NEW ISSUE-FULL BOOK ENTRY **NOT RATED**

In the opinion of Orrick, Herrington & Sutcliffe LLP, 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 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 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 Bonds. See "TAX MATTERS."

$32,655,000
COUNTY OF EL DORADO
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (Blackstone)
SPECIAL TAX BONDS

Dated: Date of Delivery **Due: September 1, as shown below**

The Bonds captioned above (the "Bonds"), are being issued by the County of El Dorado (the "County") by and through its Community Facilities District No. 2005-1 (Blackstone) (the "District"). The Bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being California Government Code Section 53311, et seq. (the "Act"), and are issued pursuant to a Fiscal Agent Agreement dated as of August 1, 2005 (the "Fiscal Agent Agreement") by and between the County and The Bank of New York Trust Company, N.A., as fiscal agent (the "Fiscal Agent"). Proceeds of the Bonds will primarily be used to pay impact fees to be used by the County to construct certain public facilities of benefit to the District (which includes the payment of development impact fees), to provide for the establishment of a reserve fund, and to pay the costs of issuance of the Bonds. Interest on the Bonds is payable March 1, 2006, and thereafter semiannually on March 1 and September 1 of each year.

The Bonds are being issued 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 ultimate purchasers in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. See "APPENDIX F – BOOK-ENTRY SYSTEM."

The Bonds are secured by and payable from a pledge of Special Taxes (as defined herein) to be levied by the County on taxable real property within the boundary of the District, from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes, and from amounts held in certain funds under the Fiscal Agent Agreement, all as more fully described herein. **Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. In the event of delinquency, proceedings may be conducted only against the parcel of real property securing the delinquent Special Tax. There is no assurance the owners will be able to pay the Special Tax or that they will pay a Special Tax even though financially able to do so.** To provide funds for payment of the Bonds and the interest thereon as a result of any delinquent Special Taxes, the County will establish a Reserve Fund from proceeds of the Bonds, as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Property in the District subject to the Special Tax comprises approximately 990 gross acres in the western portion of the County planned for 1,143 single family homes and, to a lesser extent, multifamily and commercial uses. The land is currently undeveloped. Ownership of the property in the District is currently spread among five entities. See "THE DISTRICT" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT."

The Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE BONDS — Redemption."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS DO NOT CONSTITUTE A DEBT OF THE COUNTY WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL DEBT LIMITATION. THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING INFORMATION UNDER THE HEADING "SPECIAL RISK FACTORS," SHOULD BE READ IN ITS ENTIRETY.

This cover page contains certain information for general reference only. It is not a summary of all of the provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "SPECIAL RISK FACTORS" herein for a discussion of the special risk factors that should be considered, in addition to the other matters and risk factors set forth herein, in evaluating the investment quality of the Bonds.

MATURITY SCHEDULE

Maturity Date (September 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP (283113)	Maturity Date (September 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP (283113)
2006	$ 40,000	3.000%	3.125%	BN7	2014	$ 580,000	4.400%	4.500%	BW7
2007	205,000	3.125	3.300	BP2	2015	650,000	4.550	4.650	BX5
2008	250,000	3.375	3.550	BQ0	2016	720,000	4.625	4.800	BY3
2009	295,000	3.625	3.800	BR8	2017	800,000	4.750	4.900	BZ0
2010	345,000	3.750	3.900	BS6	2018	880,000	4.875	5.000	CA4
2011	400,000	3.900	4.050	BT4	2019	970,000	4.900	5.050	CB2
2012	455,000	4.100	4.200	BU1	2020	1,065,000	5.000	5.080	CC0
2013	515,000	4.250	4.350	BV9	2021	1,120,000	5.000	5.100	CF3

$5,075,000 5.150% Term Bond Due September 1, 2025 Price: 100.000% CUSIP: 283113 CD8
$18,290,000 5.250% Term Bond Due September 1, 2035 Price: 100.000% CUSIP: 283113 CE6

The Bonds are offered when, as and if issued, subject to approval as to their legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. Certain legal matters will be passed on by Jones Hall, a Professional Law Corporation, as Disclosure Counsel. Certain legal matters will be passed upon for the County by its County Counsel. It is anticipated that the Bonds will be available for delivery to DTC on or about August 3, 2005.

WESTHOFF, CONE & HOLMSTEDT

The date of this Official Statement is July 20, 2005

COUNTY OF EL DORADO, CALIFORNIA

Board of Supervisors
Rusty Dupray, District No. 1
Helen Baumann, District No. 2
James (Jack) R. Sweeney, District No. 3
Charlie Paine, District No. 4
David A. Solaro, District No. 5

County Officials
Tim Holcomb, Assessor
Joe Harn, Auditor-Controller
C. L. Raffety, Treasurer-Tax Collector

County Staff
Laura Gill, Chief Administrative Officer
Louis B. Green, County Counsel
Liz Diamond, Interim Director, Department of Transportation
Gregory L. Fuz, Director of Planning

SPECIAL SERVICES

Bond Counsel
Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Special Disclosure Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Financial Advisor as Pricing Consultant to the County
Fieldman, Rolapp & Associates
Irvine, California

Special Tax Consultant
Economic & Planning Systems, Inc.
Sacramento, California

District Administrator
NBS Government Finance Group
Temecula, California

Appraiser
Bender Rosenthal, Inc.
Sacramento, California

Fiscal Agent
The Bank of New York Trust Company, N.A.
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the County, the Community Facilities District, any other parties described in this Official Statement, or in the condition of property within Community Facilities District since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

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, 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.

Document References and Summaries. All references to and summaries of the Fiscal Agent Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. 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," "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. THE COMMUNITY FACILITIES DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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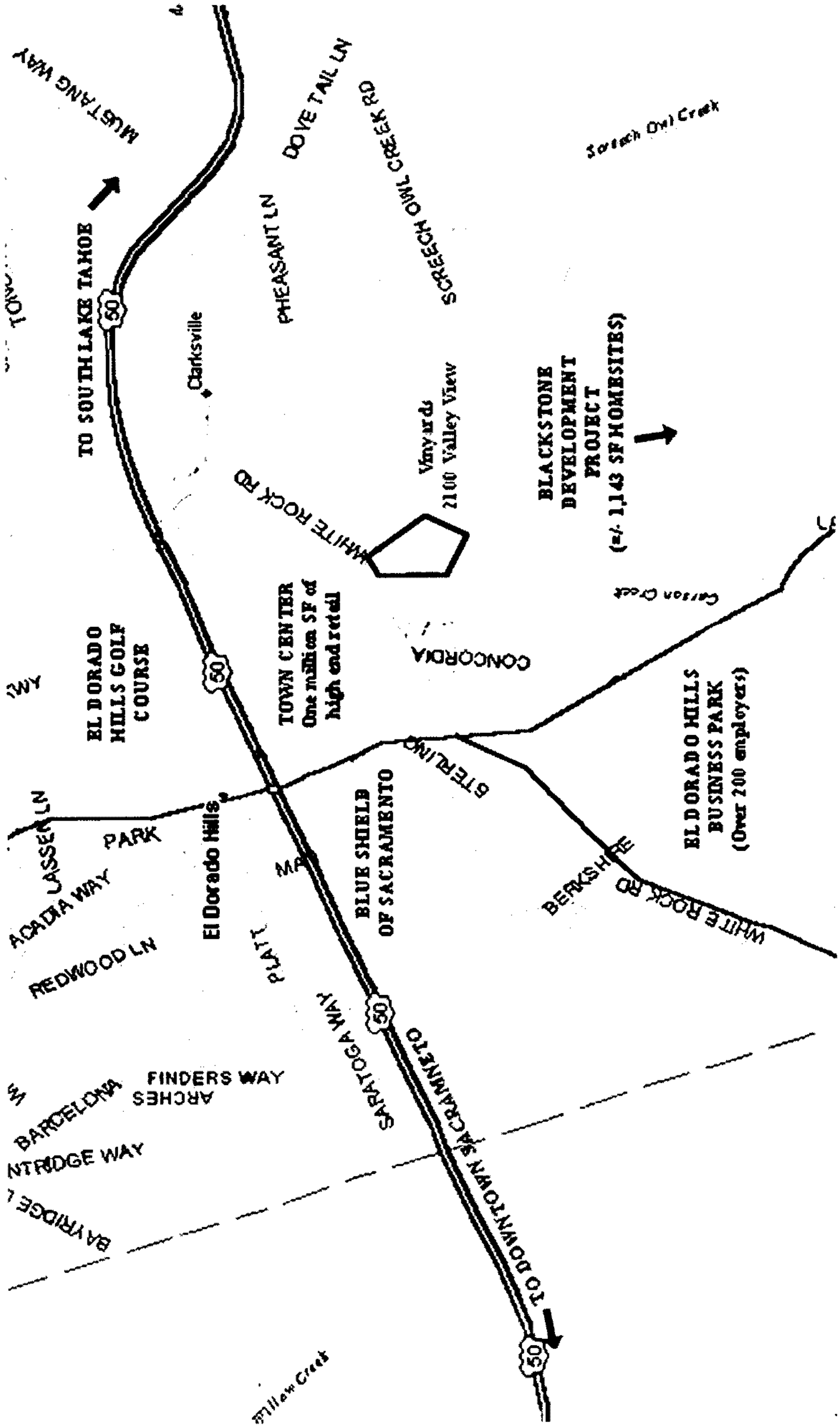
TO SOUTH LAKE TAHOE
MUSTANG WAY
DOVE TAIL LN
SCREECH OWL CREEK RD
Screech Owl Creek
PHEASANT LN
Clarksville
Vineyards
2100 Valley View
BLACKSTONE
DEVELOPMENT
PROJECT
(+/- 1,143 SF HOMESITES)
WHITE ROCK RD
Carson Creek
TOWN CENTER
One million SF of
high end retail
CONCORDIA
EL DORADO
HILLS GOLF
COURSE
50
STERLING
EL DORADO HILLS
BUSINESS PARK
(Over 200 employers)
BLUE SHIELD
OF SACRAMENTO
LASSEN LN
PARK
El Dorado Hills
ACADIA WAY
REDWOOD LN
PLATT
BERKSHIRE
WHITE ROCK RD
SARATOGA WAY
FINDERS WAY
ARCHES
BARCELONA
NTRIDGE WAY
BAYRIDGE
TO DOWNTOWN SACRAMENTO
Willow Creek

Area Map

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OFFICIAL STATEMENT

$32,655,000
COUNTY OF EL DORADO
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BLACKSTONE)
SPECIAL TAX BONDS

This Official Statement, including the cover page and all Appendices hereto, is provided to furnish certain information in connection with the issuance by the County of El Dorado (the "**County**") by and through its Community Facilities District No. 2005-1 (Blackstone) (the "**Community Facilities District**" or the "**District**") of the bonds captioned above (the "**Bonds**").

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Definitions of certain terms used herein and not defined herein have the meaning set forth in the Fiscal Agent Agreement. See "THE FISCAL AGENT AGREEMENT."

INTRODUCTION

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 cover page and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

Creation of the District. The Bonds are issued pursuant to the provisions of 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 pursuant to a Fiscal Agent Agreement dated as of August 1, 2005 (the "**Fiscal Agent Agreement**") between the County and The Bank of New York Trust Company, N.A., Los Angeles, California, as fiscal agent (the "**Fiscal Agent**") and a resolution adopted on June 28, 2005 (the "**Resolution**") by the Board of Supervisors of the County (the "**County Board of Supervisors**") which authorized the issuance of the Bonds payable from Special Taxes (as defined herein) levied on property within the District according to a methodology approved by the County.

Bond Terms. The Bonds will be dated as of and bear interest from the date of delivery thereof at the rate or rates set forth on the cover page of this Official Statement. Interest on the Bonds is payable on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing March 1, 2006. The Bonds will be issued without coupons in denominations of $5,000 or any integral multiple thereof.

Registration of Ownership of Bonds. The Bonds will be issued only as fully registered bonds in book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"). Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners will mean Cede & Co., and will not mean the ultimate purchasers of the Bonds. Payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co. so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX F – BOOK-ENTRY SYSTEM."

Use of Proceeds. Proceeds of the Bonds will primarily be used to finance impact fees related to a portion of the costs constructing certain public infrastructure improvements or (the "**Improvements,**" as described herein) necessary for development of property within the District. The authorized Improvements consist generally of roadway, water, wastewater, and other infrastructure improvements, as well as park and library improvements, or impact fees related to some of such Improvements. See "THE IMPROVEMENTS." The Master Developer expects to use most of the proceeds of the Bonds to finance impact fees related to road improvements caused to be constructed by the County. See " THE VALLEY VIEW SPECIFIC PLAN – General Plan Litigation, Measure Y and General Plan Update." Construction of the Improvements has not yet commenced except that the construction of the library is underway. Proceeds of the Bonds will also be used to establish a reserve fund (described below) available for payment on the Bonds and to pay cost of the issuance of the Bonds.

Source of Payment of the Bonds. The Bonds are payable from special taxes (the "**Special Tax**" or "**Special Taxes**") which are to be levied by the County on taxable real property within the boundaries of the District. The Bonds are also payable from the proceeds of any foreclosure actions brought following a delinquency in payment of the Special Taxes, and from amounts held in certain funds and accounts pursuant to the Fiscal Agent Agreement, including a reserve fund, all as more fully described herein. The Special Tax applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the County Board of Supervisors through the application of a rate and method of apportionment of Special Tax for the District (the "**Special Tax Formula**") which has been approved by the County. The Special Tax Formula is set forth in APPENDIX A hereto. The Special Taxes represent liens on the parcels of land subject to a Special Tax and failure to pay the Special Taxes could result in proceedings to foreclose the properties which have delinquent Special Taxes. The Special Taxes do not constitute the personal indebtedness of the owners of taxed parcels. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Special Tax Methodology" and "APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." The maximum authorized indebtedness for the District is $35 million; no additional bonds secured by the Special Taxes on a parity to the Bonds are contemplated to be issued for the District.

In the Fiscal Agent Agreement, the County directs the Fiscal Agent to establish a Reserve Fund (the "**Reserve Fund**") from Bond proceeds in the amount of the Reserve Requirement, which amount is available to be transferred to the Bond Fund in the event of delinquencies in the payment of the Special Taxes, to the extent of such delinquencies. The Reserve Fund is required to be maintained at the Reserve Requirement from moneys available under the Fiscal

Agent Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Reserve Fund." If there are additional delinquencies after depletion of funds in the Reserve Fund, the County is not obligated to pay the Bonds or supplement the Reserve Fund.

Property Subject to the Special Tax. The land in the District is located in the western portion of the County within the County's Valley View Specific Plan. The District comprises approximately 990 gross acres of the approximate 2,037-acre Specific Plan, with approved tentative maps for approximately 1,143 single family residential homes, plus two additional areas not yet subject to an approved tentative map, which may contain single family, commercial or multi-family development. The development is expected to be known as "Blackstone." Currently the property is unimproved grazing or otherwise unused land. West Valley, LLC, the master developer of the project (the **"Master Developer"**) plans to cause the funding of certain off-site roadway improvements, and the completion of various other improvements necessary for development, including grading the developable area, including the building pads, cutting in (but not paving) interior village streets, building and paving collector streets with the walks and utilities, and building all walls, monuments, a clubhouse and several gated entries. The Master Developer is not a homebuilder and intends to construct the basic core infrastructure for development and sell all of the land it currently holds to merchant builders, some of which are affiliated with the Master Developer. Lot sizes are planned to range from 60 to 90 feet in width, and up to 135 feet in depth. Land in the District is owned by five different entities: the Master Developer (which includes an entity affiliated with Lennar Corporation); an entity holding title for planned transfer to and home development by Lennar Corporation affiliates (as to 854 single family lots); an entity related to Cambridge Homes (as to 110 single family lots recently purchased); Centex Homes (as to 105 single family lots recently purchased); and Parkland Homes (as to 64 single family lots recently purchased). Land in the District includes land planned for a school, open space, public parks and other public uses, which will not subject to the Special Tax.

Appraised Value of Property. Property in the District is security for the Special Tax. The County authorized the preparation of an appraisal report for the real property within the District, which sets forth a total bulk sale discounted value of property in the District of $159,000,000, as of March 1, 2005. The valuation assumes completion of the Improvements funded by the Bonds and accounts for the impact of the lien of the Special Tax securing the Bonds. See "THE IMPROVEMENTS." In considering the estimates of value evidenced by the appraisal, it should be noted that the appraisal is based upon a number of standard and special assumptions which affected the estimates as to value. See "APPRAISAL OF PROPERTY WITHIN THE DISTRICT" and Appendix B. The appraised bulk sale valuation of property in the District is 4.86 times the $32,655,000 aggregate principal amount of the Bonds.

Risks of Investment. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of special factors that should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds.

Limited Obligation of the County. **The general fund of the County is not liable and the full faith and credit of the County is not pledged for the payment of the interest on, or principal of or redemption premiums, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the County or any of its income or receipts, except the money in the Special Tax Fund (described herein) established under the Fiscal Agent Agreement, and neither the payment of the interest on nor principal of or redemption premiums, if any, on the Bonds is a general debt, liability or obligation of the County. The Bonds do not constitute an indebtedness of the County within the meaning of any constitutional or statutory debt limitation or restrictions and neither the County Board of Supervisors, the County nor any officer or employee**

thereof are liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds other than from the proceeds of the Special Taxes and the money in the Special Tax Fund, as provided in the Fiscal Agent Agreement.

Summary of Information. Brief descriptions of certain provisions of the Fiscal Agent Agreement, the Bonds and certain other documents are included herein. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all its respective terms and conditions, copies of which are available for inspection at the office of the Chief Administrative Officer of the County. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally. Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings ascribed to such terms in the Fiscal Agent Agreement. The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement, any sale made hereunder, nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the District since the date hereof.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. For definitions of certain terms used herein and not defined herein, see "THE FISCAL AGENT AGREEMENT" below.

THE COUNTY

The District is located in the western portion of El Dorado County. The County spans from the Sacramento County line easterly to the Sierra Mountain Range, to South Lake Tahoe, and ultimately to the Nevada state line. The county population as of January, 2005 was approximately 170,000; population growth has occurred at an overall moderate annual 1.3% rate since 1990. Placerville is the county seat. Set forth in APPENDIX B hereto is certain financial and economic data for the County. The financial and economic data for the County are presented for information purposes only. The Bonds are not a general obligation of the County, but are a limited obligation of the County payable solely from the proceeds of the Special Taxes and the funds held pursuant to the Fiscal Agent Agreement.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the Fiscal Agent Agreement, approved by a resolution adopted by the County Board of Supervisors on June 28, 2005, and the Act.

On March 8, 2005, the County Board of Supervisors adopted Resolution No. 056-2005 (the "**Resolution of Formation**"), which formed the District. The District was established and authorized to incur bonded indebtedness in an aggregate principal amount not to exceed $35,000,000 at a special election in the District held on the same day. No additional bonds secured by the Special Taxes are contemplated to be issued for the District. Under the provisions of the Act, since there were fewer than 12 registered voters residing within the District at a point during the 90-day period preceding the adoption of the Resolution of Formation, the qualified electors entitled to vote in the special election consisted of developer entities, who cast one vote for each gross acre or portion of an acre of land owned within the District. The landowners voted to incur the indebtedness and to approve the annual levy of Special Taxes to be collected within the District, for the purpose of paying for the Improvements, including repaying any indebtedness of the District, replenishing the Reserve Fund and paying the administrative expenses of the District. See "THE DISTRICT" herein.

Description of the Bonds

Bond Terms. The Bonds will be dated as of and bear interest from the date of delivery thereof at the rates and mature in the amounts and years, as set forth on the cover page hereof. The Bonds are being issued in the denomination of $5,000 or any integral multiple thereof.

Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing March 1, 2006. The principal of the Bonds and premiums due upon the redemption thereof, if any, will be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal Agent in Los Angeles, California, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the Bonds; provided that so long as any Bonds are in book-entry form, payments with respect to such Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC.

Book-Entry Only System. The Bonds are being issued 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 ultimate purchasers under the book-entry system maintained by DTC. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners will mean Cede & Co., and will not mean the ultimate purchasers of the Bonds. The Fiscal Agent will make payments of the principal, premium, if any, and interest on the Bonds directly to DTC, or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX F –BOOK ENTRY SYSTEM." below.

Calculation and Payment of Interest. Interest on the Bonds, computed on the basis of a 360-day year consisting of twelve 30-day months, will be paid in lawful money of the United States of America semiannually on each Interest Payment Date. Each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is registered, unless such date of registration is after the 15th day of the month preceding an Interest Payment Date (the "Record Date") and before the close of business on such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless the date of registration is prior to the first Record Date, in which event interest will be payable from the date of the Bond. Interest on the Bonds will be paid by check mailed no later than each Interest Payment Date by first class mail to the registered owners thereof as of the close of business on the Record Date for such Interest Payment Date at their addresses appearing on the registration books to be kept by the Fiscal Agent for the Bonds (the "Bond Register"). Interest payments may be made by wire to an owner of $1,000,000 or more in aggregate principal amount of Bonds outstanding if such owner has provided the Fiscal Agent with appropriate wire transfer instructions in writing by the Record Date for such Interest Payment Date. Notwithstanding the foregoing, so long as any Bonds are in book-entry form, payments with respect to such Bonds will be made by wire transfer, or such other method acceptable to the Fiscal Agent, to DTC. See "APPENDIX F – BOOK ENTRY SYSTEM" below.

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the Dated Date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX F – BOOK ENTRY SYSTEM" below.

Redemption

Optional Redemption. The Bonds maturing on or before September 1, 2014 are not subject to optional redemption. The Bonds maturing on or after September 1, 2015, are subject to optional redemption from any source other than (1) sinking fund payments or (2) prepayments of the Special Tax, on or after September 1, 2014 in advance of the scheduled maturity thereof, in whole or in part on any Interest Payment Date, in integral multiples of $5,000, upon payment of the following redemption prices (expressed as a percentage of the principal amount to be redeemed), plus accrued interest to the date fixed for redemption:

Redemption Dates	Redemption Price
September 1, 2014 and March 1, 2015	102%
September 1, 2015 and March 1, 2016	101
September 1, _2016 and Interest Payment Dates thereafter	100

Extraordinary Redemption From Prepayments. The Bonds are subject to extraordinary redemption prior to their respective maturity dates as a whole or in part on any interest payment date solely from money derived by the County from prepayments of the Special Tax under the Act, upon mailed notice as provided in the Fiscal Agent Agreement, at the following redemption prices (computed upon the principal amount of the Bonds or portions thereof called for redemption) together with accrued interest thereon to the date of redemption, as follows:

Redemption Dates	Redemption Price
March 1, 2006 through March 1, 2014	103%
September 1, 2014 and March 1, 2015	102
September 1, 2015 and March 1, 2016	101
September 1, 2016 and Interest Payment Dates thereafter	100

Mandatory Sinking Fund Redemption. The Bonds maturing September 1, 2025 and September 1, 2035 (the "**Term Bonds**") are subject to mandatory partial redemption in advance of the scheduled maturity thereof, in integral multiples of $5,000, on September 1 in each year on or after September 1, 2022 and September 1, 2026, respectively, until their maturity upon payment of the principal amount thereof to be redeemed, without premium, from amounts deposited in the Redemption Account pursuant to the provisions of the Fiscal Agent Agreement related to the administration of the Special Tax Fund, plus accrued interest to the date fixed for redemption on the dates and in the amounts specified below:

Term Bonds of 2025

Mandatory Redemption Date (September 1)	Sinking Fund Payment
2022	$1,175,000
2023	1,235,000
2024	1,300,000
2025 (maturity)	1,365,000

Term Bonds of 2035

Mandatory Redemption Date (September 1)	Sinking Fund Payment
2026	$1,435,000
2027	1,515,000
2028	1,590,000
2029	1,675,000
2030	1,765,000
2031	1,855,000
2032	1,955,000
2033	2,055,000
2034	2,165,000
2035 (maturity)	2,280,000

If Term Bonds are redeemed by optional or extraordinary redemption, then mandatory term bond redemptions will be reduced proportionately.

Selection of Bonds for Redemption. If less than the entire principal amount of the Bonds is to be redeemed pursuant to optional redemption or pursuant to extraordinary redemption upon prepayment of the Special Tax, Bonds (or portions thereof in authorized denominations) will be selected for redemption by the County from the several remaining maturities (with the mandatory redemption amounts for the Term Bonds being treated as separate maturities for this purpose) so as to maintain the original proportionately among principal maturities as nearly as practicable. Term Bonds (or portions thereof in authorized denominations) to be redeemed pursuant to mandatory redemption will be selected by the Fiscal Agent by lot.

Purchase In Lieu of Redemption. In lieu of redeeming any portion of Bonds as specified above, the County may, in its discretion, purchase Bonds on the open market prior to selection of Bonds for redemption at a price not in excess of the redemption price thereof, plus interest accrued to the date of purchase.

Redemption Procedure by Fiscal Agent. The Fiscal Agent is required to mail notice of redemption prior to maturity not less than 30 nor more than 60 days prior to the date fixed for redemption, by first class mail, to the respective registered owners of the Bonds to be redeemed at their addresses appearing on the Bond Register. Each notice of redemption must state the date of such notice, the Bonds to be redeemed, the date of issue of such Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and appropriate address or addresses of the Fiscal Agent), the CUSIP number (if any) of the maturity or maturities to be redeemed, and if less than all of any such maturity is to be redeemed, the numbers of the Bonds of such maturity to be redeemed, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall give notice that further interest on such Bonds or the portions thereof redeemed will not accrue from and after the redemption date and will require that such Bonds be surrendered at the address or addresses of the Fiscal Agent so designated. The notice is also required to state that upon presentation of a Bond to be redeemed in part, there will be issued, in lieu of the unredeemed portion of principal, a new Bond or Bonds of the same maturity date of authorized denominations equal in aggregate principal amount to the unredeemed portion.

The actual receipt of the notice of redemption will not be a condition precedent thereto, and failure to receive such notice will not affect the validity of the proceedings for the redemption of the Bonds, or the cessation of interest on the redemption date.

So long as the book-entry system is used for determining beneficial ownership of the Bonds, the notice of redemption will be given to DTC as registered owner of the Bonds.

Defeasance. If an escrow agent designated by the County holds sufficient monies or permitted escrow investments, the principal of and the interest on which when due and payable will provide sufficient monies to pay the principal, interest and the redemption premium, if any, upon any Bonds then outstanding to the maturity date or dates specified for the redemption thereof, and if, in the event any Bonds are to be called for redemption, irrevocable instructions to call the Bonds for redemption have been given by the County to such escrow agent, and sufficient funds have also been provided or provision has been made for paying all other obligations as to the Bonds to be redeemed by the County, then the Bonds so provided for will be deemed to be defeased and no longer outstanding; and the rights of the owners of such Bonds to the covenants contained in the Fiscal Agent Agreement, except as to arbitrage and tax exemption, and to all monies, accounts, special tax proceeds or security for payment of the bonds, other than the monies and escrow investments held by the escrow agent on their behalf, will terminate.

Transfer or Exchange of Bonds

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Bonds will be made in accordance with DTC procedures. See "Appendix F" below. Any Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any Bond or Bonds are surrendered for transfer or exchange, the County will execute and the Fiscal Agent will authenticate and deliver a new Bond or Bonds, for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the County. The Fiscal Agent will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfers or exchanges of Bonds will be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

ESTIMATED SOURCES AND USES OF FUNDS

A summary of the estimated sources and uses of funds associated with the sale of the Bonds follows:

Estimated Sources of Funds:	
Principal Amount of Bonds	$32,655,000.00
Less Original Issue Discount	(93,267.00)
Total	$32,561,733.00
Estimated Uses of Funds:	
Deposit to Acquisition and Construction Fund	$29,431,853.25
Deposit to Reserve Fund	2,399,887.50
Costs of Issuance [(1)]	729,992.25
Total	$32,561,733.00

[(1)] Includes fees of Bond Counsel, initial fees, expenses and charges of the Fiscal Agent, costs of printing the Official Statement, administrative fees of the County, special tax consultant, appraiser, Underwriter's discount, financial advisory fees, and other costs of issuance.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Taxes

A Special Tax applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the County Board of Supervisors through the application of the Special Tax Formula prepared by Economic & Planning Systems, Sacramento, California (the "**Special Tax Consultant**") and set forth in APPENDIX A hereto for all taxable properties in the District. Interest and principal on the Bonds is payable from the annual Special Taxes to be levied and collected on taxable property within the District, from amounts held in the funds and accounts established under the Fiscal Agent Agreement (other than the Rebate Fund) and from the proceeds, if any, from the sale of such property for delinquency of such Special Taxes.

The Special Taxes are exempt from the property tax limitation of Article XIIIA of the California Constitution, pursuant to Section 4 thereof as a "special tax" authorized by a two-thirds vote of the qualified electors. The levy of the Special Taxes was authorized by the County pursuant to the Act in an amount determined according to the Special Tax Formula approved by the County. See "Special Tax Methodology" below and "APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

The amount of Special Taxes that the County may levy on behalf of the District in any year, and from which principal and interest on the Bonds is to be paid, is strictly limited by the maximum rates approved by the qualified electors within the District which are set forth as the annual **"Maximum Annual Special Tax"** (described below) in the Special Tax Formula. Under the Special Tax Formula, Special Taxes for the purpose of making payments on the Bonds will be levied annually in an amount, not in excess of the annual Maximum Annual Special Tax. The Special Taxes and any interest earned on the Special Taxes constitute a trust fund for the principal of and interest on the Bonds pursuant to the Fiscal Agent Agreement and, so long as the principal of and interest on these obligations remains unpaid, the Special Taxes and investment earnings thereon will not be used for any other purpose, except as permitted by the

Fiscal Agent Agreement, and will be held in trust for the benefit of the owners thereof and will be applied pursuant to the Fiscal Agent Agreement. The Special Tax Formula apportions the Annual Costs (as defined in the Special Tax Formula and described below) among the taxable parcels of real property within the District according to the rate and methodology set forth in the Special Tax Formula. See "Special Tax Methodology" below. See also "APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

The County may levy the Special Tax at the annual Maximum Annual Special Tax rate authorized by the qualified electors within the District as set forth in the Special Tax Formula if conditions so require. The County has covenanted to annually levy the Special Taxes in an amount at least sufficient to pay the Annual Costs (as defined below). Because each Special Tax levy is limited to the annual Maximum Annual Special Tax rates authorized as set forth in the Special Tax Formula, no assurance can be given that, in the event of Special Tax delinquencies, the amount of the Annual Costs will in fact be collected in any given year. See "SPECIAL RISK FACTORS — Tax Delinquencies" herein. The Special Taxes are collected by the County in the same manner and at the same time as *ad valorem* property taxes.

Special Tax Methodology

The Special Tax authorized under the Act applicable to land within the District will be levied and collected according to the tax liability determined by the County through the application of the appropriate amount or rate as described in the Special Tax Formula set forth in "APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." Capitalized terms set forth in this section and not otherwise defined have the meanings set forth in the Special Tax Formula.

Determination of Annual Costs. Each year, the County will determine the Annual Costs of the District for the upcoming fiscal year. The "**Annual Costs**" are authorized to include the following items:

(i) debt service on the Bonds;

(ii) administrative expenses; and

(iii) any amounts needed to replenish bond reserve funds and to pay for delinquencies in Special Taxes for the previous Fiscal Year or anticipated for the current year.

The Annual Costs is the basis for the amount of Special Tax to be levied within the District. In no event may the County levy a Special Tax in any year above the annual Maximum Annual Special Tax identified for each parcel in the Special Tax Formula.

Parcels Subject to the Special Tax. The County will cause to be taxed all parcels within the District except property which is exempt from the Special Tax pursuant to the Special Tax Formula. Taxable parcels that are acquired by a public agency after the District is formed will remain subject to the Special Tax unless a "trade" resulting in no loss of Special Tax revenue can be made, as described in the Special Tax Formula.

Maximum Annual Special Tax. The annual Special Tax will be calculated by the County and levied to provide money for debt service on the Bonds, replenishment of the Reserve Fund, anticipated Special Tax delinquencies, administration of the District. In no event may the County levy a Special Tax in any year above the annual Maximum Annual Special Tax identified for each parcel in the Special Tax Formula.

The Special Tax will be levied each year beginning 2005-06 by preparation of a list of the taxable parcels (excluding any which have prepaid the Special Tax) subject to the Special Tax using the records of the County Assessor. The Maximum Annual Special Tax rate will be increased 2% per year through 2019-20. This will result in increasing maximum annual costs through that time. A projection of the 2005-06 estimated Maximum Annual Special Tax is provided in the table below. *The amounts shown in the table below are projections shown in the CFD Report; the actual amounts may differ, however the Special Tax Formula provides for allocation of the Special Taxes in a manner which precludes a net loss in total Special Tax revenues.*

County of El Dorado
CFD No. 2005-1 (Blackstone)
Maximum Annual Special Tax – Base Year 2005-06[1]

Village[2]	Planned Residential Units[3]	Maximum Annual Special Tax Per Unit	Maximum Annual Special Tax[5]
	Units	*Per Unit*	
1	176	$1,300	$ 228,800
2	105	$1,300	136,500
3	118	$1,600	188,800
4	54	$1,300	70,200
5A	104	$1,600	166,400
5B	110	$1,600	176,000
6	186	$1,300	241,800
7	119	$1,600	190,400
8	64	$1,600	102,400
18	107	$1,300	139,100
Lot Y	96	$1,600	153,600
Lot Z	16	$1,600	25,600
Subtotal	**1,255**		**$1,819,600**
	Net Acres[4]	*Per Net Acre*	
Lot V	12.81	$4,000	$51,240
Lot W	11.83	$5,000	59,150
Lot X	8.79	$9,600	84,384
Subtotal	33.43		$194,774
Total Special Tax Revenue			**$2,014,374**
		Per Gross Acre	
Undeveloped Parcels[6]		**$1,800**	

(1) The Base Year is Fiscal Year 2005-2006. The Maximum Annual Special Tax per Unit, Net Acre, or Gross Acre is increased by the Tax Escalation Factor in each Fiscal Year after the Base Year for 14 years, and shall not be increased after Fiscal Year 2iss019-2020.
(2) Villages as identified on Revised Tentative Map for West Valley Village.
(3) Planned Residential Lots are assigned to each Village based on the Revised Tentative Map of July 2004. If a Village has less Realized Residential Lots than Planned Residential Lots, the Administrator may require the Prepayment of the Special Tax obligation for Unrealized Residential Acres
(4) Net Acres are assigned to non-residential or mixed use Villages in the Special Tax Formula. The Net Acres are used to calculate the Maximum Annual Special Tax for a non-residential or mixed use Village. Once assigned, the Maximum Annual Special Tax for a non-residential or mixed use Village will not be decreased.
(5) The Maximum Annual Special Tax for a Village is assigned in the Special Tax Formula and will not be decreased once assigned.
(6) Undeveloped Parcels are assigned a Maximum Annual Special Tax based on Gross Acreage.
Source: CFD Report.

Actual Annual Special Tax Levy. After computing the annual costs and determining the Maximum Annual Special Tax for each parcel, the County will determine the tax levy for each parcel using the process presented in the Tax Formula, summarized as follows.

- Compute 100% of the maximum annual special tax revenue for all developed parcels by summing the maximum annual special tax for each developed parcel.
- Determines the annual cost for the fiscal year as defined in the Special Tax Formula.
- Compare the annual costs with the maximum annual special tax revenue from developed parcels calculated in the first step.
- If the annual costs are less than the maximum annual special tax revenue, decrease the maximum annual special tax for each developed parcel proportionately until the maximum annual special tax revenue for all developed parcels is just equal the to annual costs.

- If the annual costs are greater than the maximum annual special tax revenue from developed parcels, levy a proportional amount of special tax on each village to just equal the amount of annual costs or until 100 percent of the maximum annual special tax is reached for such villages.
- If the annual costs are greater than the maximum annual special tax revenue from developed parcels and villages, levy a proportional amount of special tax on each undeveloped parcel to just equal the amount of annual costs or until 100% of the maximum annual special tax is reached for such villages.

Pay–As-You-Go Special Tax Component. The Special Tax will be levied in an amount at least equal to the Annual Costs as described in the Special Tax Formula and may be levied in an amount up to the maximum rates. Special Tax revenues which are not needed for Annual Costs will be available, but only through fiscal year 2019-20, to pay for authorized Improvements not funded with Bond proceeds on a "pay-as-you-go" basis. Accordingly, until the earlier to occur of either (1) September 15, 2020, or (2) closure of the Acquisition and Construction Fund (triggered by a Certificate of the County certifying completion of all authorized Facilities), the moneys in the Community Facilities Fund each September 15 will be transferred to the Acquisition and Construction Fund, where they will be available to pay costs of acquisition or construction of authorized Improvements. Following the termination of the ability to use such moneys for pay-as-you-go expenditures, the moneys in the Community Facilities Fund each September 15 (commencing with September 15, 2021, at the latest) will be transferred to the Prepayment Fund to be used for the early redemption of Bonds. See "THE IMPROVEMENTS" and "APPRAISAL OF PROPERTY WITHIN THE DISTRICT." See "APPENDIX A - RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" for a copy of the Special Tax Formula.

Termination of the Special Tax. The Special Tax will be levied and collected for as long as needed to pay the principal and interest on the Bonds and other costs incurred in order to construct the authorized District-funded facilities and to pay the Annual Costs. The Special Tax Formula provides that the Special Tax may not be levied on any parcel in the District after fiscal Year 2039-40. When all Annual Costs incurred by the District have been paid, the Special Tax will cease to be levied.

Prepayment of the Special Tax. The Special Tax Formula provides that landowners may permanently satisfy all or, at the discretion of the County, a portion of the Special Tax by a cash settlement with the County. The amount of the prepayment required is to be calculated according to a formula set forth in the Special Tax Formula, which is generally based on the Parcel's share of the outstanding Bonds, remaining facilities costs which have not been bonded, the Reserve Fund, fees, call premiums, negative arbitrage and any expenses incurred by the County in connection with the prepayment and expected future facilities costs.

