax in effect for such Final Map the prior Fiscal Year.

Notwithstanding the foregoing, (i) if the number of Parcels of Single Family Property in a specific Final Map whose Assigned Special Tax as Developed Property has been established is subsequently changed or modified, then the Backup Special Tax will be recalculated for the Parcels of Single Family Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each Parcel of Single Family Property within such changed area shall equal the aggregate

Backup Special Tax within the changed area prior to the change or modification in such Final Map divided by the number of Parcels of Single Family Property within such area and (ii) if the number of Parcels of Multifamily Property in a specific Final Map whose Assigned Special Tax as Developed Property has been established is subsequently changed or modified, then the Backup Special Tax will be recalculated for the Parcels of Multifamily Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each Parcel of Multifamily Property within such changed area shall equal the aggregate Backup Special Tax within the changed area prior to the change or modification in the Final Map divided by the revised number of Parcels of Multifamily Property within such area.

4. Multiple Land Use Property

In some instances a Parcel of Developed Property may be assigned to more than one Land Use Category. The Assigned Special Tax levied on the Residential portion of such a Parcel shall be the sum of the Assigned Special Tax levies for Residential Land Use Category on that Parcel. The Maximum Special Tax levied on the Residential portion of a Parcel shall be the Maximum Special Tax levy that can be imposed on the Residential Land Use Category on that Parcel. The Taxable Non-Residential portion of such parcel shall be subject to the Special Tax in Accordance with the Fifth step of Section D, below.

For purposes of calculating the Backup Special Tax for the Residential Land Use Category of Developed Property under such circumstances, the Acreage assigned to the Residential Land Use Category shall be based on the proportion of Residential Floor Area or Non-Residential Floor Area that is built for each Land Use Category as compared with the Total Floor Area built on the Parcel. The Administrator shall determine all allocations made under this section, and all such allocations shall be final.

TABLE 1
Special Taxes
For Fiscal Year 2005-2006

(1) Land Use Category	*(2) Taxable Parcel/Acre*	*(3) Current TUMF as of July 1st, 2005*	*(4) Special Tax Factor*	*(5) Assigned Special Tax Per Parcel/Unit/Acre*
1 – Developed Single Family Property	Parcel	$7,248	11.3%	$ 819.02
2 – Approved Single Family Property	Parcel	$7,248	11.3%	$ 819.02
3 – Developed Multifamily Property	Unit	$5,021	11.3%	$ 567.37
4 – Approved Multifamily Property	Unit	$5,021	11.3%	$ 567.37
5 – Undeveloped Property	Acre	N/A	N/A	$2,018.94
6 – Taxable Public Property, Taxable Property Owners' Association Property and Taxable Non-Residential Property	Acre	N/A	N/A	$2,018.94

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2006-2007 and for each following Fiscal Year, the Legislative Body shall levy the Special Tax on all Taxable Property in accordance with the following steps:

First: Prior to the issuance of any series of Bonds, the Special Tax shall be levied on each Parcel of Developed Property for which a Building Permit has been issued at 100% of the applicable Assigned

Special Tax to be applied to the Cost of the Facilities; subsequent to the issue of the first series of Bonds, the Special Tax shall be levied Proportionately on each Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement;

Second: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Parcel of Approved Property at up to 100% of the applicable Assigned Special Tax, as needed to satisfy the Special Tax Requirement;

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax levied on each Parcel of Approved Property and Developed Property shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Parcel as needed to satisfy the Special Tax Requirement;

Fifth: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Taxable Non-Residential Property up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement;

Sixth: If additional moneys are needed to satisfy the Special Tax Requirement after the first five steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Taxable Property Owners' Association Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement;

Seventh: If additional moneys are needed to satisfy the Special Tax Requirement after the first six steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Taxable Public Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances shall the Special Taxes levied against any Parcel of Residential Property be increased by more than ten percent (10%) per Fiscal Year as a consequence of delinquency or default by the owner of any other Parcel within the CFD.

E. EXEMPTIONS

Land conveyed or irrevocably offered for dedication to a public agency after formation of the CFD and not otherwise exempt pursuant to this Section E, shall be subject to the levy of Special Tax pursuant to Section 53317.3 or 53317.5 of the Act.