Special Tax Fund

When received, the Special Taxes are required under the Fiscal Agent Agreement to be deposited into a Special Tax Fund to be held by the County in trust for the benefit of the County and the Owners of the Bonds. All proceeds of the Special Tax will be deposited by the County, when and as received, in the Special Tax Fund. The County shall disburse moneys from the Special Tax Fund, as received and needed, as follows:

First: To the Fiscal Agent for deposit in the Expense Fund that portion of such Special Tax proceeds which represents administrative expenses;

Second: To the Prepayment Fund held by the County that portion of such Special Tax proceeds which represents any prepayments of the Special Tax;

Third: Following the foregoing transfers to the Fiscal Agent for deposit in the Expense Fund and the deposits by the County in the Prepayment Fund, the remaining amounts of Special Tax proceeds shall be disbursed to the following funds in the following order of priority: (1) to the Redemption Fund to the extent necessary to fund all scheduled payments of interest and principal (including mandatory term bond redemptions) coming due on the Bonds through the next succeeding September 1; (2) to the Bond Reserve Fund to the extent necessary to replenish the Bond Reserve Fund to the Required Bond Reserve—in this connection, investments in the Bond Reserve Fund shall be valued annually at market as of each February 15 and August 15, commencing with August 15, 2005; and (3) on September 1 of each year, following the transfers described above to the Expense Fund, Prepayment Fund, Redemption Fund and Bond Reserve Fund, any remaining moneys in the Special Tax Fund are deposited in the Community Facilities Fund held by the County, to pay costs of the Improvements and related incidental expenses or otherwise for the benefit of the District in accordance with the Act; provided that, until the earlier to occur of either (a) September 15, 2020, or (b) closure of the Acquisition and Construction Fund, the moneys in the Community Facilities Fund each September 15 will be transferred to the Acquisition and Construction Fund, where they will be available to pay costs of acquisition or construction of authorized facilities (i.e., pay-as-you-go expenditures). Following the termination of the ability to use such moneys for pay-as-you-go expenditures, the moneys in the Community Facilities Fund each September 15 (commencing with September 15, 2021, at the latest) will be transferred to the Prepayment Fund to be used for the early redemption of Bonds. See "Special Tax Methodology" above.

Deposit and Use of Proceeds of Bonds

The Bonds are additionally secured by amounts generated from proceeds of the Bonds, together with interest earnings thereon pledged under the Fiscal Agent Agreement. The proceeds of the Bonds will be paid to the Fiscal Agent, who will deposit such proceeds in the Reserve Fund, Bond Fund and Costs of Issuance Fund established under the Fiscal Agent Agreement, and transfer to the County the amounts designated for deposit into the Acquisition and Construction Fund. See "THE FISCAL AGENT AGREEMENT" for information on use of the moneys, including investment earnings thereon, in the various funds established under the Fiscal Agent Agreement. See also "Reserve Fund" and "Acquisition and Construction Fund" below.

Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure

The Special Tax will be collected in the same manner and the same time as *ad valorem* property taxes, except at the County's option, the Special Taxes may be billed directly to property owners. In the event of a delinquency in the payment of any installment of Special Taxes, the County is authorized by the Act to order institution of an action in superior court to foreclose the lien therefor.

The County has covenanted in the Fiscal Agent Agreement with and for the benefit of the Owners of the Bonds that the County Auditor-Controller will review the County's records in connection with the collection of the Special Tax not later than October 1 of each year to determine the amount of the Special Tax collected in the prior fiscal year. The County will, not later than the succeeding December 1 institute civil actions to foreclose the lien of the Special Tax against all parcels delinquent in the amount of $1,000 or more (excluding penalties and interest) and thereafter will vigorously prosecute the same to completion. Pursuant to the Fiscal Agent Agreement, in the event that the total amount collected is less than 95% of the total amount of the Special Taxes levied in such Fiscal Year, the County will also, not later than the succeeding December 1, institute civil actions to foreclose the lien of the Special Tax against all delinquent parcels, and thereafter will vigorously prosecute the same to completion. See "THE FISCAL AGENT AGREEMENT—Covenants of the County—Judicial Foreclosure."

Under the Act, foreclosure proceedings are instituted by the bringing of an action in the superior court of the county in which the parcel lies, naming the owner and other interested persons as defendants. The action is prosecuted in the same manner as other civil actions. In such action, the real property subject to the special taxes may be sold at a judicial foreclosure sale for a minimum price which will be sufficient to pay or reimburse the delinquent special taxes.

The owners of the Bonds benefit from the Reserve Fund established pursuant to the Fiscal Agent Agreement; however, if delinquencies in the payment of the Special Taxes with respect to the Bonds are significant enough to completely deplete the Reserve Fund, there could be a default or a delay in payments of principal and interest to the owners of the Bonds pending prosecution of foreclosure proceedings and receipt by the County of the proceeds of foreclosure sales. Provided that it is not levying the Special Tax at the annual Maximum Annual Special Tax rates set forth in the Special Tax Formula, the County may adjust (but not to exceed the annual Maximum Annual Special Tax) the Special Taxes levied on all property within the District subject to the Special Tax to provide an amount required to pay debt service on the Bonds and to replenish the Reserve Fund.

Under current law, a judgment debtor (property owner) has at least 140 days from the date of service of the notice of levy in which to redeem the property to be sold. If a judgment debtor fails to redeem and the property is sold, his or her only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made (California Code of Civil Procedure Section 701.680).

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent upon the nature of the defense, if any, put forth by the debtor and the condition of the calendar of the superior court of the county. Such foreclosure actions can be stayed by the superior court on generally accepted equitable grounds or as the result of the debtor's filing for relief under the Federal bankruptcy laws. The Act provides that, upon foreclosure, the Special Tax lien will have the same lien priority as is provided for *ad valorem* taxes and special assessments. See "APPRAISAL OF PROPERTY WITHIN THE DISTRICT – Overlapping Lien and Priority of Lien."

No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the District to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale.

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained. However, under Section 53356.6 of the Act, the District, as judgment creditor, is entitled to purchase any property sold at foreclosure using a "credit bid," where the District could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Tax. If the District becomes the purchaser under a credit bid, the District must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

Reserve Fund

A Reserve Fund (the "**Reserve Fund**") for the Bonds will be established under the Fiscal Agent Agreement, to be held by the Fiscal Agent. Upon delivery of the Bonds, the amount on deposit in the Reserve Fund will be established by depositing certain proceeds of the Bonds in the amount of the "**Reserve Requirement**" for the Bonds, which is equal to the least of (i) ten percent (10%) of the original principal amount of the Bonds, (ii) one hundred percent (100%) of the maximum annual debt service on the Bonds, or (iii) one hundred and twenty-five percent (125%) of average annual debt service on the Bonds as determined and specified by the County. Pursuant to the Fiscal Agent Agreement, the County is required, subject to the limits on the levy of the Special Tax, to maintain assets on deposit in the Bond Reserve Fund in an amount equal to the Required Bond Reserve at all times while any of the Bonds are outstanding. The amount in the Bond Reserve Fund is required to be available for transfer into the Redemption Fund if necessary in order to make payments of principal and interest due on the Bonds. The amount so advanced will be reimbursed to the Bond Reserve Fund either from the proceeds of redemption or sale of the parcel for which payment of delinquent special taxes was made from the Bond Reserve Fund, or from Special Tax proceeds. When the amount of money equals or exceeds the amount required to retire the remaining unmatured Bonds (whether by advance retirement or otherwise), the Board has the right to direct that the amount in the Bond Reserve Fund be transferred to the Redemption Fund for redemption of the Bonds, in which case the Special Tax shall no longer be levied for payment of principal and interest on the Bonds.

The amount in the Bond Reserve Fund will be available for transfer into the Redemption Fund if necessary in order to make payments of principal and interest due on the Bonds. The amount so advanced will be reimbursed to the Bond Reserve Fund, either from the proceeds of redemption or sale of the parcel for which payment of delinquent Special Taxes was made from the Bond Reserve Fund, or from Special Tax proceeds. If reimbursement of the proceeds of redemption or sale, or the deposit of Special Taxes levied to reimburse the Bond Reserve Fund, will at any time cause the Bond Reserve Fund (based upon its most recent market valuation as described above under "Special Tax Fund") to exceed the Required Bond Reserve, those monies will, to the extent of the excess, be deposited instead in the Redemption Fund. Upon the valuation of the Bond Reserve Fund each February 15 and August 15, amounts in the Bond Reserve Fund, if any, that exceed the Required Bond Reserve, will be deposited into the Redemption Fund.

Moneys in the Reserve Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from the investment of moneys in the Reserve Fund and other moneys in the Reserve Fund will remain therein until the balance exceeds the Reserve Requirement; any amounts in excess of the Reserve Requirement will be transferred to the Bond Fund to be used for the payment of the principal of and interest on the Bonds in accordance with the Fiscal Agent Agreement.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, and make any other transfer required under the Fiscal Agent Agreement, the Fiscal Agent will transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date, to the payment and redemption of all of the Outstanding Bonds. If the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund will be transferred to the County, after payment of any amounts due the Fiscal Agent, to be used for any lawful purpose of the County.

Acquisition and Construction Fund

Under the Fiscal Agent Agreement, there is established an Acquisition and Construction Fund, which is to be held in trust by the County and will be disbursed as provided in the Fiscal Agent Agreement for the payment or reimbursement of the costs of the construction and acquisition of the Improvements in accordance with the Acquisition Agreement (as described herein). Monies in the Acquisition and Construction Fund will be applied by the County to pay for costs of the Improvements and related incidental expenses. Following completion of the Improvements, the County will close the Acquisition and Construction Fund and transfer any remaining money to the Special Tax Fund. See "THE IMPROVEMENTS."

DEBT SERVICE SCHEDULE

The annual debt service on the Bonds, based on the interest rates and maturity schedule set forth on the cover of this Official Statement, is set forth below.

Community Facilities District No. 2005-1 (Blackstone)
Special Tax Bonds
Debt Service

Year Ending (Sept. 1)	Principal	Interest	Total
2006	$ 40,000	$ 1,771,306.22	$ 1,811,306.22
2007	205,000	1,642,280.00	1,847,280.00
2008	250,000	1,635,873.76	1,885,873.76
2009	295,000	1,627,436.26	1,922,436.26
2010	345,000	1,616,742.50	1,961,742.50
2011	400,000	1,603,805.00	2,003,805.00
2012	455,000	1,588,205.00	2,043,205.00
2013	515,000	1,569,550.00	2,084,550.00
2014	580,000	1,547,662.50	2,127,662.50
2015	650,000	1,522,142.50	2,172,142.50
2016	720,000	1,492,567.50	2,212,567.50
2017	800,000	1,459,267.50	2,259,267.50
2018	880,000	1,421,267.50	2,301,267.50
2019	970,000	1,378,367.50	2,348,367.50
2020	1,065,000	1,330,837.50	2,395,837.50
2021	1,120,000	1,277,587.50	2,397,587.50
2022	1,175,000	1,221,587.50	2,396,587.50
2023	1,235,000	1,161,075.00	2,396,075.00
2024	1,300,000	1,097,472.50	2,397,472.50
2025	1,365,000	1,030,522.50	2,395,522.50
2026	1,435,000	960,225.00	2,395,225.00
2027	1,515,000	884,887.50	2,399,887.50
2028	1,590,000	805,350.00	2,395,350.00
2029	1,675,000	721,875.00	2,396,875.00
2030	1,765,000	633,937.50	2,398,937.50
2031	1,855,000	541,275.00	2,396,275.00
2032	1,955,000	443,887.50	2,398,887.50
2033	2,055,000	341,250.00	2,396,250.00
2034	2,165,000	233,362.50	2,398,362.50
2035	2,280,000	119,700.00	2,399,700.00
Total	$32,655,000	$34,681,306.24	$67,336,306.24

THE VALLEY VIEW SPECIFIC PLAN

The property in the District comprises the major portion, known as "West Valley Village," of the Valley View Specific Plan area. The Valley View Specific Plan also covers two smaller areas: White Rock Village and East Ridge Village. Multifamily development in White Rock Village is currently underway. East Ridge Village is undeveloped and needs map approval and an allocation of water meters; estimates of development timing for this area are up to three years.

The Valley View Specific Plan area comprises approximately 2,037 acres east of Latrobe Road and south of the Town Center commercial area in the southern part of the El Dorado Hills community. Valley View's regional location near Highway 50 at the foot of the Sierra foothills, places it within a major economic and transportation activity corridor of the Sacramento region. The majority of the Valley View Specific Plan area occupies the eastern side of an open valley containing the El Dorado Hills Business Park, the Town Center, the planned Carson Creek Specific Plan and an existing residential area commonly known as Springfield Meadows.

Surrounding Land Uses. The Valley View Specific Plan area lies at the southeast corner of the El Dorado Hills community. To the north is the major commercial center known as Town Center, a part of the El Dorado Hills Specific Plan, West of the site lies the 800 acre El Dorado Hills Business Park. Both of these uses represent major, long term sites of expanding employment and economic growth. To the south and east of the Valley View Specific Plan area are more rural uses including portions of the rural subdivisions of Marble Mountain, Marble Ridge and Ryan Ranch.

El Dorado County General Plan. In 1989, the El Dorado County Board of Supervisors initiated work on a new County General Plan. The new General Plan was ultimately adopted on January 23, 1996, superceding a program of Area Plans covering most of the County. On February 5, 1999, the Superior Court, County of Sacramento, in the matter of El Dorado County Taxpayers for Quality Growth, et al. v. El Dorado County Board of Supervisors and El Dorado County, ruled that, in certain respects, the County failed to comply with the California Environmental Quality Act (CEQA) in the adoption of its 1996 General Plan. Consequently, certification of the General Plan CEQA Environmental Impact Report (EIR) and adoption of the General Plan were set aside and the County's land use authority was defined by the terms of a writ of mandate, which, among other things, suspends the County's authority to issue discretionary land use approvals or entitlements for residential development. However, the writ provides that the County may continue to issue discretionary approvals for residential development if the development is subject of a development agreement entered into prior to the issuance of the writ which vests the right to develop. The Development Agreement for the land in the District consistent with the terms of the development agreement, project approvals and the writ was entered into prior to the issuance of the writ and therefore development in the District is not adversely affected by it. See "THE DISTRICT – Development Agreement."

To address the Court's findings, the County prepared a new General Plan, which was adopted on July 19, 2004. The County cannot implement the new General Plan until the Superior Court lifts the Writ of Mandate. Subsequent to plan adoption, a referendum measure that would also affect implementation of the plan was filed with the County. That referendum, appeared on the March 8, 2005 and resulted in an upholding of the Board's adoption of the new plan.

The County is still under the Writ of Mandate limiting new development, and is therefore unable to process or approve affected new (not the subject of a pre-dated development agreement) residential subdivisions or parcel maps until the Court Order is lifted. Project applications that have been "on hold" since the Court issued the writ limiting development in

January 1999 will remain on hold until the writ is lifted. It is up to the Sacramento County Superior Court to formally lift the writ.

Until the writ is removed, to grant any approval that is allowed by the writ and that requires a finding of consistency with a general plan, the County must first find, based upon substantial evidence, that the approval or project will not significantly impair the County's ability to adopt and implement a new General Plan after complying the CEQA, that the approval or project complies with all other requirements of law, and that the approval or project is consistent with either the 1996 General Plan or such other general plan as applies to it by virtue of a development agreement.

Conceptually, the General Plan identifies three primary types of environments where future growth is to be accommodated and more intense development directed. These are: *Community Regions* making up the majority of existing urban communities; *Rural Centers* which serve as the commercial and service core of outlying rural communities; and *Planned Communities* of which four are specifically identified in the new General Plan. Although Valley View lies within a Community Region and is not required to be developed under the provisions of a specific plan, the project proponent prepared the Valley View Specific Plan in order to allow the County and the project proponent the opportunity to take advantage of the many benefits offered by the specific plan process, including comprehensive planning, greater design controls and the coordination of necessary public facilities and services.

A specific plan is a subordinate, though more detailed, level of planning than a general plan and is required under state law to be consistent with the General Plan of the County. The determination of consistency is a decision calling for a judgment by the County Planning Commission and ultimately by the Board of Supervisors. The Land Use Element of the El Dorado County General Plan currently designates Valley View by a number of high and low intensity uses including the following:

Valley View Specific Plan
General Plan Buildout

Land Use Designation*	Acreage	Density	Yield (2)	
MFR	272	5-24	6,528	Multi-family Residential
HDR	1,453	1-5	7,265	High Density Residential
LDR	84	0.1-0.2	16	Low Density Residential
R&D	195	.25 FAR	2.1M sf	Research & Development
PF	2	na	na	Public Facilities
Total	2,006 (1)	-	13,809 (du's)	

* Explanations of the land use designations are shown under the subcaption "Land Use Plan" below.
(1) Acreage total based upon Planning Department records which varies from surveyed acreage.
(2) Maximum theoretical yield in dwelling units or Millions of square feet of floor area for R&D.

Land Use Element. Some of those policies which directly provide a foundation to the land use element of the Specific Plan and have guided its preparation are cited below for reference.

- Establish Community Regions to define those areas which are appropriate for the highest intensity of self-sustaining compact urban-type development or suburban type development within the County based upon the municipal spheres influence, availability of infrastructure, public services, major transportation corridors and travel patterns, the location of major topographic patterns and features, and the ability to provide and maintain appropriate transitions at Community Region boundaries. These boundaries shall be shown on the General Plan land use map.

- Mixed Use developments which combine commercial, research and development, and residential uses on a single parcel are permissible and encouraged within Community Regions provided the commercial use is the primary and dominant use of the land. Within Community Regions, the mixed uses may occur vertically. In mixed use projects, the maximum residential density shall be 10 dwelling units per acre within Community Regions.

- Roadways within or serving the Community Regions may experience temporary congestion during peak periods. Such congestion is considered acceptable in light of the economic benefits of development and the cots of sizing roads to deal solely with peak periods.

Planning Concept and Specific Plan Policies. The "Village Concept" finds expression in the Valley View Specific Plan as three distinct development areas: West Valley Village, White Rock Village and East Ridge Village. Because the physical setting of the Valley View Specific Plan area is so diverse, these villages largely occupy land which shares similar conditions but are different from one another. Thus, the development concept of the Valley View Specific Plan is very much in the tradition of the historic pattern of residential neighborhoods in El Dorado Hills.

Of particular importance to the Valley View Specific Plan is its location in proximity to the major employment centers of the El Dorado Hills Business Park and Town Center. These manufacturing and retail commercial centers represent the largest concentration of employment in El Dorado County and one of the significant employment complexes in the region.

West Valley Village. The land in the District includes West Valley Village, a large subcommunity located along Latrobe Road opposite the El Dorado Hills Business Park. This largest village within the Valley View Specific Plan area is located in the southwestern portion of the site and consists of lowland rolling hillforms and flat land adjacent to Latrobe Road. Because West Valley Village is essentially devoid of tree cover and has a gently increasing slope, its pattern of development is generally uniform with increasing densities occupying the flatter terrain nearest the business park. A large, relatively steep, grass covered hillside provides a vertical backdrop to the village area. Within the village are a few intermediate ridgelines which receive special design treatment in the Valley View Specific Plan.

At the time the plan was created, West Valley Village was envisioned as a middle-priced, family oriented community with its centrally placed commercial and village center, internal trail/greenbelt system and local landform creating a unifying identity. The type of residential uses planned are predominately single family detached homes in graded developable neighborhoods. Steeper areas within West Valley Village and exposed ridges will be developed with larger, estate-type lots on raised foundations. Flatter areas and those portions of the Village which are secluded from view by topographic and other elements will be graded into developable neighborhoods. A mixed use area is situated on the westerly portion of the Village and is intended to blend attached single family dwellings, Multi-family uses and the possibility of more compact single family uses in to the fabric of the village. These higher density uses will be developed in a compatible relationship to a limited amount of commercial service serving the neighborhood and within close proximity to major entrances of the El Dorado Hills Business Park. See "THE DISTRICT" below.

White Rock Village. White Rock Village, the smallest of the three villages proposed within the Valley View Specific Plan, is located at the northern end of the plan area. It is bounded by White Rock Road on the north which places it within walking distance of the extensive commercial services under development in Town Center. Because of this relationship, White Rock Village was envisioned to provide an opportunity for more affordable, higher density residential development. Carson Creek which separates the area from a developed mobile home park on the west, and the El Dorado Hills Wastewater Treatment Plant on the southwest, also influences the design of White Rock Village by limiting the opportunity for interconnected roads and creating a need for buffering and separation.