The Special Tax shall not be imposed upon any of the following:

The Legislative Body shall not levy Special Taxes on up to 569 Acres of Public Property, Property Owners' Association Property or Non-Residential Property within the CFD which include, but are not limited to, public streets, water and sewer facilities, flood control drainage channels, public schools or property dedicated and restricted for the use as open space, park, habitat reserve, golf course clubhouse or recreational facilities, non-residential development, or utility property utilized for the provision of services to the public or a property encumbered with public or utility easements making impractical its utilization for other than the purpose set forth in the easement.

After the limit of Acres above has been reached, the Administrator will review additional requests for Exempt Property to verify that Special Taxes that could be levied on Taxable Property in each Fiscal Year, assuming such exemption were approved and assuming the current status of development and the expected development plan for all Parcels within the CFD for which an approved tentative tract map has been issued, are at least 110% of the annual debt service requirements for each Fiscal Year through maturity of the Outstanding Bonds plus estimated annual Administrative Expenses, and if all Bonds of the CFD have not been issued, an amount that takes into account Bonds to be issued for the full Cost of the Facilities. If Special Taxes will not provide at least 110% of the debt service requirements through maturity of the Outstanding Bonds plus estimated annual Administrative Expenses, plus, if all Bonds of the CFD have not been issued, an amount such that taking into account Bonds to be issued for the full Cost of the Facilities, the Special Tax obligation for any additional Public Property and/or Property Owners' Association Property and/or Non-residential Property may prepay pursuant to the provision within Section H., below. Until the Special Tax obligation is prepaid as provided for in the preceding sentence, the parcel will be categorized as Taxable Non-Residential Property, Taxable Property Owners' Association Property and/or Taxable Public Property and will be subject to the levy of the Special Tax as provided for in the Fifth step, the Sixth step and the Seventh step of Section D. above.

For Annexed Property, increases to the stated amount of Exempt Property Acres as stated in the third paragraph of this Section E. will be increased as determined appropriate by the Administrator.

F. MANNER OF COLLECTION, PENALTIES, PROCEDURE AND LIEN PRIORITY

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

G. APPEALS

Any owner of a Parcel claiming that the amount of the Special Tax levied on such Parcel is not correct and/or requesting a refund may file a written notice of appeal with the Administrator once the Special Tax in dispute has been paid but, not later than 12 months after the mailing of the property tax bill on which the Special Tax appears. The Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, convene the CFD Special Tax Review Board and decide the appeal. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any legal action by such owner.

H. PREPAYMENT OF SPECIAL TAX

The Maximum Special Tax obligation may only be prepaid and permanently satisfied by a Parcel of Developed Property or Public Property, Property Owners' Association Property and/or Non-residential Property that is not Exempt Property pursuant to Section E. The Maximum Special Tax obligation applicable to such Parcel may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment.

No Special Tax prepayment in full or prepayment in part shall be allowed unless the amount of Maximum Special Taxes, based on the categorization and classification hereunder of all Parcels on the date of the calculation, that may be levied on Taxable Property in each Fiscal Year commencing with the Fiscal Year of the proposed prepayment is at least equal to the sum of (a) 1.1 times the debt service on the Outstanding Bonds due in the calendar year which commences in such Fiscal Year (assuming a full year's debt service); plus (b) the Administrative Expenses for such Fiscal Year.

An owner of a Parcel intending to prepay the Maximum Special Tax obligation for the Parcel shall provide the Administrator with written notice of intent to prepay, and within 15 business days of receipt of such notice, the Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the Prepayment Amount (as defined below) for the Parcel. Within 15 business days of receipt of such non-refundable deposit, the Administrator shall notify such owner of the Prepayment Amount for the Parcel. Prepayment must be made not less than 60 business days prior to any redemption date, unless authorized by the Administrator, for any Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

1. Prepayment in Full – Before the Administrator has determined that the full Cost of the Facilities has been provided for

The prepayment before the Full Cost of the Facilities has been provided for shall equal the present value of the remaining payments of the Special Tax (computed assuming that the Maximum Special Tax will be paid through Fiscal Year 2049-2050, starting from December 10th of the Fiscal Year of the prepayment and annually on such date thereafter and using a discount rate equal to 7.00% per year), and provided that the foregoing Prepayment Amount shall be increased if the Administrator determines that such increase is necessary so that the total Prepayment amount will be at least equal to the Parcel's TUMF obligation and estimated Administrative Expenses. The CFD shall not be obligated to redeem Bonds, but may apply the Prepayment Amount and Bond Redemption Amount towards the Costs of the Facilities.

With respect to any Parcel for which the Special Tax obligation is prepaid, the Legislative Body shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien for the Parcel, and the obligation of the Parcel to pay the Special Tax shall cease.