Housing types within the village may include multi-family apartments, multi-family owner-occupied homes, townhomes and small lot single family residential detached. Development of an apartment project is underway and an application for 160 condominium units is currently being processed by the County. A major element within White Rock Village is a community park of approximately 52 acres. Sited on generally flat land, this park can be developed with active ball fields and can accommodate sports and recreation facilities which meet the needs of community residents. No park of community scale currently exists in the southern portion of the El Dorado Hills area. The Parks Master Plan adopted by the El Dorado Hills Community Services District shows such a facility in White Rock Village and the adoption of the Valley View Specific Plan was a major step in the fulfillment of the overall community parks and recreation program. Part of this community park site may be dedicated in fulfillment of the requirements for park land dedication under County Ordinance.

East Ridge Village. East Ridge Village is the most remote residential area and lowest density of the three villages within the Valley View Specific Plan. It is intended to be developed as custom, semi-custom and production single family detached homesites designed to coexist with the natural terrain and native vegetation cover. East Ridge serves a function as a transitional land use between the intensively developed uses occupying the area around the Highway 50 interchange at Latrobe Road and the rural residential lands to the east and south. In its elevated position overlooking the community of El Dorado Hills and portions of the central valley, East Ridge Valley also contains substantial view amenities which are highly desirable as custom residential properties.

East Ridge Village has been planned to limit the intrusion of residential structures into dominant ridgelines, enclose homes within the canopy of oak woodland and provide a transition in density to adjoining rural residential development on the border of the El Dorado Hills Community Region. The border of the village with the rural subdivisions of Marble Ridge and Ryan Ranch is also subject to design limitations that are intended to ensure compatibility with adjacent developments and preserve the sense of privacy for their owners. No direct road connection is provided except for potential emergency access, necessary for the safety of residents of both areas.

Land Use Plan. The Valley View Specific Plan stresses a mix of housing types and densities designed to include a broad range of lifestyles and respond to changing preferences in housing preferences. It is the intent of the Valley View Specific Plan to accommodate current trends in housing and to allow for future innovations in the housing market and in preferences, to the extent feasible.

Development regulation in El Dorado County is based upon a zoning ordinance developed over many years which was not originally designed to deal with modern trends in housing design like attached single family housing and such concepts as "zero lot line" units. For this reason, new land use categories allowing for the development of contemporary housing concepts are included in the Valley View Specific Plan. These categories replace more traditional zoning classifications, such as R-3 (Multi-family), which contain standards originally designed for the type of apartment projects common in the 1950's and 60's.

The Valley View Specific Plan replaces the common zoning designations with a set of eight land use categories. The CR (Core Residential), VC (Village Center) and MU (Mixed Use) classifications, particularly, are responses to the need to create "zones" which flexibly allow for a broad range of housing opportunities which exists in today's market but controls it so that the average density of a particular neighborhood remains within planned limits. The development will be permitted under a set of development controls which are more related to the actual product proposed and less dependant upon a single set of predetermined standards, such as exists in a typical "zone". Where certain design criteria or development standards are not listed, the provisions of Title 17 of the El Dorado County Code (Zoning) shall apply.

The following land use districts have been established for the Valley View Specific Plan:

Single Family Residential	SFR
Estate Residential	ER
Core Residential	CR
Mixed Use	MU
Multi-Family Residential	MFR
Village Center	VC
Open Space	OS
Multi Use Open Space	MOS

Single Family Residential (SFR) - The Single Family Residential District is intended to be developed with detached single family homes at densities averaging four units per gross acre. The SFR District makes up less than 9% of the Valley View Specific Plan area and is exclusively limited to West Valley Village. Neighborhoods are intended to be developed primarily as production housing on prepared (padded) lots which meet certain architectural criteria, but custom and semi-custom housing may also occur in SFR areas. Streets will have curb and gutter, and for minor collectors, a sidewalk in some cases. Pedestrian trails or bikeways which serve neighborhood residents will exist in adjacent greenbelts and in other cases may be included within road rights-of-way.

Estate Residential (ER) - The Estate Residential District is the lowest density residential classification in the Valley View Specific Plan and makes up approximately 50% of the plan area. It occurs throughout East Ridge Village and in certain portions of West Valley Village. It is intended to be developed at densities averaging between 0.25 and 2 units per gross acre. A unique feature of the ER District is the use of a density combining suffix to control density and lot size.

Core Residential (CR) - The Core Residential District is found in both West Valley Village and White Rock Village on flatter terrain. It is intended that the district will be developed with a mix of moderate density residential products including single family detached homes on parcels up to 6,200 square feet in area; high density single family detached homes such as patio homes or "zero lot line" units; attached single family homes including "halfplexes", condominiums or townhouses; and Multi-family homes including apartments. A high degree of flexibility in both design and density is encouraged in the CR district to promote both affordability and diversity.

Mixed Use (MU) - The Mixed Use District is found in West Valley Village at its southerly access point along Latrobe Road. It is intended that this district will be developed with a mix of higher density residential and professional offices. Uses may be mixed either vertically on the same site or may occur in separate structures or on adjacent sites. See "THE DISTRICT."

Multi-Family Residential (MFR) - Multi-Family Residential land is found only on the extreme northerly portion of White Rock Village on the northeast side of the entrance road from

White Rock Road. The MFR district is intended to developed exclusively with high density condominiums or townhouses or apartments as a single, unified project.

Village Center - The Village Center District appears in the Valley View Specific Plan only at the entrance to West Valley Village. This important site is enhanced by the intensity of development as an activity center for the plan. The Village Center provides neighborhood commercial services within a focused architectural theme, encouraging the opportunities for social interaction through the presence of integral residential use. The proximity of the Village Center to the entrance park shown on Figure 4.2 provides a pedestrian and open space linkage to other parts of West Valley Village and a positive visual contrast.

Multi Use Open Space (MOS) - The Multi Use Open Space (MOS) classification encompasses all actively used open spaces including parks, school sites and those open spaces which fulfill a complementary public utility function such as providing for drainage or stormwater detention. It makes up slightly less than 5% of the Valley View Specific Plan area. MOS parcels may be in either public or private ownership. Property designated as MOS is characterized by the presence of improvements and/or landscaping which provides a setting for permitted activities and compatible uses.

Open Space (OS) - The Open Space (OS) designation is used primarily for passive open spaces, buffers and environmentally sensitive natural areas intended for permanent protection from development and incompatible use. These uses make up slightly more than 27% of the Valley View Specific Plan area.

Land Use Table and Specific Plan Buildout. The buildout of the densities and intensities of planned uses is shown in the table following the designations.

Valley View Specific Plan
Planned Land Use Table

Land Use District	Land Use Designation	Density Range (1)/ Intensity (2)	Acreage	% of Plan
Estate Residential	ER-LL	.25/	206	10%
	ER-1	1/	172	8
	ER-2	2/	648 (5)	32
Single Family Residential	SFR	4/	152	7
Core Residential	CR	6-15/	53 (5)	3
Multi-Family Residential	MFR	12/	11	0.5
Mixed Use	MU	10/20	11 (3)	0.5
Village Center	VC	12/.25	18 (4)	1
[Subtotal: Developed]			1,271	62
Open Space/Buffer	OS	n.a.	617	30
Multiuse Open Space	MOS	n.a.	86	5
[Subtotal: Open Space]			703	35
School Sites	Varies	n.a.	24	1
Major Roads	n.a.	n.a.	39	2
[Subtotal: Public]			63	3
	Total	1.44	2,037	100%

(1) Gross density, including local road, expressed in dwelling units per acre. All acreages are approximate.
(2) Expressed as a floor area ratio (FAR), the ratio of the total gross leaseable floor area as a percentage of the site devoted to the commercial or research and development use.
(3) 50% of total acreage assumed to be developed as residential, 50% as office.
(4) 70% of total acreage assumed to be developed as residential, 30% as commercial.
(5) CR or ER acreage will increase if school site(s) are not accepted by district.

General Plan Litigation, Measure Y and General Plan Update

General Plan Update and Litigation. On July 19, 1999, the Superior Court of California for Sacramento County entered judgment and issued a writ of mandate on a lawsuit challenging the County's General Plan, adopted in 1996. See "THE VALLEY VIEW SPECIFIC PLAN – El Dorado County General Plan" above. The writ, among other things, provides that the County may continue to issue discretionary approvals for residential development if the development is subject of a development agreement entered into prior to the issuance of the writ which vests the right to develop.

Although 1,143 single family lots have received tentative map approval, buildout of the District will require discretionary approvals, including the remainder of tentative subdivision maps. Such approvals are not prohibited by the writ because of the Development Agreement. With respect to making the required finding under the writ that such approvals will not significantly impair the County's ability to adopt a new general plan after complying with CEQA, the writ expressly provides that, "An approval or project shall not be deemed to significantly impair the ability of the County to adopt a new general plan after complying with CEQA if the subject project has vested rights to development pursuant to a development agreement or vesting tentative map, or otherwise, and the mitigation measures, alternatives, policies or regulations under consideration could not be applied to the project by reason of those vested rights." Accordingly, the permit process for development in the District is subject to the terms of the court-approved writ but need not be stayed under those terms. Based on the terms of the writ and the Development Agreement, development in the District does not appear to be directly affected in a significant manner by the court's ruling, writ or judgment on the 1996 General Plan.

Measure Y – Traffic Impact Fees. In November 1998, the voters passed an initiative, Measure Y, amending the 1996 General Plan (described above). The initiative added policies to the General Plan which require new development to pay traffic impact fees sufficient to offset all direct and cumulative traffic impacts caused by that development to any highways or streets in the unincorporated areas of the County during weekday peak hour periods. It also added policies prohibiting discretionary approval of any residential project of five or more units if traffic from that project would cause or worsen specified levels of service during the peak hours.

Development in the District is subject to the provisions of Measure Y. The Master Developer is financing a portion of the required traffic impact fees from Bond proceeds. See "THE IMPROVEMENTS."

THE DISTRICT

Formation of the District

On January 25, 2005, the County Board of Supervisors adopted a Resolution of Intention to form a community facilities district under the Act, to levy a special tax and to incur bonded indebtedness for the purpose of financing the Improvements (which includes financing development impact fees for improvements) and making contributions to certain public facilities. After conducting a noticed public hearing, on March 8, 2005, the County Board of Supervisors adopted the Resolution of Formation, which established Community Facilities District No. 2005-1 (Blackstone), set forth the Special Tax Formula within the District and set forth the necessity to incur bonded indebtedness in a total amount not to exceed $35 million. On the same day, an election was held within the District in which the landowners owning property in the District at the time, as the eligible landowners/voters in the District, unanimously approved the proposed bonded indebtedness and the levy of the Special Tax. See "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" below.

Location and Description of the District and the Immediate Area

The District is located in the "El Dorado Hills" area of the County within a portion of the Valley View Specific Plan area (described above), approximately 23 miles east of the central business district of Sacramento and about 85 miles northeast of San Francisco. This area is close to Sacramento County communities – especially the city of Folsom – and therefore "relates" significantly to the greater Sacramento area. US Highway 50 is the east/west travel artery serving Sacramento and the area; it continues eastward to Lake Tahoe (55 miles), Reno, Nevada, and points beyond. North/south traffic in the immediate area is carried by Latrobe Road, which becomes El Dorado Hills Boulevard north of Highway 50.

Assessor's Parcel Numbers for recent tax purposes were 108-490-13, -14 and -29. However, several of these larger parcels have since been remapped and split into numerous parcels including Assessor's Parcel Numbers 108-730-01 through 29, 108-740-01 through 17, and 108-750-01 through 22. These parcels do not yet appear to be in use for 2004-05 tax year purposes. The property is located in Census Tract 0307.04. The Thomas Brothers map reference is book 282 at grid F5. The zip code in El Dorado Hills is 95762.

The El Dorado Hills population is about 18,000. Although primarily a residential community, the area includes a "Town Center" commercial/retail area located at the intersection of Highway 50 and El Dorado Hills Boulevard. Within the southeast quadrant of this interchange there is a Ralph's Market, a Longs Drugs and numerous other retail stores and commercial outlets. Also east of Latrobe Road, along Town Center Boulevard, there is extensive new construction underway or recently completed of commercial and office facilities, fast food stores, and banks. There is also development underway east of Latrobe Road, including a movie theater. A business park (El Dorado Hills Business Park) provides nearby space for businesses that employ about 6,000. Students in grades K-12 attend schools of the Buckeye Union, Rescue Union and El Dorado Union High school districts. A grade school that will be part of the Buckeye Union District is expected to be located within the District boundaries.

The El Dorado Local Agency Formation Commission ("LAFCO") is currently considering LAFCO Application Number 03-10 submitted by the County Board of Supervisors on behalf of an incorporation committee, which proposes incorporation of an approximately 20,000-acre area located in the County as a new city, to be called the City of El Dorado Hills, which includes property in the District. On July 11, 2005, LAFCO approved the incorporation as the conducting authority and on July 12, 2005, the Board of Supervisors called a special election for that purpose. The timing and ultimate outcome of this effort are uncertain. If the city were to be approved, upon incorporation of the city the term of the development agreement will be the balance of the term of the agreement or eight years, whichever is earlier. There would need to be a further agreement between the Developer and the city to extend the term beyond eight years, not to exceed fifteen years after incorporation.

The largest residential development in El Dorado Hills is the master-planned community of Serrano, approximately two miles north of the District on the opposite side of Highway 50. The community has an estimated population or approximately 13,000 people and comprises approximately 3,500 acres, including 1,000 acres of open space, miles of nature trails, and a golf course and country club is located north of Highway 50 and east of El Dorado Hills Boulevard. The community contains a country club with a Robert Trent Jones, Jr., golf course, a lake with bandstand, an outdoor amphitheater, hiking and biking trails, and other amenities. The project consists of several gated villages. These villages feature pre-designed homes by a variety of builders, including nationally known US Home, Centex Homes, and John Laing Homes and local builders JTS Communities and Pacific Mountain Partners. Custom homes are constructed individually on the custom lots.

Maps. A map of the Valley View Specific Plan area and a map showing the proposed land use plan for the property in the District are shown on the following pages.

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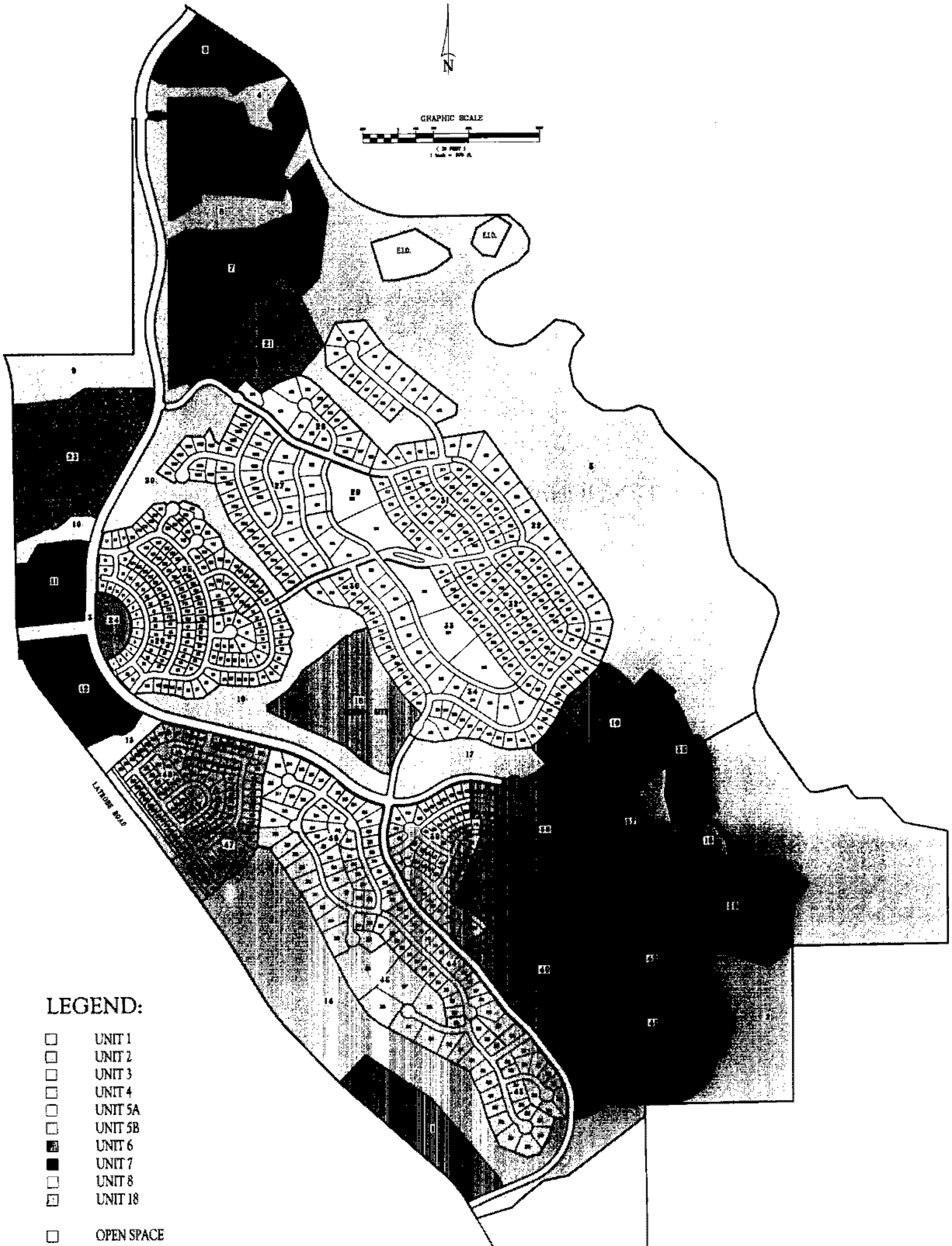
BLACKSTONE EL DORADO

EL DORADO HILLS, CALIFORNIA



LEGEND:

- UNIT 1
- UNIT 2
- UNIT 3
- UNIT 4
- UNIT 5A
- UNIT 5B
- UNIT 6
- UNIT 7
- UNIT 8
- UNIT 18

- OPEN SPACE
- FUTURE
- COMMERCIAL/RESIDENTIAL

COOPER, THORNE & ASSOCIATES, INC.
Civil Engineering & Land Surveying

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Anticipated Land Use within the District

The Master Developer reports that property in the District is projected to include approximately 1,445 single family homes and some commercial uses. Tentative maps have been approved for 1,143 single family lots, with final maps expected by Fall of 2005. The following table shows the currently projected land uses in the District.

County of El Dorado
Community Facilities District No. 2005-1 (Blackstone)
Projected Land Uses

Village Number	Land Use Category	Lot Size	Acres	Units	Density
Tentative Map					
1	SFR	60 x 104	44.46	176	3.96
2	SFR	60 x 104	29.84	105	3.52
3	ER-2	90 x 135	68.94	118	1.71
4	SFR	60 x 110	16.37	54	3.30
5A	ER-2	90 x 135	64.55	104	1.61
5B	ER-2	90 x 135	52.19	110	2.11
6	SFR	60 x 110	53.18	186	3.50
7	ER-2	90 x 135	84.88	119	1.40
8	ER-2	90 x 135	38.36	64	1.67
18	SFR	52 x 105	24.74	107	4.32
Subtotal, Tentative Map			477.51	1,143	
Unmapped Villages	Mixed Use	TBD	12.81	110	8.59
Lot W	Village Center	Comm.	11.83		
Lot X	Village Center	TBD	8.79	80	9.10
Lot Y	ER-2	90 x 135	48.10	96	2.00
Lot Z	ER-2	90 x 135	9.35	16	1.71
Subtotal, Unmapped Villages			90.88	302	
Public Uses	Open Space		347.53		
Parks	3 Total		29.47		
School	1 Site		18.60		
Subtotal, Public Uses			395.60		
Totals			963.99	1,445	

Source: West Valley, LLC.