2. Prepayment in Full – After the Administrator has determined that the full Cost of the Facilities has been provided for

The Prepayment Amount (defined below) after the Full Cost of the Facilities has been provided for shall equal the sum of the amount as identified below (capitalized terms as defined below):

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

The Prepayment Amount shall be determined as of the proposed prepayment date as follows:

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

2. For Parcels of Developed Property, compute the Maximum Special Tax obligation for the current Fiscal Year for the Parcel. For Parcels of Public Property, Property

Owners' Association Property and/or Non-residential Property to be prepaid, compute the Maximum Special Tax obligation for the current Fiscal Year for the Parcel.

3. Divide the Maximum Special Tax obligation derived pursuant to paragraph 2 by the total calculated Maximum Special Taxes for the current Fiscal Year for the entire CFD.

4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "*Bond Redemption Amount*").

5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").

6. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from Special Tax prepayments.

7. Determine the Special Taxes levied on the Parcel in the current Fiscal Year which have not yet been paid.

8. Compute the amount the Administrator reasonably expects to derive from the investment of the Bond Redemption Amount from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.

9. Add the amounts derived pursuant to paragraphs 6 and 7 and subtract the amount derived pursuant to paragraph 8 (the "*Defeasance Amount*").

10. Verify the administrative fees and expenses, including the costs of computation of the Prepayment Amount, the costs to invest the Prepayment Amount, the costs of redeeming the Outstanding Bonds, and the costs of recording notices to evidence the prepayment of the Maximum Special Tax obligation for the Parcel and the redemption of Outstanding Bonds (the "*Administrative Fees and Expenses*").

11. The reserve fund credit (the "*Reserve Fund Credit*") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.

12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit (the "*Prepayment Amount*").

13. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and the Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds, make

debt service payments, or be applied towards the Costs of the Facilities. The Administrative Fees and Expenses shall be retained by the CFD.

The Prepayment Amount may be sufficient to redeem other than a $5,000 increment of Bonds. In such event, the increment above $5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Maximum Special Tax obligation prepayments of Outstanding Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 7 (above), the Administrator shall remove the current Fiscal Year's Special Tax levy for the prepaying Parcel from the County tax rolls. With respect to any Parcel for which the Special Tax obligation is prepaid, the Legislative Body shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien for the Parcel, and the obligation of the Parcel to pay the Special Tax shall cease.

3. Prepayment in Part – After the Administrator has determined that the full Cost of the Facilities has been provided for

The Maximum Special Tax on a Parcel of Developed Property may be partially prepaid in increments of $5,000, only after the Administrator has determined that the full Cost of the Facilities has been provided for. For purposes of determining the partial prepayment amount, the provision of Section H.2 shall be modified as provided by the following formula:

$$PP = ((PE - A) \times F) + A$$

These terms have the following meaning:

PP = the partial prepayment
PE = the Prepayment Amount calculated according to Section H.2
F = the percent by which the owner of the Parcel(s) is partially prepaying the Maximum Special Tax obligation.
A = the Administrative Fees and Expenses determined pursuant to Section H.2

With respect to any Parcel for which the Maximum Special Tax obligation is partially prepaid, the Administrator shall (i) distribute the Partial Prepayment as provided in Paragraph 13 of Section H.2, and (ii) indicate in the records of the CFD that there has been a Partial Prepayment for the Parcel and that a portion of the Maximum Special Tax obligation equal to the remaining percentage (1.00 - F) of the Maximum Special Tax obligation will, and the Special Tax shall continue on the Parcel pursuant to Section D.

I. TERM OF THE SPECIAL TAX

Special Taxes shall be levied for the period necessary to satisfy the Special Tax Requirement, but in no event shall Special Taxes be levied after Fiscal Year 2049-2050 or the latest scheduled maturity of the final series of Bonds, whichever is sooner.

EXHIBIT A

BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)

EXHIBIT B

BOUNDARIES – POTENTIAL ANNEXATION AREA

COMMUNITY FACILITIES DISTRICT NO. 05-8 (SCOTT ROAD)

APPENDIX B

GENERAL INFORMATION CONCERNING THE COUNTY OF RIVERSIDE

The following information concerning the County of Riverside (the "County") is presented as general background information. The Bonds are not general obligations of the County but are limited obligations of Community Facilities District No. 05-8 (Scott Road) of the County of Riverside (the "Community Facilities District"), as more fully described in this Official Statement, and the taxing power of the County is not pledged to the payment of the Bonds.