Current development entitlements require development in the District to be in conformance with the Valley View Specific Plan. The Master Developer anticipates that development will occur substantially as contemplated by the Valley View Specific Plan, however it is possible to make changes to the plan and some changes may occur.

Anticipated Development in the District

The various owners and developers have provided the information set forth below. No assurance can be given that all information is complete or that proposed development will occur as described herein. No assurance can be given that development of the property will be completed, or that it will be completed according to the projections set forth below. Since the ownership of the parcels is subject to change, the development plans outlined herein may not be continued by the subsequent owner if the parcels are sold, although development by any subsequent owner will be subject to the Valley View Specific Plan, the Development Agreement and the policies and requirements of the County. No assurance can be given that the plans or projections detailed below will actually occur. The Special Taxes are not personal obligations of the owners and developers or of any subsequent landowners; the Bonds are secured solely by the Special Taxes. See "SECURITY FOR THE BONDS AND SOURCES OF PAYMENT THEREFOR" and "SPECIAL RISK FACTORS" herein.

Unless otherwise indicated, the information included in this section is derived from the owners and developers of land within the District, from the CFD Hearing Report and from the Appraisal (described herein). The complete Appraisal is on file with the County and is available for public inspection at the office of the County.

Property in the District is currently comprised of 10 mapped residential development neighborhoods, designated by the Master Developer as Villages 1, 2, 3, 4, 5A, 5B, 6, 7, 8 and 18, all as described below, plus 5 unmapped areas. The District covers approximately 990 gross acres, which the Master Developer currently projects approximately 567 net acres to be developed as approximately 1,445 single-family homes subject to the Special Tax, as well as commercial uses subject to the Special Tax, and public uses including a school, parks, open space, drainage, and public right-of-way (roads, including landscaped corridors) not subject to the Special Tax, all in accordance with the Valley View Specific Plan. See "THE VALLEY VIEW SPECIFIC PLAN" above. 1,143 single family residential lots are the subject of a tentative map approved by the County. The property is currently unimproved; construction of homes is expected to begin by the Spring of 2006. See "Anticipated Development in the CFD" and "THE VALLEY VIEW SPECIFIC PLAN" above. All of the parcels within the approved tentative map area of District are the subject of an executed Development Agreement, as described below, and have a Specific Plan designation of SFR (single family residential) or ER-2 (estate residential) as described above under the caption "THE VALLEY VIEW SPECIFIC PLAN."

The current ownership and/or prospective developers of the property in the District are summarized as follows:

Owner	Expected Homebuilder	Tentative Map Lots	Percent of Mapped Lots	Unmapped Lots
MW Housing Partners III, L.P.	Lennar (U.S. Home, Renaissance, Winncrest)	854	74.72%	-0-
West Valley LLC	Unknown	10	00.87	302 [(1)]
CH Blackstone LP	Cambridge Homes	110	9.62	-0-
Centex	Centex Homes	105	9.19	-0-
Parkland Homes	Parkland Homes	64	5.60	-0-
		1,143	100.00	302

[(1)] Does not include 11.83-acre Lot W zoned for commercial use.

Development within the District is anticipated by the Master Developer to be consistent with the Valley View Specific Plan land uses, which primarily consist of low density residential neighborhoods and, to a lesser extent, supporting uses such as parks, recreation, open space and supporting neighborhood land uses. The land within the District includes one elementary school site containing 18.6 acres. There are two designated park sites (13+/- acres each) and 347+ acres of designated open space. These uses are not subject to the Special Tax. The Master Developer is also planning to develop a 2.91-acre site as a community clubhouse not subject to the Special Tax. Permitted land uses are configured to reinforce the neighborhood identity and sense of community. See "THE VALLEY VIEW SPECIFIC PLAN" above.

The Master Developer currently reports that Villages 5A, 5B, 8 and 18 are planned to be gated. Lot V likely will be condominium-style housing. Lot X, even though zoned Village Commercial, may become medium density residential. Lot W is zoned commercial, but it may be re-directed towards a small lot, detached housing use. Lots Y and Z are planned for single family large lot use.

An abbreviated, summary chart of taxable parcels follows:

Property Type	SFD Lots/Size
Single Family Lots (5,460-6,600 SF)	628 lots
Estate Residential Lots (9,450 SF)	118 lots
Estate Residential Lots (12,150 SF)	509 lots
Mixed Use Parcels (Lots V and X*)	12.81 acres
Village Commercial Parcels (Lots W)	11.83 acres

*Actually zoned Village Commercial

Projected Construction Schedule. The Master Developer expects to grade the entire project without phasing. All villages, excluding unmapped Villages Y and Z planned for estate lots, are projected to be physically ready for delivery at about the same time, projected for Fall of 2005. The Master Developer plans to deliver the individual villages with pads graded and ready to receive home construction, with village street-ways graded and ready for utilities and paving, with interior project collector streets complete and all utilities available at the edge of each village. Construction of basic core infrastructure improvements, which include all of the Improvements to be financed with proceeds of the Bonds, is expected to be complete by mid-2006. Homebuilders will need to lay utilities through their villages and put in street improvements, as well as obtain building permits and construct the homes.

As of May 2005, collector street plans have been submitted and reviewed, and grading plans review by the County is in process. Latrobe Road off-sites are being designed, with bidding and construction start planned for June 2005. El Dorado Irrigation District water arrangements are complete; the property will use reclaimed water for irrigation purposes. The overall development goal is to start grading and building collector roads in the Spring of 2005, with village paving by Summer 2005, construction of models in early 2006, and first home occupancies projected for the end of the second quarter of 2006.

The pace of home construction in the District will be determined in part by market conditions and demand for homes. Property currently owned by MW Housing Partners III, L.P. (who is not a developer and holds title as a result of a lending transaction) will be developed by Lennar Renaissance, U.S. Home and Winncrest Homes, all of which are homebuilding affiliates of Lennar Corporation. The Master Developer expects that its property in the District will be sold to developers, which may include affiliates of Lennar Corporation. See "OWNERSHIP OF PROPERTY IN THE DISTRICT" below.

Development by Lennar. Lennar Communities (described herein) is a wholly owned subsidiary of Lennar Corporation and will purchase, entitle and develop the holdings of MW Housing Partners III, L.P. in the District. Lennar Communities currently expects that it will develop 853 single family homes in the District through its homebuilding affiliates U.S. Home, Renaissance Homes and Winncrest Homes. Initial home construction is projected to begin in Spring of 2006 in multiple subdivisions, and projects model homes opening in Summer of 2006 and initial closings in Fall of 2006. *These are projections and subject to change.*

Lennar Related Entities
Projected Initial Development

Village	No. of Units	Approx. Square Footage	Projected Initial Base Pricing
1	176	2,222-4,000	$514,000-635,000
3	114	2,800-4,000	$590,000-790,000
4	54	2,400-3,900	$530,000-656,000
5A	99	2,900-4,000	$630,000-760,000
6	186	2,900-4,000	$630,000-760,000
7	117	2,600-4,700	$601,000-761,000
18	107	1,633-2,546	$446,000-511,000

Lennar also projects that it may develop all or a portion of the remaining 376 single family lots planned (but not yet the subject of an approved tentative map) for the District.

Development by Cambridge Homes. Cambridge currently owns land to be developed into 110 single family homes in Village 5B, having purchased the property from the Master Developer in December of 2004. Cambridge anticipates home construction on the proposed schedule and in the proposed configurations set forth below. *These are projections and subject to change.*

Cambridge Homes
Projected Village 5B Development and Sales

No. of Units	Approx. Square Footage	Begin Home Construction	Open Model Homes	No of Plan Types	Projected Initial Pricing
110	3400-4800	Winter 05/06	Summer 06	6-8	$625,000-$850,000

Development by Centex Homes. The Centex land in the CFD is comprised of Village 2, to be developed into 105 single-family homes. The Master Developer is obligated to pad grade the lots to make them ready to receive home construction, with street-ways graded and ready for utilities and paving, with interior project collector streets complete and all utilities available at the edge the village. The construction of basic core infrastructure improvements is expected to be completed by the Master Developer. Centex will lay utilities through the property it purchased and put in street improvements, as well as obtain building permits and construct the homes. Centex projects having all 105 lots reach finished lot status by April 2006. Centex projects home construction to be done in one phase as market conditions warrant, beginning on the proposed schedule and in the proposed configurations set forth below and with a sell-out of all 105 lots projected by the end of July 2007. *These are projections and subject to change.*

Centex Homes
Projected Village 2 Development and Sales

No. of Units	Approx. Square Footage	Begin Home Construction	Open Model Homes	First Expected Closing Date	No of Plan Types	Projected Initial Pricing
105	2,200-3,000	April 2006	June 2006	August 2006	4	From Low $500,000's

Development by Parkland Homes. Parkland currently owns land to be developed into 64 single family homes in Village 8, having purchased the property from the Master Developer in March 2005. Parkland anticipates home construction on the proposed schedule and in the proposed configurations set forth below. *These are projections and subject to change.*

Parkland Homes
Projected Village 8 Development

No. of Units	Approx. Square Footage	Begin Home Construction	First Expected Closing	No of Plan Types	Projected Initial Pricing
64	2,400 – 3,400	Spring 2006	August 2006	4	Not yet determined

The following table summarizes projected land development within the District. Maximum density for SFR (single family residential) zoning is 4 units per acre and for ER (estate residential) is 0.25-2 units per acre. *These projections are subject to change.* For more information on zoning designations see "THE VALLEY VIEW SPECIFIC PLAN" above.

Village Number or Land Use	Large Lot #	Home Sites	Acres	Density	Zoning	Home Site Size	Buy Date	Owner
Mapped Villages								
Village 1 (Gated)	25	73	17.85	4.1	SFR	60 X 104	Feb-05	MW Hsg.Pner.
Village 1 (Gated)	26	103	26.61	3.9	SFR	60 X 104	Feb -05	MW Hsg.Pner.
Subtotal - Village 1		**176**	**44.46**					
Village 2	47	47	14.02	3.4	SFR	60 X 104	Dec-04	Centex
Village 2	48	58	15.81	3.7	SFR	60 X 104	Dec-04	Centex
Subtotal - Village 2		**105**	**29.84**					
Village 3	43	33	19.49	1.7	ER-2	90 X 135	Feb-05	MW Hsg.Pner.
Village 3	44	27	11.03	2.4	ER-2	90 X 135	Feb-05	MW Hsg.Pner.
Village 3	45	4	8.63	0.5	ER-2	90 X 135	Feb-05	MW Hsg.Pner.
Village 3	46	54	29.80	1.8	ER-2	90 X 135	Feb-05	MW Hsg.Pner.
Subtotal - Village 3		**118**	**68.94**					
Village 4	39	54	16.37	3.3	SFR	60 X 110	Feb-05	MW Hsg.Pner.
Subtotal - Village 4		**54**	**16.37**					
Village 5A (Gated)	29	2	6.57	0.3	ER-2	90 X 135	Feb-05	MW Hsg.Pner.
Village 5A (Gated)	30	25	14.75	1.7	ER-2	90 X 135	Feb-05	MW Hsg.Pner.
Village 5A (Gated)	31	74	34.50	2.1	ER-2	90 X 135	Feb-05	MW Hsg.Pner.
Village 5A (Gated)	33	3	8.75	0.3	ER-2	90 X 135	Feb-05	MW Hsg.Pner.
Subtotal - Village 5A		**104**	**64.56**					
Village 5B (Gated)	22	25	15.37	1.6	ER-2	90 X 135	Dec-04	Cambridge
Village 5B (Gated)	32	59	20.43	2.9	ER-2	90 X 135	Dec-04	Cambridge
Village 5B (Gated)	34	26	16.40	1.6	ER-2	90 X 135	Dec-04	Cambridge
Subtotal - Village 5B		**110**	**52.19**					
Village 6	38	110	31.70	3.5	SFR	60 X 110	Feb-05	MW Hsg.Pner.
Village 6	40	76	21.48	3.5	SFR	60 X 110	Feb-05	MW Hsg.Pner.
Subtotal - Village 6		**186**	**53.18**					
Village 7	35	14	10.70	1.3	ER-2	90 X 135	Feb-05	MW Hsg.Pner.
Village 7	36	28	18.29	1.5	ER-2	90 X 135	Feb-05	MW Hsg.Pner.
Village 7	37	19	13.79	1.4	ER-2	90 X 135	Feb-05	MW Hsg.Pner.
Village 7	41	2	13.61	0.1	ER-2	90 X 135	Feb-05	MW Hsg.Pner.
Village 7	42	56	28.49	2.0	ER-2	90 X 135	Feb-05	MW Hsg.Pner.
Subtotal - Village 7		**119**	**84.88**					
Village 8 (Gated)	27	48	26.13	1.8	ER-2	90 X 135	Mar-05	Parkland
Village 8 (Gated)	28	16	12.23	1.3	ER-2	90 X 135	Mar-05	Parkland
Subtotal - Village 8		**64**	**38.36**					
Village 18	23	107	24.74	4.3	SFR	52 X 105	Feb-05	MW Hsg.Pner.
Subtotal - Village 18		**107**	**24.74**					
Subtotal - Mapped Villages		**1,143**	**477.53**					
Unmapped Villages		*Planned*						
Lot V	1	110	12.81	8.6	MU	TBD		
Lot W	12	NA	11.83		VC	TBD		
Lot X	11	80	8.79	9.1	VC	TBD		
Lot Y	7	96	48.10	2.0	ER-2	90 X 135		
Lot Z	6	16	9.35	1.7	ER-2	90 X 135		
Subtotal - Unmapped		**302**	**90.88**					
Open Space	**various**		**347.533**					
Parks	**various**		**26.559**					
School	18		**18.60**					
Community Club	24		**2.91**					
Arterial Roads	3		**26.17**					
TOTAL		**1,445**	**990.19**					

Source: Lennar Communities.

Development Agreement

General. El Dorado Hills Investors, LTD., a California limited partnership, executed a Development Agreement dated December 8, 1998 (the **"Development Agreement"**) with the County in accordance with applicable state and local codes. The Development Agreement vests certain development rights, sets forth obligated infrastructure improvements and dedication requirements, secures the timing and methods for financing improvements, and specifies other performance obligations as related to development in the applicable portion of the Valley View Specific Plan area and establishes certainty as to zoning standards and land use regulations of the County governing the construction and implementation of the development project throughout the term of the Development Agreement. All of the property in the District is subject to the requirements of the Development Agreement as well as the Valley View Specific Plan. The Development Agreement was entered into in accordance with Sections 65864 through 65869.5 of the California Government Code, as implemented through a County Zoning Ordinance. The Development Agreement is the primary implementation tool for the Valley View Specific Plan and is intended to create a binding contract between the County and the developer which sets forth the needed infrastructure improvements, park dedication requirements, timing and method for financing improvements and other specific performance obligations of the County and the developer as such obligations relate to development of the property in the District, including the terms, conditions, rules, regulations, entitlements, vested rights and other provisions relating to the development of the property in the District according to the Valley View Specific Plan entitlements. Included are provisions relating to infrastructure improvements, public dedication requirements, landscaping amenities and other obligations of the parties.

The Development Agreement has a 20-year term, is assignable, runs with the property, and may be modified only by mutual consent of the County and the developer and in a manner consistent with the Valley View Specific Plan. The El Dorado Local Agency Formation Commission is currently considering approval of the incorporation of a city of El Dorado Hills, as described above under the subcaption "Location and Description of the District and the Immediate Area." The timing and ultimate outcome of this effort are uncertain, however if the city were to be approved, upon incorporation of the city the term of the development agreement will be the balance of the term of the agreement or eight years, whichever is earlier, pursuant to Government Code Section 65865.3. There would need to be a further agreement between the Developer and the city to extend the term beyond eight years, not to exceed fifteen years after incorporation. With the Development Agreement in place, subject to compliance with the terms of the Development Agreement and the policies and regulations made applicable by the Development Agreement, construction of homes within the District may occur upon County approval of subdivision maps, satisfaction of certain design requirements and conditions of such maps and issuance of building permits. The Development Agreement will be binding on the Master Developer and all successor owner-developers of property in the District.

Land use and development entitlements granted under the Development Agreement for property in the District is consistent with the Valley View Specific Plan described under the caption "THE VALLEY VIEW SPECIFIC PLAN" and summarized above.

Improvements. The Development Agreement sets forth the responsibility of the original developer and its successors for a portion of the costs of certain public improvements required for its development within the Valley View Specific Plan area. Funding of the Improvements with Bond proceeds will satisfy a portion, but not all, of the relevant obligations of the Developer for infrastructure improvements required by the Development Agreement. The improvements not funded from Bond proceeds will be funded by the Master Developer. See "THE IMPROVEMENTS" below.

Water Availability

The Master Developer has consulted with the water provider for the District and has provided the information set forth in this section. No assurance can be given by the County as to the accuracy of the information.

El Dorado Irrigation District. The El Dorado Irrigation District ("EID"), a special irrigation district created under California Water Code 20500 et seq., is the water and wastewater purveyor for the portion of the County of which the District is a part. EID is a separate entity from the County, governed by an independent elected board, which has adopted various policies concerning the provision of water service within the District. EID provides water service to developments in accordance with Regulation No. 2 "Water Supply Reliability" of its Rules and Regulations Governing the Distribution and Use of Water/Wastewater and Recycled Water. Section 2.4 of Regulation No. 2 states that EID will "endeavor to provide water supplies having a System Firm Yield (i.e., 95% of the time water will be delivered) greater than or equal to the normal, unrestricted, water demands of EID's system." In the remaining 5% of the time, shortages not to exceed 20% of demand annually will be allowed. These shortages would be met by varying levels of conservation (increasing from voluntary to mandatory) as outlined in the Attachment to Regulation No. 2, "EID's 4-Stage Water Supply Matrix and Water Shortage Response Measures."

Section 2.5 of Regulation No. 2 provides that EID "will maintain adequate water supply and demand records to ensure accurate monitoring and reporting" and that EID "will present an analysis of demand and supply based on occurrences during the preceding year, and will specifically include updated information on normalized consumption, latent water demand, unaccounted-for water, potential water demand, and significant changes in water supply, if any." In 1991, EID published its initial Water Supply and Demand Report. This report, which has been updated annually and is now called the "Water Resources and Service Reliability Report", documents EID's current water supply, potential demand and water meter availability as of the beginning of each calendar year. EID's 2005 report appears on EID's website at www.eid.org, at a "Public Information" webpage. The 2005 report indicates that the infrastructure based supply for the El Dorado Hills Service Area is 11,500 acre-feet for 2005. The total potential demand as of December 31, 2004 included 7,821 acre-feet of active demand, 442 acre-feet of latent demand, and 1,005 acre-feet of other system demands, for a total of 9,268 acre-feet. The resulting unallocated water supply for the year 2005 was therefore 2,232 acre-feet. To convert the available water supply to meter availability, the projected 2005 per equivalent dwelling unit ("EDU") demand from the 10-year historical trend for single-family residential dwellings in the El Dorado Hills Service Area was used, at 0.78 acre-feet per EDU. The water meter availability for the El Dorado Hills Service Area was thus a total of 2,862 EDUs for 2005. Of this total, 2,475 EDUs are affected by EID's contractual commitments with various parties. Specifically, 1,992 EDUs are available for purchase only by properties within EID's Assessment District No. 3 (which includes property in the District); 49 EDUs are available for purchase only by parcels within the Monet Vista area; 434 EDUs are available for purchase only by parcels of Interested Parties and Benefited Parties under the Weber Dam Advanced Funding Agreement. The remaining 387 EDUs are available for purchase by any parcel within the El Dorado Hills Service Area.