Population

According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,227,577 as of January 1, 2012, representing an approximately 1% increase over the County's population as estimated for the prior year. For the ten year period of January 1, 2003 to January 1, 2012, the County's population grew by 28.7%. During this period, the cities of Eastvale, Jurupa Valley, Menifee and Wildomar incorporated, with a total population of 265,366 as of January 1, 2012. After giving effect to such incorporations, the population in the unincorporated areas of the County increased by 19.3% during such ten-year period. Currently, the growth in the County has tempered due to the economy. Between January 1, 2011 and January 1, 2012, the County population increased by approximately 1%, a rate close to the statewide average.

The following table sets forth annual population figures, as of January 1 of each year, for cities located within the County for each of the years listed:

COUNTY OF RIVERSIDE
POPULATION OF CITIES WITHIN THE COUNTY
(As of January 1)

CITY	*2008*	*2009*	*2010*	*2011*	*2012*
Banning	28,695	29,144	29,492	29,723	29,965
Beaumont	33,002	34,387	36,468	38,034	38,851
Blythe	20,817	20,460	20,882	20,063	20,400
Calimesa	7,626	7,747	7,847	7,910	7,998
Canyon Lake	10,421	10,511	10,550	10,606	10,689
Cathedral City	50,401	50,812	51,093	51,400	51,952
Coachella	38,521	39,079	40,508	41,339	41,904
Corona	147,319	149,692	151,858	153,047	154,520
Desert Hot Springs	25,115	25,690	25,886	27,277	27,638
Eastvale	-	-	-	54,090	55,602
Hemet	75,383	76,961	78,295	79,309	80,089
Indian Wells	4,826	4,910	4,947	4,990	5,035
Indio	74,007	74,590	75,263	76,817	78,065
Jurupa Valley	-	-	-	-	96,456
Lake Elsinore	49,747	50,616	51,448	52,294	53,024
La Quinta	36,744	37,116	37,044	37,688	38,075
Menifee	-	75,707	77,902	79,139	80,589
Moreno Valley	185,513	189,690	192,599	194,451	196,495
Murrieta	100,476	101,998	103,066	104,051	104,985
Norco	26,812	26,852	27,069	26,968	27,053
Palm Desert	47,453	47,993	48,215	48,920	49,971
Palm Springs	44,026	44,346	44,480	44,829	45,279
Perris	63,041	65,422	67,607	69,506	70,180
Rancho Mirage	16,815	17,037	17,165	17,399	17,504
Riverside	293,988	298,721	302,597	306,069	308,511
San Jacinto	40,877	42,652	43,881	44,421	44,803
Temecula	95,332	97,741	99,757	101,255	103,092
Wildomar	0	31,732	32,393	32,414	32,719
TOTALS					
Incorporated	1,516,957	1,651,606	1,678,312	1,754,009	1,861,944
Unincorporated	585,784	489,020	501,380	451,722	365,633
County-Wide	2,102,741	2,140,626	2,179,692	2,205,731	2,227,577
California	36,704,375	36,966,713	37,223,900	37,427,946	37,768,563

Source: State Department of Finance, Demographic Research Unit.

Personal Income

Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in Riverside County increased by 75% between 2000 and 2011. The following tables summarize personal income for Riverside County for 2000 through 2011.

PERSONAL INCOME
Riverside County
2000-2010
(Dollars in Thousands)

Year	*Riverside County*	*Annual Percent Change*
2000	$38,238,713	8.5
2001	41,362,723	8.2
2002	43,619,440	5.5
2003	46,998,865	7.7
2004	50,899,043	8.3
2005	55,177,252	8.4
2006	60,450,090	9.6
2007	63,749,464	5.5
2008	65,067,438	2.1
2009	61,965,156	(5.0)
2010	63,949,636	3.2
2011	67,024,780	4.8

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following tables summarizes per capita personal income for Riverside County, California and the United States for 2000-2011.

PER CAPITA PERSONAL INCOME[(1)]
Riverside County, State of California and the United States
2000-2011

Year	*Riverside County*	*California*	*United States*
2000	$24,526	$33,404	$30,319
2001	25,616	33,896	31,157
2002	25,922	34,049	31,481
2003	26,647	34,975	32,295
2004	27,578	36,887	33,909
2005	28,563	38,731	35,424
2006	30,039	41,518	37,725
2007	30,720	43,211	39,506
2008	30,842	44,003	40,947
2009	29,000	41,034	38,637
2010	29,222	41,893	39,791
2011	29,927	43,647	41,560

(1) Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

INDUSTRY AND EMPLOYMENT

The County is a part of the Riverside-San Bernardino Primary Metropolitan Statistical Area ("PMSA"), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the PMSA has large and growing commercial and service sector employment, as reflected in the following table.