The purchase of a water meter assures a water allocation from EID for water service. Meters are available for purchase by a qualified customer on a first-come, first-served basis, subject to EID's rules, regulations and procedures. The process for acquiring meters from EID is prescribed by Regulation No. 22 "Service Procurement." Section 22.5 of Regulation No. 22 provides the necessary steps that must be accomplished before a "Meter Award Letter" is issued. These steps include obtaining signed improvement plans, approved cost estimates, approved performance and materialsmen bonds, approved line extension agreements, and all easements. These steps are intended to ensure that water meters will be acquired only a short time before they can be put into service. Once these steps have been completed, a developer is eligible to buy a meter and obtain a Meter Award Letter. The Meter Award Letter reflects EID's commitment to provide service, and the developer is able to "set" the water meter(s) when the project is built. Once a Meter Award Letter is issued in accordance with Regulation 22, the number of meters specified in the letter are consider allocated (committed) water and are not differentiated by EID from other existing water meters that are installed and in service. EID's regulations provide that no Meter Award Letter will be issued unless sufficient firm yield of unallocated water supply exists to serve that meter. Conversely, EID's policy is that it makes a commitment to service only when a Meter Award Letter is issued and a meter is purchased. The County does not independently verify either EID's compliance with its own regulations and policies or the accuracy of its water supply, demand, and availability calculations.

Currently, no assurance can be given that water meters will be available at the time or in the quantities desired by a potential customer, even if they are the beneficiary of one of the contractual commitments (Assessment District No, 3, Monte Vista parcels, Weber Dam Advanced Funding Agreement) described above. The infrastructure based water supply currently available to the El Dorado Hills Service Area is not sufficient to serve all water demands expected to arise at full buildout of this area nor is it sufficient to serve all water demands expected to arise from the construction of all development in the El Dorado Hills Service Area that has a vested legal right to proceed. However, EID recently received approval for 17,000 acre-feet per annum of additional water rights for diversion from Folsom Reservoir. The State Water Resources Control Board ("SWRCB") approved Permit 21112 in October 2001. A December 2004 judgment of the Sacramento Superior Court upheld the validity of that approval. and that portion of the judgment was not appealed. The only aspect of Permit 21112 that is not settled and is pending on appeal is whether or not Term 91 is included within its terms and conditions. Term 91 is a standard SWRCB term that protects the stored water of the State Water Project and federal Central Valley Project, by providing that anyone subject to Term 91 must curtail their diversions whenever the Projects are releasing stored water to maintain water quality in the Delta. The trial court held that the SWRCB has no legal authority to impose Term 91 on Permit 21112, but the SWRCB and other losing parties have appealed that decision. If Permit 21112 was subject to Term 91, that fact would diminish the otherwise firm yield of 17,000 acre-feet annually. The amount of the diminution is difficult to calculate and no estimate is available at this time.

The approval of Permit 21112 provides the opportunity for EID to add this water to its system firm yield. To fully utilize this supply, however, it is necessary for EID to execute a long-term contract with the U.S. Bureau of Reclamation to take the water from Folsom Reservoir, and to expand its treatment and conveyance infrastructure. EID applied for the Bureau of Reclamation contract in the initial amount of 11,000 acre-feet, in July 2004 and is actively pursuing the contract at this time. EID has proposed that the contract amount automatically adjust to 17,000 acre-feet when the County's General Plan becomes legally effective. EID is also designing a further expansion of its El Dorado Hills Wafer Treatment Plant from its current permitted capacity of 19.5 million gallons per day ("mgd") to 24 mgd. This expansion will improve EID's capability to utilize the Permit 21112 water supply, but additional future expansions in water treatment capacity and other infrastructure will be necessary

EID is also pursuing two other supplemental water supplies from Folsom Reservoir. Once secured, they will also be available for use in the El Dorado Hills Service Area. One supply is a change in the point of diversion of approximately 4,000 acre-feet per annum of existing District water rights that are not longer needed or used at historic ditches and dams east of El Dorado Hills. The second supply is a portion of a 15,000 acre-foot per annum water service contract that El Dorado County Water Agency will be executing with the US. Bureau of Reclamation. The required environmental review for this contract and the contract negotiations themselves, have been delayed by need to have an adopted and legally effective County General Plan. For planning purposes, EID is assuming that it will receive a half-share of this contract, or 7,500 acre-feet per annum.

Water Available for the Development. In 1985, EID created an improvement financing assessment district named Assessment District No. 3 for the purpose of funding certain water and sewer services to El Dorado Hills. The property in the District participated in this initial funding and to date, the District portion of the Development has been assessed for entitlement to 663 water EDUs. EDUs were assigned to property, based upon the dollar amount of the assessment that was placed on the property. Each EDU equates to the right to acquire an allocation of two single-family water meters for the property if the improvement on the property is "dual plumbed" (plumbed separately for potable water and recycled water), and if a meter is available at the time of acquisition, as described above. The Master Developer indicates that all of the development in the District will be dual plumbed and as such the Master Developer has calculated water demands total 740 EDUs for development of the property. The Assessment District No. 3 entitlement of 740 water EDUs has been established for development in the District (such entitlement runs with the land) and can supply 1,480 dwelling units. Units 1 through 8, plus Unit 18, include 1,143 single-family lots, and are projected to consume 571.5 of the available EDUs. An additional maximum of 299 dwelling units, the commercial site, the recreation center, parks and school are included in the future units located on lettered lots V-Z and the Master Developer has calculated that build out of these units will require approximately a maximum additional 150.5 EDUs, all which are available from the Assessment District No. 3 allocation.

Water availability is not assured until a Meter Award Letter is issued upon purchase of water meters to match the EDU allocations, and purchase of water meters cannot be made until lot improvement plans have been approved, or in any case, not later that approval of corresponding final map(s) by the County. The Master Developer expects final map approval by Fall of 2005 for the 1,143 tentative mapped lots in the District and expects water meters to be available for purchase for all 1,143 units at that time.

Water Availability for El Dorado Irrigation District. Under a local ordinance, the County is required to annually prepare a Public Water Availability Evaluation that assesses both current supply and demand, and 20-year projections of supply and demand, for public water purveyors outside of the Lake Tahoe Basin, including the EID. Due to staffing changes and other factors, the County's most recent Public Water Availability Evaluation is its February 1, 2002 draft of the 2000 Public Water Availability Evaluation. A copy of the draft report is available by contacting the El Dorado County Water Agency, 3932 Ponderosa Road, Suite 200, Shingle Springs, California 95682.

Utilities and Public Services

All typical urban utility services for finished lots are available in the District or will be extended to the lots. These utilities include electric power, natural gas, telephone, cable television, water, and sanitary sewer and storm water facilities. As an unincorporated community, a number of local agencies provide services to the El Dorado Hills and Valley View areas. The County provides police protection, primarily from the Sheriff's Department. Other services are provided by line departments such as the Planning and Building Departments, Environmental Management, Health, the Department of Social Services, and the Probation Department and Court system. Many of the roads within the District will be within gated neighborhoods and privately maintained, with some roads publicly owned and to be maintained by the County Department of Transportation with funding by property owners through a road maintenance assessment or other funding mechanism.

Water for both domestic use and irrigation is provided by the El Dorado Irrigation District ("EID") and the planned wastewater collection and water storage and distribution systems are proposed to be owned and operated by this agency. See "Water Availability" above. Landscape corridors as well as homeowner yards will be irrigated with reclaimed water. Electrical and natural gas service to the planned area will be provided by PG&E. Cable is available from Comcast and phone service is from SBC.

Public education is provided by Buckeye School District for both elementary and intermediate levels and the El Dorado Unified High School District for secondary education. Public parks and recreation needs are met by the El Dorado Hills Community Services District Fire protection is provided primarily by the El Dorado Hills County Water District which at one time also operated community water systems until their acquisition by EID.

The El Dorado Local Agency Formation Commission is currently considering approval of the incorporation of a city of El Dorado Hills, as described above under the subcaption "Location and Description of the District and the Immediate Area." The timing and ultimate outcome of this effort are uncertain, however if the city were to be approved service providers may vary from those set forth above.

Environmental Matters

Flood Zone. According to the Federal Emergency Management Agency's flood insurance rate maps, all of the property lies in Zone C, defined by FEMA as an area determined to be outside of the 500-year flood plain. Some of the parcels have different Community Panel Numbers including 06004-0925B, dated October 18, 1983 and 06004-0700D, dated October 18, 1995.

Toxic Hazards Information. There exists in western portions of the County serpentine bedrock which can contain a natural form or forms of asbestos. Disturbance of the serpentine bedrock during development could release asbestos into the air. In response to this potential for release of asbestos into the air, the County and others are implementing construction control measures to be applied whenever development occurs within serpentine bedrock. Those measures require sites to be kept wet and machinery to be kept dust free during periods of exposure and work in serpentine bedrock.

The following information under this subcaption "Toxic Hazards Information" has been provided by the Master Developer and certain of its consultants. No assurance can be given by the County as to the accuracy of the information.

In March 2004, the Master Developer caused a study to be conducted by Wallace Kuhl & Associates Inc., consulting engineers, to gather information regarding the potential presence of naturally occurring asbestos within the proposed improvement area of the District. The scope of work included document reviews, field activities which included obtaining numerous representative soil/rock samples, and laboratory analysis for asbestos content. The study and resulting report concluded that asbestos was not detected in any of the samples and that the project area was unlikely to contain naturally occurring asbestos.

Additionally, in May 2000, the California Department of Conservation's California Geological Survey (CGS) released a map, "*Areas More Likely to Contain Natural Occurrences of Asbestos in Western El Dorado County, California*" (DMG Open-File Report 2000-02) showing areas where naturally occurring asbestos is more likely to be found in Western El Dorado County. The map shows the property in the District to be located in the classification "Areas That Probably Do Not Contain Asbestos." This indicates a lower probability than certain other areas but it is not a conclusive determination that asbestos does not exist on the property and mapping revisions and further research is ongoing. More information on the California Department of Conservation's investigation of naturally occurring asbestos in western El Dorado

County can be found at the Department of Conservation's website, *www.consrv.ca.gov*. Additionally, the California Air Resources Board maintains a website (http://www.arb.ca.gov/toxics/asbestos/geninfo.htm) that provides important information, education material, advisories and fact sheets regarding naturally occurring asbestos for the general public, interested homeowners or potential newcomers to El Dorado County.

No assurance can be given that asbestos does not exist within property in the District. The effect of any parcel within the District being affected by a hazardous substance could be to reduce the marketability and value of the parcel by the costs of remedying the condition, because the owner 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 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. See "SPECIAL RISK FACTORS – Property Values and Property Development - Hazardous Substances."

Although the Master Developer has found no indication that either serpentine bedrock or asbestos exists in detectable level on or in the property to be developed in the District, the Master Developer and merchant builders will disclose the potential existence of naturally occurring asbestos to all purchasers. The disclosure notice is expected to include language substantially similar to the following:

> "The geological conditions of Property can affect its developability, and in some cases, its overall livability. The general geological conditions in [the property] have been studied by Youngdahl & Associates Inc. Youngdahl's report, dated August 1999, is available upon request. Some of the lots in [the property] were constructed with some fill material. Other particular building site characteristics are reported in the Youngdahl study. You should review the Youngdahl study with your engineer, architect or attorney in order to fully understand the local geology and how it may affect construction of your home. Naturally occurring serpentine rock is present in certain locations in western El Dorado County. Serpentine rock sometimes contains naturally-occurring asbestos, which can be a health concern. The natural occurrences of asbestos in western El Dorado County has been studied by various agencies, including El Dorado County, California State Air Resources Board and the California Department of Conservation, Division of Mines and Geology. Various reports have been published and can be obtained from the El Dorado County Environmental Department - (530) 621 5355. In addition, El Dorado County presently has a website dedicated to this issue. The web address is: www.co.el-dorado.ca.us. The investigation by Youngdahl Consulting Group, which is summarized in the letter constituting Attachment 2 to this Disclosure document, suggests that [the property] does not, in all likelihood, contain serpentine rock. The Developer does not make any representation or warranty as to the absence of serpentine rock, or asbestos, however, and you are strongly urged to conduct an independent review of information concerning the potential presence of serpentine rock in western El Dorado County."

See also, "RISK FACTORS – Property Values and Property Development – Hazardous Substances."

Seismic Conditions. The property in the District is not located within a seismic special studies zone, designated by the California State Division of Mines and Geology, in accordance with the Alquist-Priolo Special Study Zone Act of 1972. The nearest mapped active fault to the site is the Dunnigan Hills fault located about 38 miles to the west-northwest.

THE IMPROVEMENTS

Eligible Facilities

The Bonds will provide a funding source to the Master Developer for moneys expended for a portion of the cost of the Improvements and for certain developer fees paid or to be paid by the homebuilders.

The Improvements eligible to be financed by the District are set forth in the Resolution of Intention and in the Community Facilities District Hearing Report dated March 16, 2005 prepared for the County by Economic & Planning Systems, Inc., Sacramento, California, in connection with the formation of the District.

The eligible Improvements authorized are described in the CFD Hearing Report as follows and include certain costs related thereto. The Bonds are not expected to fund all of the authorized improvements; the Master Developer currently anticipates that Bond proceeds will fund only the library improvements, the El Dorado Hills Road Impact Fees and the Interim Highway 50 Corridor Variable TIM Fees. See "Estimated Cost of the Improvements" below.

Public Road Improvements

- Widening of a portion of Latrobe Road, from Highway 50 to White Rock Road, including intersection improvements at Latrobe Road and White Rock Road
- Widening of a portion of Latrobe Road, from Suncast Lane to Golden Valley Parkway, including western project entrance at Latrobe Road
- Widening a portion of White Rock Road, from Latrobe Road to Manchester Drive
- Improvements to El Dorado Hills Blvd./Highway 50 interchange
- Improvements to Silva Valley Parkway/Hwy 50 interchange
- Planning Study—Alternate routes between Latrobe Rd. and US Hwy 50
- Auxiliary Lane—Westbound: El Dorado Hills Blvd. interchange to Empire Ranch interchange
- Collector streets to be determined

Water Distribution, Storage and Pump Station Facilities

- Water transmission lines
- Water storage tanks and pump station

Sanitary Sewer Facilities

- Sanitary sewer force mains
- Sanitary sewer lift stations

Parks

- North Park
- South Park

Public Library

- Funding a portion, not to exceed $2.0 million, of the cost and expense of the El Dorado Hills Public Library, located at the intersection of Serrano Parkway and Silva Valley Road

Development Impact Fees

- El Dorado Hills Road Impact Fees for residential and nonresidential
- El Dorado Hills State Road Impact Fees for residential and nonresidential

- El Dorado Hills State Highway 50 Variable Impact Fees
- El Dorado Hills Fire Impact Fees for residential and nonresidential
- El Dorado Hills Community Services District Park Impact Fees
- Buckeye School District School Impact Mitigation Fees
- El Dorado Union High School Impact Mitigation Fees
- El Dorado Irrigation District Water Facility Capacity Charges
- El Dorado Irrigation District Wastewater Facility Capacity Charges
- El Dorado Irrigation District Recycled Water Facility Capacity Charges

Estimated Cost of the Improvements

The table on the following page summarizes a list of eligible facilities that are authorized to be funded by the District. The estimated cost of such facilities is approximately $58 million. Of this amount, Bond proceeds will fund approximately $29 million. The Master Developer is responsible for the remaining $29 million; however, the ultimate responsibility of the Master Developer will be less than such amount because a portion of such costs are eligible for reimbursement by the County and other sources other than Bond proceeds. In addition to the listed facilities, development impact fees, currently estimated to be in the approximate amount of $55.9 million are also eligible to be financed with Bond proceeds, however the development impact fess will be responsibility of merchant homebuilders and the Master Developer does not currently intend to use Bond proceeds to pay such fees.

The Master Developer estimates that an additional $17 million will be required for mass grading the project and constructing certain sound walls and entrance monuments. It has also been estimated that future development costs will include about $8 million for the construction of the project clubhouse and approximately $4.8 million to build parks within the project. None of these estimated costs were included in the eligible facilities list to be funded by the District. While funding for these items has not been specifically identified, the Master Developer indicates that the parks will be funded through the payment of park fees.

In addition to infrastructure costs authorized to be funded by the District and the additional development costs projected by the Master Developer, additional costs to finish all lots in the mapped villages are required. These costs are to be absorbed by merchant homebuilders, has been estimated by the Master Developer's engineers to total approximately $40.2 million.

The following table shows a current estimate of cost allocations for authorized Improvements; the cost amounts and estimated use of Bond proceeds to pay such costs are projections only and subject to change.

County of El Dorado
Community Facilities District No. 2005-1 (Blackstone)
Summary of Authorized Facilities and Estimated Cost

Item	Source / Notes	Total Cost / Eligible Facilities	Funded by Mello Roos CFD	Developer Responsibility
Project Costs				
Public Road Improvements				
Projects in the El Dorado Hills/Salmon Falls RIF Program[A]				
R-1 White Rock Road - Latrobe Road to Manchester	1	$7,156,000	[C]	[C]
R-2 Latrobe Road, from Hwy 50 to White Rock Road	2	$1,885,000	[C]	[C]
R-3 Latrobe Road, from Suncast to Golden Valley Parkway	3	$10,453,000	[C]	[C]
R-4 El Dorado Hills Blvd/Hwy 50 Interchange	4	$1,938,000	[C]	[C]
R-5 Silva Valley Pkwy/Hwy 50 Interchange - Enhancement Improvements [B]	5	$8,911,600	$5,415,870	$3,495,730
R-7 Planning Study - Alternate Routes	7	$300,000	[C]	[C]
To be distributed as EDC DOT determines		-	$12,637,030	$9,094,970
Subtotal - El Dorado Hills / Salmon Falls RIF		**$30,643,600**	**$18,052,900**	**$12,590,700**
Projects in the Interim Highway 50 Corridor Variable TIM Program				
R-6 Hwy 50 Auxiliary Lanes - El Dorado Hills Blvd - Silva Valley Pkwy	6	$3,600,000	$3,600,000	$0
R-8 Auxiliary Lane - Westbound Hwy 50	8	$1,800,000	$1,800,000	$0
Subtotal - Interim Hwy 50 Corridor Variable TIM		**$5,400,000**	**$5,400,000**	**$0**
Collector Streets				
C-1-5 Collector Streets	9	$11,730,000	$3,547,000	$8,192,900
Subtotal - Collector Streets		**$11,730,000**	**$3,547,100**	**$8,192,900**
Subtotal, Public Road Improvements		**$47,773,600**	**$27,000,000**	**$20,773,600**
Potable Water Distribution, Storage and Pump Station Facilities				
W-1 Water Transmission Lines	10	$500,000	$0	$500,000
W-2 Water Storage Tanks and Pump Station	10	$1,500,000	$0	$1,500,000
Subtotal, Water Distribution, Storage and Pump Station Facilities		**$2,000,000**	**$0**	**$2,000,000**
Recycled Water Distribution, Storage and Pump Station Facilities				
RW-1 Water Transmission Lines	10	$500,000	$0	$500,000
RW-2 & RW-3 Water Storage Tanks	10	$4,000,000	$0	$4,000,000
Subtotal, Water Distribution, Storage and Pump Station Facilities		**$4,500,000**	**$0**	**$4,500,000**
Sanitary Sewer Facilities				
S-1 Sanitary Sewer Lift Station	10	$1,750,000	$0	$1,750,000
Subtotal, Sanitary Sewer Facilities		**$1,750,000**	**$0**	**$1,750,000**
Public Library	11	**$2,000,000**	**$2,000,000**	**$0**
Total Project Costs		**$58,023,600**	**$29,000,000**	**$29,023,600**

Notes:
[A] Eligible facilities includes prepayment of project fees; developer expects to prepay RIF fees in the amount of $18,052,900 from Bond proceeds as shown.
[B] Total cost of Silva Valley Interchange per EDC DOT CIP $25.7 million. DOT has $16.7 million set-aside so net is $8.9 million. 30% of fees allocated to Silva Valley Interchange = $5.4 million.
[C] Prepayment of fees applicable to fee program. EDC DOT to determine allocation to individual projects. Assumes 100% of prepaid fees toward Valley View conditioned projects. $12.6 million to be distributed.
1. El Dorado County Department of Transportation. Proposed Interim CIP, Fiscal Year 3/04 through 07/08. Project 71329 & portion of 72360.
2. El Dorado County Department of Transportation. Proposed Interim CIP, Fiscal Year 3/04 through 07/08. Project GP097.
3. El Dorado County Department of Transportation. Proposed Interim CIP, Fiscal Year 3/04 through 07/08. Project GP044.
4. El Dorado County Department of Transportation. Proposed Interim CIP, Fiscal Year 3/04 through 07/08. Project 71322.
5. El Dorado County Department of Transportation. Proposed Interim CIP, Fiscal Year 3/04 through 07/08. Project 71328.
6. El Dorado County Department of Transportation. Proposed Interim CIP, Fiscal Year 3/04 through 07/08. Portion project 753110.
7. Mark Thomas & Company, March 3, 2004.
8. El Dorado County Department of Transportation. Proposed Interim CIP, Fiscal Year 3/04 through 07/08. Project 53115.
9. R.E.Y. Engineers 12/24/04.
10. West Valley, LLC estimate January 2004.
11. Per Valley View Specific Plan Condition #71.
Source: Master Developer.