RIVERSIDE-SAN BERNARDINO-ONTARIO MSA
INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE

	2006	*2007*	*2008*	*2009*	*2010*	*2011*
Civilian Labor Force	1,745,600	1,766,900	1,776,000	1,774,300	1,798,200	1,799,000
Civilian Employment	1,659,700	1,664,000	1,629,500	1,540,100	1,540,500	1,557,800
Civilian Unemployment	85,900	102,900	146,500	234,200	257,700	241,200
Civilian Unemployment Rate	4.9%	5.8%	8.3%	13.2%	14.3%	13.4%
Total Farm	17,300	16,400	15,900	14,900	15,000	14,900
Total Nonfarm	1,267,700	1,270,900	1,223,800	1,134,800	1,125,900	1,129,700
Total Private	1,045,200	1,045,600	994,000	906,400	891,600	902,400
Goods Producing	252,300	232,400	198,800	157,800	145,800	145,600
Natural Resources and Mining	1,400	1,300	1,200	1,100	1,000	1,000
Construction	127,500	112,500	90,700	67,900	59,700	58,700
Manufacturing	123,400	118,500	106,900	88,800	85,100	85,800
Service Providing	1,015,400	1,038,600	1,025,000	977,000	980,000	984,200
Trade, Transportation and Utilities	291,100	301,900	292,900	271,900	270,800	275,100
Wholesale Trade	54,200	56,800	54,100	48,900	48,600	49,400
Retail Trade	173,200	175,600	168,600	156,200	155,500	157,200
Transportation, Warehousing and Utilities	63,800	69,500	70,200	66,800	66,600	68,500
Information	15,300	15,400	14,900	15,100	15,800	15,000
Financial Activities	51,500	49,800	46,100	42,500	41,000	39,200
Professional and Business Services	142,400	145,200	137,700	124,300	123,400	126,100
Educational and Health Services	122,100	127,200	131,800	133,600	133,800	137,900
Leisure and Hospitality	128,100	132,600	131,000	123,800	122,800	124,300
Other Services	42,500	41,200	40,800	37,300	38,200	39,300
Government	222,500	225,300	229,900	228,400	234,300	227,300
Total, All Industries	1,285,000	1,287,300	1,239,700	1,149,700	1,140,900	1,144,600

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The "Total, All Industries" data is not directly comparable to the employment data found in this Appendix C.

Source: State of California, Employment Development Department, *Riverside-San Bernardino PMSA Industry Employment & Labor Force - by Annual Average.*

The following table sets forth the major employers located in the County.

PRINCIPAL EMPLOYERS
County of Riverside
2011

Company Name	Product/Service	Employees
County of Riverside	County Government	18,000
March Air Reserve Base	Government/Military	8,525
Stater Brothers Market	Grocery Store	6,902
U.C. Riverside	University	4,907
Corona-Norco Unified School District	School District	4,400
Pechanga Resort & Casino	Casino	4,000
Riverside Unified School District	School District	3,900
Kaiser Permanente Riverside Medical Center	Health Care	3,500
Riverside Community College	Community College	3,141
Abbott Vascular	Medical Products	3,000

Source: County of Riverside 'Comprehensive Annual Financial Report' for the year ending June 30, 2011.

The following table summarizes the labor force, employment and unemployment figures over the past five years for County, the State and the nation as a whole.

COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA AND UNITED STATES
Average Annual Civilian Labor Force, Employment and Unemployment

Year and Area	*Labor Force*	*Employment* [1]	*Unemployment* [2]	*Unemployment Rate (%)* [3]
2005				
Riverside County	857,300	811,000	46,300	5.4%
California	17,629,200	16,671,900	957,200	5.4
United States[4]	149,320,000	141,730,000	7,591,000	5.1
2006				
Riverside County	890,100	845,300	44,800	5.0%
California	17,821,100	16,948,400	872,700	4.9
United States[4]	151,428,000	144,427,000	7,001,000	4.6
2007				
Riverside County	911,500	856,500	55,000	6.0%
California	18,078,000	17,108,700	969,300	5.4
United States[4]	153,124,000	146,047,000	7,078,000	4.6
2008				
Riverside County	918,800	839,900	79,000	8.6%
California	18,391,800	17,059,600	1,332,300	7.2
United States[4]	154,287,000	145,362,000	8,924,000	5.8
2009				
Riverside County	913,900	790,000	123,900	13.6%
California	18,250,200	16,163,900	2,086,200	11.4
United States[4]	154,142,000	139,877,000	14,265,000	9.3
2010				
Riverside County	913,400	779,100	134,300	14.7%
California	18,176,200	15,916,300	2,259,900	12.4
United States[4]	153,889,000	139,064,000	14,825,000	9.6
2011				
Riverside County	906,900	780,700	125,300	13.8%
California	18,384,900	16,226,600	2,158,300	11.7
United States[4]	153,617,000	139,869,000	13,747,000	8.9

(1) Includes persons involved in labor-management trade disputes.
(2) Includes all persons without jobs who are actively seeking work.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
(4) Not strictly comparable with data for prior years.
Source: California Employment Development Department and U.S. Department of Labor, Bureau of Labor Statistics.

Commercial Activity

Commercial activity is an important factor in the County's economy. Much of the County's commercial activity is concentrated in central business districts or small neighborhood commercial centers in cities. There are five regional shopping malls in the County: Galleria at Tyler (Riverside), Hemet Valley Mall, Westfield Palm Desert Shopping Center, Moreno Valley Mall and the Promenade at Temecula. There are also two factory outlet malls (Desert Hills Factory Stores and Lake Elsinore Outlet Center) and over 200 area centers in the County.

The following table sets forth taxable transactions in the County for the years 2007 through 2010 and for the first half of 2011.

TAXABLE SALES
County of Riverside
2007-2011(1)
(Dollars in Thousands)

Year	*Retail Permits*	*Retail Stores Taxable Transactions*	*Total Permits*	*Total Outlets Taxable Transactions*
2007	22,918	$21,242,516	45,279	$29,023,609
2008	23,604	18,689,249	46,272	26,003,595
2009	29,829	16,057,488	42,765	22,227,877
2010	32,534	16,919,500	45,688	23,152,780
2011(1)	33,398	9,148,040	46,886	12,547,032

Note: In 2009, retail permits expanded to include permits for food services.
(1) Reflects taxable sales through the first half of 2011.
Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

Building and Real Estate Activity

The two tables below are a five-year summary of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) since 2007.

COUNTY OF RIVERSIDE
BUILDING PERMIT VALUATIONS
(IN THOUSANDS)

	2007	*2008*	*2009*	*2010*	*2011*
RESIDENTIAL					
New Single-Family	$ 2,207,320	$ 1,214,752	$ 891,825	$ 914,058	$ 651,747
New Multi-Family	238,316	243,741	76,717	71,152	115,064
Alterations and Adjustments	141,996	118,490	85,148	94,429	119,684
Total Residential	$ 2,587,832	$ 1,576,983	$ 1,053,690	$ 1,079,639	$ 886,495
NON-RESIDENTIAL					
New Commercial	$ 682,331	$ 539,944	$ 94,653	$ 191,324	$ 152,160
New Industry	184,506	70,411	12,278	6,686	10,000
New Other(1)	240,765	138,766	107,334	98,105	99,898
Alterations & Adjustments	350,539	292,694	162,557	243,265	297,357
Total Nonresidential	$ 1,458,141	$ 1,041,815	$ 376,822	$ 539,380	$ 559,415
TOTAL ALL BUILDING	$ 4,045,973	$ 2,618,798	$ 1,430,512	$ 1,619,019	$ 1,445,910

(1) Includes churches and religious buildings, hospitals and institutional buildings, schools and educational buildings, residential garages, public works and utilities buildings and non-residential alterations and additions.
Source: Construction Industry Research Board.

COUNTY OF RIVERSIDE
NUMBER OF NEW DWELLING UNITS

	2007	*2008*	*2009*	*2010*	*2011*
Single Family	9,763	3,815	3,424	4,031	2,676
Multi-Family	2,690	2,104	784	526	1,073
TOTAL	12,453	5,919	4,208	4,557	3,749

Source: Construction Industry Research Board.

The following table sets forth a comparison of annual median housing prices for Los Angeles County, Riverside County, San Bernardino County and Southern California for the years indicated.