Construction and Acquisition of the Improvements and Payment of Fees

Lennar Communities plans to grade the developable area, construct collector streets and major infrastructure, gates, roadway/entry landscaping and a private clubhouse. Grading is expected to begin in Spring of 2005, with underground work commencing in Summer 2005 and paving occurring from Fall of 2005 through Spring of 2006.

In connection with the issuance of the Bonds, the County and the Master Developer entered into an Acquisition and Disclosure Certificate, as described above under the caption "THE DISTRICT – Development Agreement" which establishes the terms and conditions pursuant to which the Master Developer will cause the construction and installation of, or the advance of funds for, a prescribed subset of the Improvements and the County upon completion of construction and acceptance by the County, will purchase the Improvements and pay certain of the Bond proceeds to the Master Developer. The Development Agreement provides that upon completion of the Improvements and acceptance by the County, proceeds of the Bonds will be used to pay a portion of the purchase price of the Improvements pursuant to the terms of the Acquisition Agreement. The Master Developer currently expects Bond proceeds to only fund a portion of the development impact fees for the project. The Master Developer will be responsible for the portion of the cost of construction of the Improvements not paid with Bond proceeds, however Special Tax revenues which are not needed for Annual Costs will also be available, but only through fiscal year 2019-20, to pay costs of acquisition or construction of authorized Improvements not funded with Bond proceeds on a "pay-as-you-go" basis. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology" and " – Special Tax Fund."

OWNERSHIP OF PROPERTY WITHIN THE DISTRICT

Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. There is no assurance that the present property owners or any subsequent owners will have the ability to pay the Special Taxes or that, even if they have the ability, they will choose to pay the Special Taxes. An owner may elect to not pay the Special Taxes when due and cannot be legally compelled to do so. Neither the County nor any owner of a Bond will have the ability at any time to seek payment directly from the owners of property within the District of the Special Tax or the principal or interest on the Bonds, or the ability to control who becomes a subsequent owner of any property within the District.

The Master Developer and other landowners have provided the information set forth in this section entitled "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT." No assurance can be given that all information is complete. In addition, any Internet addresses included below are for reference only, and the information on those Internet sites is not a part of this Official Statement or incorporated by reference into this Official Statement.

No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner. The Special Taxes are not personal obligations of the developers or of any subsequent landowners; the Bonds are secured only by the Special Taxes and moneys available under the Fiscal Agent Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "SPECIAL RISK FACTORS" herein.

The following table summarizes the current ownership of property based on the estimated allocation of the Maximum Special Tax in the District for 2005-06.

Ownership	Est. Allocation 2005-06 Max Special Tax	Percent of Max Special Tax
MW Housing	$1,211,100	60.12%
West Valley LLC	388,374	19.28
Centex Homes	136,500	6.78
Cambridge Homes	176,000	8.74
Parkland Homes	102,400	5.08
TOTAL	2,014,374	100.00

Source: Underwriter.

MW Housing Partners III, L.P./Lennar Affiliates (Villages 1, 4, 6 & 18, and portions of 3, 5A & 7). Property owned by MW Housing Partners III, L.P. is being held for transfer to Lennar Corporation subsidiaries and affiliates and is expected to be developed by the Lennar-owned entities Renaissance Homes, Winncrest Homes and U.S. Home. MW Housing Partners III is not a developer of any type and owns the property as part of a transaction entered into to effectively facilitate a loan of money to Lennar-owned entities; the Lennar-owned entities have control of and options to purchase the lots from MW Housing Partners III, L.P. under a "rolling option contract" arrangement, under which Lennar controls the lots and purchases finished lots in batches in order to carry out home construction on those lots. Lennar is responsible for all aspects of property development, including construction costs and carrying costs (including the payment of property taxes and the Special Taxes supporting the Bonds) even during the period in which MW Housing Partners III, L.P. is the fee owner of the lots. MW Housing Partners III is a limited partnership formed on behalf of CalPERS as a real estate investment of pension fund moneys and is managed by Weyerhauser Corporation (Seattle, Washington) and McFarlane Partners of San Francisco. Through its joint venture with Weyerhaeuser realty investors, McFarlane Partners invests in single-family residential development projects in major metropolitan areas nationwide on behalf of pension funds and other institutions. Weyerhaeuser Realty Investors, headquartered in Seattle, has invested in single-family housing projects for more than 30 years and maintains regional offices in five states and the District of Columbia. Formed in 1995, the MacFarlane/Weyerhaeuser venture typically provides equity and mezzanine debt to homebuilders for development projects that consist primarily of detached, single-family homes. It seeks returns of 20-30 percent, with a return of capital within 20-40 months of the investment date. There is no deed of trust encumbrance against the property in the District owned by MW Housing Partners III.

Lennar Corporation (**"Lennar"**) is a diversified real estate company headquartered in Miami, Florida and publicly traded on the New York Stock Exchange under the symbol LEN. It has two classes of stock: Class A common stock, which is entitled to one vote per share; and Class B common stock, which is entitled to ten votes per share. Stuart Miller, the President and Chief Executive Officer, has voting control, through family owned entities and personal holdings of Class A and Class B common stock. This entitles Mr. Miller to approximately 48% of the combined votes that can be cast by the holders of their outstanding Class A and Class B common stock combined.

Lennar started as a Dade County, Florida homebuilder in 1954 and currently reports that it is one of the largest homebuilders in the United States with operations in Arizona, California, Colorado, Florida, Illinois, Maryland, Minnesota, Nevada, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Virginia, West Virginia, and Wisconsin. Lennar currently employs over 10,000 associates company-wide.

Lennar operates using the following brand names for homebuilding: Lennar Homes, U.S. Home, Greystone Homes, Village Builders, Renaissance Homes, Winncrest Homes, Lundgren Brothers, Orrin Thompson Homes, Rutenberg Homes, NuHome, Patriot Homes, Barry Andrews Homes, Cambridge Homes, The Genesee Company, Concord Homes, and Laureate Homes. Their active adult communities are primarily marketed under the Heritage and Greenbriar brand names. Combined, the company report that these entities have delivered more than 500,000 homes in eighteen states across the country.

Through its own efforts and unconsolidated partnerships in which it has an interest, Lennar is involved in all phases of planning and building in its residential communities. Its involvement also includes land acquisition, site planning, preparation and improvement of land, and design, construction and marketing of homes. Essentially all aspects of development and construction are subcontracted.

Lennar's Financial Services Division originates and services residential mortgage loans and provides title, closing, insurance and other services for Lennar customers and others. During fiscal year 2003 it originated mortgage loans totaling $7.6 billion and provided title and closing services for approximately 245,000 real estate transactions.

Financial information with respect to Lennar is included in documents filed with the Securities and Exchange Commission, particularly in its Annual Report on Form 10K and its most recent quarterly report on Form 10Q. Additionally, Lennar provides investor relations information on its website.

Lennar is using internal corporate resources to fund lot development and home construction, and does not plan to obtain third-party financing secured by its property in the District. The anticipated internal sources of funds for home development include revenues from sales of completed homes within the project, which will be reinvested in the construction and sales of the remaining homes.

Lennar Corporation's website address is *www.lennar.com*. The website address is given for reference and convenience only, the information on the website may be incomplete or inaccurate and has not been reviewed by the Issuer or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.

Lennar Renaissance (Renaissance Homes, U.S. Home and Winncrest Homes). Lennar Renaissance, Inc., a California corporation ("Lennar Renaissance"), is one of the company's Sacramento area homebuilding divisions and a wholly owned subsidiary of Lennar. Year-end 2003 marked the seventh year Lennar Renaissance has operated in the Sacramento area. The Division markets and builds homes in the Sacramento area as Renaissance Homes and Winncrest Homes. This dual branding approach helps the company maximize its presence in Sacramento's various sub-markets and market niches.

Each Lennar brand name maintains separate operations and sales teams that are each designed to manage 10 to 12 communities at a time and deliver approximately 500 closings per year. The Renaissance and Winncrest teams work together to solve common challenges but operate independently while focusing on their individual communities. With centralized administration, accounting and marketing functions, the division recognizes significant overhead cost savings by supporting both brands.

Prior to Lennar acquiring Renaissance Homes in 1996 and Winncrest Homes in 1998, both homebuilders had experienced accomplishments in the Sacramento area. Renaissance Homes had created its own market in the move-up price categories at a time when such market was largely not present. The goal of Renaissance Homes is to offer a higher level of sophistication in the marketplace by building into its homes the features and upgrades that buyers want at no additional charge.

Winncrest Homes had been building homes in the Sacramento area for 30 years. Lennar reports that it was consistently ranked as one of the top two builders in the region throughout most of the '80s and '90s; and in 1989, it was the first homebuilder in Sacramento to close over 1,000 homes in a single year. Tom Winn, founder of Winncrest Homes, built the family company into a large and respected local home building company. Winncrest Homes became known as "the neighborhood builder" by developing large communities encompassing 400 to 500 homes with neighborhood parks and new schools instead of building 50 to 100 new homes in small subdivisions. Winncrest Homes has had major land development communities in Antelope, Laguna Creek, Folsom, Rancho Murietta, Cameron Park and Natomas Park.

U.S. Home was created in 1954 and is currently a national home building company offering homes in 16 states including Arizona, California, Colorado, Florida, Georgia, Maryland, Michigan, Minnesota, Missouri, New Jersey, North Carolina, Nevada, Ohio, Pennsylvania, Texas, and Virginia. The company builds and sells homes for the first-time, move-up, and the active adult buyer in more than 250 communities, 30 metropolitan areas, and 16 states. Over the past fifty years, U.S. Home reports that it has built more than 300,000 homes and has become one of the nation's largest homebuilders active adult housing segment of the market, delivering more than 45,000 homes.

For further information on Renaissance Homes, U.S. Home or Winncrest Homes see their Internet homepage located at *www.lennar.com/renaissance, www.lennar.com/ushome* and/or *www.lennar.com/winncrest*. The website addresses are given for reference and convenience only; the information on the websites may be incomplete or inaccurate and has not been reviewed by the County or the Underwriter. Nothing on the websites is a part of this Official Statement or incorporated into this Official Statement by reference.

West Valley, LLC. In 2004 West Valley, LLC (the "**Master Developer**") acquired all of the land within the District for sale development. In early 2005, a substantial portion of the property was transferred to MW Housing Partners III, L.P. for ultimate transfer to and development by Lennar affiliated entities. The Master Developer is not a homebuilder and expects to sell its remaining land in the District to builders for final development, possibly including to affiliates of Lennar Communities.

West Valley, LLC is a joint venture between AKT West Valley Investors, LLC, a California limited liability company and Lennar West Valley, LLC, a California limited liability company. The AKT related entity is affiliated with AKT Development Corporation ("**AKT**"), a major Sacramento area land development firm that was started more than 30 years ago by Angelo Tsakopoulos, who is still active in the business. AKT has developed land projects on which have been built over 40,000 homes and 30 million square feet of office, commercial and industrial facilities and reportedly controls over 25,000 acres of land throughout the greater Sacramento area. Lennar is a national land developer and home builder. AKT's day to day project manager for this development is MJM Properties, a local firm with extensive experience in real estate development. AKT and Lennar have partnered on other projects in the past, with AKT typically finding land and securing entitlements, and Lennar designing the community and marketing the villages (groups of lots) to merchant builders for ultimate development of homes. The Master Developer expects to construct infrastructure improvements for development, including the facilities financed with proceeds of the Bonds, but will not develop property for end users. Lennar has several affiliated homebuilding entities which typically construct and sell a substantial portion of the homes.

Financing Plan. The development of the infrastructure improvements and the payment of the Special Taxes will primarily be funded from internal sources of cash available to the Master Developer and Lennar Corporation, cash flow from sale proceeds of large lots, reimbursement from El Dorado Irrigation District and other entities for construction of infrastructure items that will be owned by the entities, fee credits granted by the County that will be sold to and used by homebuilders, and cash flow from the sale of individual custom lots.

Centex Corporation (Village 2). Land to be developed into 105 homes in the CFD is owned by Centex Homes, a wholly owned division of Centex Corporation. The land was purchased from the Master Developer in December 2004.

With revenues exceeding $10 Billion annually, the Dallas based Centex Corporation Established in 1950, is a "Fortune 250" company traded on the New York Stock Exchange and the London Stock Exchange under the symbol "CTX". Detailed financial information about Centex can be obtained through the Securities and Exchange Commission. Affiliated companies include: Centex Homes, Centex Development Company, CTX Mortgage, Centex Home Equity, Centex Construction Products, Centex Construction Group, Centex Technology, Commerce Title Company, Westwood Insurance, Centex Home Team Services.

Since becoming publicly held in 1969, Centex has never reported a quarterly or annual loss or a major write-off. Centex Homes has more than 17,000 employees located in more than 1,500 offices and construction job sites across the nation and in the United Kingdom. Centex Homes has been ranked No. 1 for the fourth consecutive year on *FORTUNE* magazine's list of "America's Most Admired Companies"™ in the engineering and construction category and ranks No. 9 overall among *Barron's* "500 Best Performing Companies for 2003". Centex Homes is the *only* builder to rank in the Top 10 on *PROFESSIONAL BUILDER* magazine's "Giant 400" list each year since its inception in 1968. In most years, Centex Homes has placed either first or second. To date, Centex Homes has built more than 400,000 homes, is currently building in 580 neighborhoods, and operates in more than 90 metropolitan markets in 26 states.

Centex Corporation's website address is *www.centex.com*. The website address is given for reference and convenience only, the information on the website may be incomplete or inaccurate and has not been reviewed by the Issuer or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.

Cambridge Homes (Village 5B). Land with tentative map approval for 110 single family homes is owned by CH (Blackstone), LP, a wholly owned subsidiary of Cambridge Communities LLC (**"Cambridge Homes"**). Cambridge Homes is owned by Mr. Chris Stevens, a local builder and attorney. The company was formed in 2001. Prior to forming Cambridge Homes, Mr. Stevens was a principal with Reynen & Bardis, a Sacramento area home developer.

In addition to property in the District, current developments of Cambridge Homes in the Sacramento area include the following:

Subdivision Name	**Location**	**No. of Units**	**Opening Date/ Units Sold**
Parkside at Natomas	Sacramento	121	June 03/100%
The Grove at Quail Ridge	Elk Grove	106	Sept 03/100%
Classics at Belavida	Elk Grove	91	June 04/70%
Vineyard at Belavida	Elk Grove	158	June 04/60%
Mastery at Anatolia	Rancho Cordova	92	Mar 04/10%
Cambridge Estates	Loomis	63	Mar 04/10%
Cambridge at Laguna	Elk Grove	88	Sept 05/00%
Cambridge Homes at Laguna	Elk Grove	98	Sept 05/00%
Cambridge Homes at North Natomas	Natomas	77	Sept 05/00%
The Reserve at Elk Grove Creek	Elk Grove	78	Sept 05/00%
Cambridge Homes at Anatolia	Rancho Cordova	121	Oct 05/00%

Cambridge Homes purchased its property in the District using an Acquisition and Development loan from Bank of the West for approximately 70% of the purchase price. The loan is secured by a deed of trust on the property, to pay this loan off and fund on-site development activities. Home construction will be financed in part by a $12 million revolving line of credit to be obtained from Bank of the West.

Property Taxes. The property is in tax rate area with a corresponding tax rate indicated on the following table for the 2004-05 tax year. Both of the installments of property taxes for the 2004-05 tax year have been paid.

TAX RATE AREA	RATE (%)
El Dorado Hills	1.0212%

APPRAISAL OF PROPERTY WITHIN THE DISTRICT

The Appraisal

General. Bender Rosenthal, Inc., Sacramento, California (the "**Appraiser**") prepared an appraisal report dated March 15, 2005, with a date of value of March 1, 2005 (the "**Appraisal**"). The Appraisal was prepared at the request of the County.

The Appraisal is set forth in APPENDIX B hereto. The description herein of the Appraisal is intended for limited purposes only; the Appraisal should be read in its entirety. The complete Appraisal is on file with the County and is available for public inspection at the County offices at 330 Fair Lane, Placerville, California, 95667 or from the Underwriter during the initial marketing period. The conclusions reached in the Appraisal are subject to certain assumptions and qualifications which are set forth in the Appraisal.

Value Estimate. The Appraisal reports the estimate of the bulk sale value of the taxable property in the District. "Bulk value" is described as the price that a single buyer would pay as of the date of the Appraisal for a large group of properties, in this case all of the property appraised, that have future development and sell-out potential. The concept of a bulk sale includes the notion that some or all of the retail values of individual properties will have to be discounted to reflect the pace of their future absorption. This differs from a retail value, which is the price that would be paid for a specific property in its then-current entitlement state. The Appraisal assumes the property to be subject to the Special Taxes, so the value opinion is also described as the "fee simple interest value, subject to Special Taxes." See APPENDIX B -THE APPRAISAL."

The Appraisal estimates that the bulk sale value of the property appraised based on the premise that the entire property would be sold (in "bulk"), as of March 1, 2005, to one buyer, or a very small group of buyers, who would take it over and proceed with the development thereof, and subject to all of the special and general assumptions and limiting conditions specified in the first section of the Appraisal, to be $159,000,000.

Assumptions and Limiting Conditions. In considering the estimates of value evidenced by the Appraisal, it should be noted that the Appraisal is based upon a number of standard and special assumptions limiting conditions which affect the estimates as to value, as set forth in the Appraisal. The special assumptions and limiting conditions include (i) that the entire appraised property could be sold on a "bulk" basis (this assumption is considered necessary for Bond security evaluations, however, since there are multiple property owners, a bulk sale, as a practical matter, would not be possible); (ii) with regard to future absorption, and absent any evidence to the contrary, that economic conditions will remain reasonably stable, and that interest rates will remain moderate; (iii) that for purposes of absorption analysis, that when market *demand* for lots is obviously strong, the *supply* of lots at the subject property is never artificially or unduly restrained by regulatory or managerial factors; and (iv) that the infrastructure to be paid for with proceeds from the Bonds and from the other financing sources will be built in time to accommodate the proposed development on the subject property. See APPENDIX B -THE APPRAISAL."