COUNTY OF RIVERSIDE
COMPARISON OF MEDIAN HOUSING PRICES

Year	*Los Angeles*	*Riverside*	*San Bernardino*	*Southern California*[(1)]
2006	$515,000	$419,000	$365,000	$481,000
2007	535,000	395,000	355,000	487,000
2008	400,000	260,000	225,000	340,000
2009	320,000	190,000	150,000	270,000
2010	335,000	200,000	155,000	290,000
2011	315,000	195,000	150,000	280,000

(1) Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.
Source: MDA DataQuick Information Systems.

The following table sets forth a comparison of home and condominium foreclosures recorded in Los Angeles County, Riverside County, San Bernardino County and Southern California for the years indicated.

COUNTY OF RIVERSIDE
COMPARISON OF HOME FORECLOSURES

Year	*Los Angeles*	*Riverside*	*San Bernardino*	*Southern California*[(1)]
2006	1,997	1,778	1,011	7,355
2007	12,466	12,497	7,746	46,086
2008	35,366	32,443	23,601	125,117
2009	29,943	25,309	19,757	100,106
2010	26,827	20,598	16,757	86,853
2011	25,454	17,381	14,181	77,003

(1) Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.
Source: MDA DataQuick Information Systems.

Agriculture

Agriculture remains an important source of income in the County. Principal agricultural products are milk, eggs, table grapes, grapefruit, nursery, alfalfa, bell peppers, dates, lemons and avocados.

Four areas in the County account for the major portion of agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of the County, the Coachella Valley in the central portion and the Palo Verde Valley near the County's eastern border.

The value of agricultural production in the County for 2007 through 2011 is presented in the following table.

COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION

	2007	*2008*	*2009*	*2010*	*2011*
Citrus Fruits	$ 121,387,100	$ 135,759,800	$ 101,652,000	$ 140,500,922	$ 119,942,513
Trees and Vines	189,286,500	173,678,000	191,682,600	164,993,600	232,649,262
Vegetables, Melons, Miscellaneous	234,854,700	266,414,900	221,286,700	292,002,337	278,628,295
Field and Seed Crops	94,492,000	123,545,400	69,699,800	81,328,229	149,198,052
Nursery	272,326,200	230,416,200	206,499,900	169,341,300	200,154,964
Apiculture	3,948,900	5,637,000	5,017,600	4,631,700	4,844,400
Aquaculture Products	9,829,200	12,077,700	5,243,900	4,921,676	4,808,250
Total Crop Valuation	$ 926,124,600	$ 947,529,000	$ 801,082,500	$ 857,720,124	$ 990,225,736
Livestock and Poultry Valuation	338,938,600	321,060,900	214,672,800	235,926,225	292,030,380
Grand Total	$ 1,265,063,200	$ 1,268,589,900	$ 1,015,755,300	$ 1,093,646,349	$ 1,282,256,116

Source: Riverside County Agricultural Commissioner.

Transportation

Several major freeways and highways provide access between the County and all parts of Southern California. State Route 91 extends southwest through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses most of the width of the County, the western-most portion of which links up with major cities and freeways in Los Angeles County and the southern part of San Bernardino County, with the eastern part linking to the County's desert cities and Arizona. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. State Route 60 provides an alternate (to Interstate 10) east-west link to Los Angeles County.

Currently, Metrolink provides commuter rail service to Los Angeles, San Bernardino and Orange Counties from several stations in the County. Transcontinental passenger rail service is provided by Amtrak with stops in Riverside and Indio. Freight service to major west coast and national markets is provided by two transcontinental railroads -- Union Pacific Railroad and the Burlington Northern and Santa Fe Railway Company. Truck service is provided by several common carriers, making available overnight delivery service to major California cities.

Transcontinental bus service is provided by Greyhound Lines. Intercounty, intercity and local bus service is provided by the Riverside Transit Agency to western County cities and communities. There are also four municipal transit operators in the western County providing services within the cities of Banning, Beaumont, Corona and Riverside. The SunLine Transit Agency provides local bus service throughout the Coachella Valley, including the cities of Palm Springs and Indio. The Palo Verde Valley Transit Agency provides service in the far eastern portion of the County (City of Blythe and surrounding communities).

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by Los Angeles World Airports, a proprietary department of the City of Los Angeles. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports. There is a military base at March Air Reserve Base, which converted from an active duty base to a reserve-only base on April 1, 1996. The March AFB Joint Powers Authority (the "JPA"), comprised of the County and the Cities of Riverside, Moreno Valley and Perris, is responsible for planning and developing joint military and civilian use. The JPA has constructed infrastructure improvements, entered into leases with private users and initialized a major business park project.

Education

There are four elementary school districts, one high school district, eighteen unified (K-12) school districts and four community college districts in the County. Ninety-five percent of all K-12 students attend schools in the unified school districts. The three largest unified school districts are Corona-Norco Unified School District, Riverside Unified School District and Moreno Valley Unified School District.

There are seven two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley and Palo Verde Valley. There are also three universities located in the City of Riverside -- the University of California, Riverside, La Sierra University and California Baptist University.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

[TO COME]

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT OF COMMUNITY FACILITIES DISTRICT

[TO COME]

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[TO COME]

APPENDIX F

BOOK-ENTRY AND DTC

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Reference made to www.dttc.com is presented as a link for additional information regarding DTC and is not a part of this Official Statement.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal of such issue.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, physical Bonds are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

APPENDIX G

BOUNDARIES — POTENTIAL ANNEXATION AREA

Riverside County Board of Supervisors
Request to Speak

Submit request to Clerk of Board (right of podium), Speakers are entitled to three (3) minutes, subject Board Rules listed on the reverse side of this form.

SPEAKER'S NAME: GARRY GRANT

Address: 27068 JARVIS ST
(only if follow-up mail response requested)

City: PERRIS **Zip:** 92570.

Phone #: 951-657-9319

Date: JAN 29TH 013 **Agenda #** 8.1

PLEASE STATE YOUR POSITION BELOW:

Position on "Regular" (non-appealed) Agenda Item:

______**Support** __X__**Oppose** ______**Neutral**

Note: If you are here for an agenda item that is filed for "Appeal", please state separately your position on the appeal below:

______**Support** ______**Oppose** ______**Neutral**

I give my 3 minutes to:________________

BOARD RULES

Requests to Address Board on "Agenda" Items:

You may request to be heard on a published agenda item. Requests to be heard must be submitted to the Clerk of the Board before the scheduled meeting time.

Requests to Address Board on items that are "NOT" on the Agenda:

Notwithstanding any other provisions of these rules, member of the public shall have the right to address the Board during the mid-morning "Oral Communications" segment of the published agenda. Said purpose for address must pertain to issues which are under the direct jurisdiction of the Board of Supervisors. YOUR TIME WILL BE LIMITED TO THREE (3) MINUTES.

Power Point Presentations/Printed Material:

Speakers who intend to conduct a formalized Power Point presentation or provide printed material must notify the Clerk of the Board's Office by 12 noon on the Monday preceding the Tuesday Board meeting, insuring that the Clerk's Office has sufficient copies of all printed materials and at least one (1) copy of the Power Point CD. Copies of printed material given to the Clerk (by Monday noon deadline) will be provided to each Supervisor. If you have the need to use the overhead "Elmo" projector at the Board meeting, please insure your material is clear and with proper contrast, notifying the Clerk well ahead of the meeting, of your intent to use the Elmo.

Individual Speaker Limits:

Individual speakers are limited to a maximum of three (3) minutes. Please step up to the podium when the Chairman calls your name and begin speaking immediately. Pull the microphone to your mouth so that the Board, audience, and audio recording system hear you clearly. Once you start speaking, the "green" podium light will light. The "yellow" light will come on when you have one (1) minute remaining. When you have 30 seconds remaining, the "yellow" light will begin flash, indicating you must quickly wrap up your comments. Your time is up when the "red" light flashes. The Chairman adheres to a strict three (3) minutes per speaker. ***Note: If you intend to give your time to a "Group/Organized Presentation", please state so clearly at the very bottom of the reverse side of this form.***

Group/Organized Presentations:

Group/organized presentations with more than one (1) speaker will be limited to nine (9) minutes at the Chairman's discretion. The organizer of the presentation will automatically receive the first three (3) minutes, with the remaining six (6) minutes relinquished by other speakers, as requested by them on a completed "Request to Speak" form, and clearly indicated at the front bottom of the form.

Addressing the Board & Acknowledgement by Chairman:

The Chairman will determine what order the speakers will address the Board, and will call on all speakers in pairs. The first speaker should immediately step to the podium and begin addressing the Board. The second speaker should take up a position in one of the chamber aisles in order to quickly step up to the podium after the preceding speaker. This is to afford an efficient and timely Board meeting, giving all attendees the opportunity to make their case. Speakers are prohibited from making personal attacks, and/or using coarse, crude, profane or vulgar language while speaking to the Board members, staff, the general public and/or meeting participants. Such behavior, at the discretion of the Board Chairman may result in removal from the Board Chambers by Sheriff Deputies.