The Appraiser has also assumed that there is no hazardous material on or in the property that would cause a loss in value. Should future conditions and events, such as growth control initiatives and government regulations or the discovery of toxic substances on land within the District reduce the level of permitted development or delay the completion of any projected development, the value of the undeveloped land would likely be reduced from that estimated by the Appraiser. See "SPECIAL RISK FACTORS — Future Land Use Regulations and Growth Control Initiatives" and "— Hazardous Substances" below. See "APPENDIX B – THE APPRAISAL" hereto for a description of other assumptions made by the Appraiser. Accordingly, because the Appraiser arrived at an estimate of current market value based upon certain assumptions which may or may not be fulfilled, no assurance can be given that should the parcels become delinquent due to unpaid Special Taxes, and be foreclosed upon and offered for sale for the amount of the delinquency, that any bid would be received for such property or, if a bid is received, *that such bid would be sufficient to pay such delinquent Special Taxes.*

Because the Appraisal set forth the Appraiser's opinion as to value only as of the date of such Appraisal, it does not reflect any changes to value that might have occurred since that date or which may occur in the future.

Property values are not likely to be evenly distributed throughout the District; thus, when individual parcels are ultimately created and recorded, certain parcels may have a greater value per acre than others. This disparity is significant because in the event of nonpayment of the Special Tax, the only remedy is to foreclose against the delinquent parcel.

No assurance can be given that the foregoing valuation can or will be maintained during the period of time that the Bonds are outstanding in that the County has no control over the market value of the property within the District or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, may be on a parity with the Special Taxes. See "Priority of Lien" below.

For a description of certain risks that might affect the assumptions made in the Appraisal, see "SPECIAL RISK FACTORS" herein.

The complete Appraisal is on file with the County and is available for public inspection at the County offices at 330 Fair Lane, Placerville, California, 95667. The conclusions reached in the Appraisal are subject to certain assumptions and qualifications which are set forth in the Appraisal.

Projected Absorption Period. The Appraiser also estimated the marketing time that would be required for the disposition of the single-family residential lots, based on the historical marketing times of a number of local sales, as well as current and projected economic conditions, the impacts of present market conditions, as well as anticipated changes in the market. After considering the development timeline and scope of the project, the Appraiser concluded that, assuming the proven builders who have purchased villages build desirable product and price it competitively, the absorption thereof will be rapid, and more specifically, projects essentially complete absorption to occur over a three-year period, beginning more or less as of March 1, 2005. Thus, the discounted cash flow analysis reflected sales of residential lots over a three-year period. The estimate takes into account the time and process associated with constructing and delivering homes. See Section III – "Market Study; Absorption Projection" in the Appraisal included in Appendix B.

No assurance can be given that the estimated absorption will be achieved or attained over an extended period of time; real estate is cyclical in nature, and it is impossible to accurately forecast and project specific demand over a projected absorption period.

Limitations of Appraisal Valuation. Property values may not be evenly distributed throughout the District; thus, certain parcels may have a greater value than others. This disparity is significant because in the event of nonpayment of the Special Tax, the only remedy is to foreclose against the delinquent parcel.

No assurance can be given that the foregoing valuation can or will be maintained during the period of time that the Bonds are outstanding in that the County has no control over the market value of the property within the District or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, may be on a parity with the Special Taxes. See "Overlapping Liens and Priority of Lien" below.

For a description of certain risks that might affect the assumptions made in the Appraisal, see "SPECIAL RISK FACTORS" herein.

Value to Special Tax Burden Ratios

The Appraisal sets forth the estimated bulk sale discounted value, subject to the Special Tax lien, of all taxable property within the District as of March 1, 2005 to be $159,000,000 subject to the assumptions and limiting conditions stated therein. (See "The Appraisal" above and Appendix B hereto.) The principal amount of the Bonds is $32,655,000. Consequently, the estimated bulk sale discounted value, subject to the Special Tax lien, of the real property within the District, is approximately 4.86 times the principal amount of the Bonds.

In comparing the appraised value of the real property within the District and the principal amount of the Bonds, it should be noted that only the real property upon which there is a delinquent Special Tax can be foreclosed upon, and the real property within the District cannot be foreclosed upon as a whole to pay delinquent Special Taxes of the owners of such parcels within the District unless all of the property is subject to a delinquent Special Tax. In any event, individual parcels may be foreclosed upon separately to pay delinquent Special Taxes levied against such parcels.

Other public agencies whose boundaries overlap those of the District could, without the consent of the County and in certain cases without the consent of the owners of the land within the District, impose additional taxes or assessment liens on the land within the District. The lien created on the land within the District through the levy of such additional taxes or assessments may be on a parity with the lien of the Special Tax. In addition, construction loans may be obtained by the homebuilders or home loans may be obtained by ultimate homeowners. The deeds of trust securing such debt on property within the District, however, will be subordinate to the lien of the Special Tax.

Overlapping Liens and Priority of Lien

The principal of and interest on the Bonds are payable from the Special Tax authorized to be collected within the District, and payment of the Special Tax is secured by a lien on certain real property within the District. Such lien is co-equal to and independent of the lien for general taxes and any other liens imposed under the Act, regardless of when they are imposed on the property in the District. The imposition of additional special taxes, assessments and general property taxes will increase the amount of independent and co-equal liens which must be satisfied in foreclosure. The County and certain other public agencies are authorized by the Act to form other community facilities districts and improvement areas and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within the District.

There can be no assurance that developers, their affiliates or any subsequent owner will not petition for the formation of other community facilities districts and improvement areas or for a special assessment district or districts and that parity special taxes or special assessments will not be levied by the County or some other public agency to finance additional public facilities, however no other special districts are currently contemplated by the County or the Master Developer.

Private liens, such as deeds of trust securing loans obtained by the Master Developer or others, may be placed upon property in the District at any time. Under California law, the Special Taxes have priority over all existing and future private liens imposed on property subject to the lien of the Special Taxes.

Set forth below is a statement of direct and overlapping public bonded debt (the "Overlapping Debt Report") prepared by California Municipal Statistics, Inc. as of April 1, 2005. The Overlapping Debt Report includes only such information as has been reported to California Municipal Statistics, Inc. by the issuers of the debt described therein and by others. The Overlapping Debt Report is included for general informational purposes only. Neither the County nor the District makes any representation as to its completeness or accuracy. In addition, properties within the District lie within the El Dorado Hills County Water and Fire District, but the Overlapping Debt Report set forth below does not indicate at the present time the existence of outstanding debt of the El Dorado Hills County Water and Fire District, since none has yet been issued.

The first column in the table names each public agency which has outstanding bonded debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the assessed value of the area common to the District and the other public agency (overlapping territory), as a percentage of the total assessed value of the other public agency. This percentage, multiplied by the total outstanding bonded debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

County of El Dorado
Community Facilities District No. 2005-1 (Blackstone)
Direct and Overlapping Debt

2004-05 Local Secured Assessed Valuation: $11,424,086

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 4/1/05	
Los Rios Community College District	0.010%	$ 9,132	
El Dorado Union High School District	0.088	12,681	
El Dorado Hills Community Services District	0.273	4,491	
El Dorado Irrigation District	0.321	17,928	
El Dorado County Community Facilities District No. 2005-1	**100.**	-	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$44,232	
OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
El Dorado County General Fund Obligations	0.061%	$ 6,881	
El Dorado Union High School District Certificates of Participation	0.088	8,184	
Buckeye Union School District Certificates of Participation	0.277	63,350	
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT		$78,415	
COMBINED TOTAL DEBT		$122,647	(2)

(1) Excludes Mello-Roos Act bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2004-05 Assessed Valuation:

Direct Debt	**- %**
Total Direct and Overlapping Tax and Assessment Debt	0.39%
Combined Total Debt	1.07%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/04: $0

Source: California Municipal Statistics, Inc.

SPECIAL RISK FACTORS

The purchase of the Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks which should be considered before making an investment decision.

Limited Obligation of the County to Pay Debt Service

The County has no obligation to pay principal of and interest on the 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, nor is the County obligated to advance funds to pay such debt service on the Bonds. The Bonds are not general obligations of the County but are limited obligations of the County and the District payable solely from the proceeds of the Special Tax and certain funds held under the Fiscal Agent Agreement, including amounts deposited in the Reserve Fund and investment income thereon, and the proceeds, if any, from the sale of property in the event of a foreclosure. See "SECURITY AND SOURCES OF PAYMENT FOR THE

BONDS." Any tax for the payment of the Bonds will be limited to the Special Tax to be collected within the jurisdiction of the District.

Concentration of Ownership

Land within the District is currently owned by five different entities. The owner of property in the District is not personally obligated to pay the Special Tax attributable to the owner's property. Rather, the Special Tax is an obligation only against the parcel of property, secured by the amount which could be realized in a foreclosure proceeding against the property, and not by any promise of the owner to pay. If the value of the property is not sufficient, taking into account other obligations also constituting a lien against the property, the County, Fiscal Agent and owners of the Bonds have no recourse against the owner, such as filing a lawsuit to collect money.

Although the only asset of any owner of real property subject to the Special Tax securing the Bonds is such real property, the overall financial condition of the owner may affect the owner's willingness or ability to pay the Special Tax when due. A reduction in the Developer's cash flow which differs significantly from the Developer's cash flow projections could affect the Developer's cash flow and be a significant factor affecting the ability or willingness of the Developer to pay the Special Tax or to complete its planned development.

Failure of a current landowner, or any future owner of significant property subject to the Special Taxes in the District to pay installments of Special Taxes when due could cause the depletion of the Reserve Fund prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax and, consequently, result in the delinquency rate reaching a level that would cause an insufficiency in collection of the Special Tax to meet the District's obligations on the Bonds. For a description of the Master Developer and other landowners, see "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT." In that event, there could be a delay or failure in payments on the Bonds. See "SPECIAL RISK FACTORS - Bankruptcy and Foreclosure Delays" below and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure."

Appraised Values

The Appraisal summarized in APPENDIX B estimates the market value of the taxable property within the District. This market value is merely the present opinion of the Appraiser, and is subject to the assumptions and limiting conditions stated in the Appraisal. The County has not sought the present opinion of any other appraiser of the value of the taxed parcels. A different present opinion of value might be rendered by a different appraiser.

The opinion of value relates to sale by a willing seller to a willing buyer as of the date of valuation, each having similar information and neither being forced by other circumstances to sell or to buy. Consequently, the opinion is of limited use in predicting the selling price at a foreclosure sale, because the sale is forced and the buyer may not have the benefit of full information.

In addition, the opinion is a present opinion. It is based upon present facts and circumstances. Differing facts and circumstances may lead to differing opinions of value. The appraised market value is not evidence of future value because future facts and circumstances may differ significantly from the present.

No assurance can be given that any of the appraised property in the District could be sold in a foreclosure for the estimated market value contained in the Appraisal. Such sale is the primary remedy available if that property should become delinquent in the payment of Special Taxes.

Property Values and Property Development

The value of Taxable Parcels within the District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of the Special Tax, the District's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land development and land values could be adversely affected by economic and other factors beyond the District's control, such as: a general economic downturn; adverse judgments in future litigation that could affect the scope, timing or viability of development; relocation of employers out of the area; stricter land use regulations; shortages of water or of water meter allocations, electricity, natural gas or other utilities; destruction of property caused by earthquake, flood or other natural disasters; environmental pollution or contamination or the appearance of previously unknown environmental impacts necessitating preparation of a supplemental environmental impact report.

The Appraisal information included as APPENDIX B sets forth certain assumptions of the Appraiser in estimating the market value of the property within the District as of the date indicated. No assurance can be given that the land values are accurate if these assumptions are incorrect or that the values will not decline in the future if one or more events, such as natural disasters or adverse economic conditions, occur. See "Appraised Values" above.

Neither the District nor the County have evaluated development risks. Since these are largely business risks of the type that property owners customarily evaluate individually, and inasmuch as changes in land ownership may well mean changes in the evaluation with respect to any particular parcel, the District is issuing the Bonds without regard to any such evaluation. Thus, the creation of the District and the issuance of the Bonds in no way implies that the District or the County has evaluated these risks or the reasonableness of these risks.

The following is a discussion of specific risk factors that could affect the timing or scope of property development in the District or the value of property in the District.

Land Development. A major risk to the Bondholders is that development may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of the property owners to pay Special Taxes when due. Land values in the District are influenced by the level of development in the District as well as in the immediate area in many respects.

First, undeveloped or partially developed land is generally less valuable than developed land and provides less security to the owners of the Bonds should it be necessary for the District to foreclose on undeveloped or partially developed property due to the nonpayment of Special Taxes.

Second, failure to complete development on a timely basis could adversely affect the land values of those parcels that have been completed. Lower land values would result in less security for the payment of principal of and interest on the Bonds and lower proceeds from any foreclosure sale necessitated by delinquencies in the payment of the Special Tax. See "APPRAISAL OF PROPERTY WITHIN THE DISTRICT –Value to Special Tax Burden Ratios." No assurance can be given that the proposed development within the District will be completed, and in assessing the investment quality of the Bonds, prospective purchasers should evaluate the risks of noncompletion.

Risks of Real Estate Investment Generally. Continuing development of land within the District may be adversely affected by changes in general or local economic conditions, fluctuations in the real estate market, increased construction costs, development, financing and marketing capabilities of individual property owners, water or electricity shortages, and other similar factors. Development in the District may also be affected by development in surrounding areas, which may compete with the District. In addition, land development operations are subject to comprehensive federal, state and local regulations, including environmental, land use, zoning and building requirements. There can be no assurance that proposed land development operations within the District will not be adversely affected by future government policies, including, but not limited to, governmental policies to restrict or control development, or future growth control initiatives. There can be no assurance that land development operations within the District will not be adversely affected by these risks.

Competing Development. At the present time, there is an inventory of completed residential units in planned communities and there are a number of additional planned communities in various stages of development in the general vicinity of the District. Delays in development within the District or faster than expected development or sale of units in competing developments could adversely affect absorption of units within the District. The result would be slower than expected diversification of ownership within the District and a possible reduction in land values. Such circumstances could reduce the ability or desire of the Master Developer or any merchant builders to pay the annual Special Tax.

Natural Disasters. The value of the parcels in the District in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the parcels in the District and the continued habitability and enjoyment of such private improvements. For example, the areas in and surrounding the District, like those in much of California, may be subject to earthquakes or other unpredictable seismic activity. The occurrence of seismic activity in the District could result in substantial damage to properties in the 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. The District is not located in any existing special study zone delineated by the Chief of the Division of Mines and Geology of the State of California as an area of known active faults and is not otherwise known to be located within an area of any significant seismic activity.

Other natural disasters could include, without limitation, landslides, floods, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that 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 there could be significant delinquencies in the payment of Special Taxes, and the value of the parcels may well depreciate.

Land Use Legal Requirements. Other events that may affect the value of a parcel 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. Development in the District may also be adversely affected by the application of laws protecting endangered or threatened species.

The Development is the subject of a Specific Plan and a recorded Development Agreement. Some of the property in the Development also has approved tentative and/or final maps. See "THE VALLEY VIEW SPECIFIC PLAN" AND "THE DISTRICT – Anticipated Development Within the District."

Notwithstanding that the Development Agreement and certain other land use approvals have been obtained, no assurance can be given that such documentation will ultimately exempt the development in the District from future land use or development restrictions, such as a limitation on the number of building permits that the County may issue each year. There are currently no reported cases in California which address the issue of whether the provisions of the laws of the State, coupled with the existence of a recorded development agreement, will succeed in overriding the provisions of a subsequently enacted voter initiative or certain other land use regulations, including those of successor cities. Because the completion of the development will not occur for several years, the imposition of future initiatives and other regulations on the development could cause significant delays and cost increases not currently anticipated, thereby reducing the ability or willingness of property owners to pay the Special Taxes when due or causing land values within the District to decrease substantially from those estimated by the Appraiser. See the subcaption "Land Development" above.

It is also possible that future federal or state regulations, or regulations of other public agencies having jurisdiction over an aspect of the development, could be applicable to the development and could negatively affect the ability of the Master Developer or merchant builders to complete the proposed development in the District. For example, measures could be imposed to protect any endangered species which might be identified in or near the development in the future (see "Endangered and Threatened Species" below). This possibility presents a risk to prospective purchasers of the Bonds, or beneficial ownership interests therein, in that an inability to complete the development as planned increases the risk that the Bonds will not be repaid when due. See the subcaptions "Land Development and Risks of Real Estate Investment Generally" above .

Hazardous Substances. Any discovery of a hazardous substance detected on property within the District would affect the marketability and the value of some or all of the property in the District. In that event, the owners and operators of a parcel within the District may be required by law to remedy conditions of the parcel relating to 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. California laws with regard to hazardous substances are also applicable to property within the District and are as stringent as the federal laws. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels be contaminated by a hazardous substance is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

There exists in western portions of the County serpentine bedrock which can contain a natural form or forms of asbestos. Disturbance of the serpentine bedrock during development could release asbestos into the air. In response to this potential for release of asbestos into the air, the County adopted and is implementing Ordinance No. 4489 which contains construction control measures to be applied whenever development occurs within serpentine bedrock. Those measures require sites to be kept wet and machinery to be kept dust free during periods of exposure and work in serpentine bedrock. Although there is currently no indication that either serpentine bedrock or asbestos exists in the District, the Developer is disclosing the potential existence of naturally occurring asbestos to all purchasers. See "THE DISTRICT – Environmental Matters" above.

The effect of any parcel within the District being affected by a hazardous substance could be to reduce the marketability and value of the parcel by the costs of remedying the condition, because the owner 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 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. In addition, the presence of hazardous substances on the property in the District could constitute a default under a property owner's loan agreement with one or more of its lenders.

The values set forth in the Appraisal do not take into account the possible reduction in marketability and value of any of the parcels within the District by reason of the possible liability of the owner (or operator) for the remedy of a hazardous substance condition on a parcel. Although the County is not aware that the owner (or operator) of any of the property within the District has a current liability for a hazardous substance with respect to any of the parcels, it is possible that such liabilities do currently exist and that the County is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels within the District 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 it. All of these possibilities could significantly affect the value of a parcel within the District that is realizable upon a foreclosure sale.

Endangered and Threatened Species. It is illegal to harm or disturb any plants or animals in their habitat that have been listed as endangered species by the United States 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. Although the Master Developer believes that no federally listed endangered or threatened species would be affected by the proposed development within the District, other than any that are permitted by the entitlements already received, the discovery of an endangered plant or animal could delay development of vacant property in the District or reduce the value of undeveloped property. Additionally, new species are proposed to be added to the State and federal protected lists on a regular basis. Any action by the State or federal governments to protect species located on or adjacent to the property within the District could negatively affect the ability to complete development in the District as planned. This, in turn, could reduce the likelihood of timely payment of the Special Taxes and would likely reduce the value of the land estimated by the Appraiser and the potential revenues available at a foreclosure sale for delinquent Special Taxes. See "SPECIAL RISK FACTORS - Property Values and Property Development."

Bankruptcy and Foreclosure Delays

The payment of the Special Tax and the ability of the District to foreclose the lien of a delinquent unpaid tax, as discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

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

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings and could result in the possibility of delinquent Special Tax installments not being paid in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds. To the extent that property in the District continues to be owned by a limited number of property owners, the chances are increased that the Reserve Fund established for the Bonds could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient moneys would not be available in the Reserve Fund for transfer to the Bond Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the Bonds on a timely basis.

To the extent that bankruptcy or similar proceedings were to involve a large property owner, the chances would increase the likelihood that the Reserve Fund could be fully depleted during any resulting delay in receiving payment of delinquent Special Taxes. As a result, sufficient monies would not be available in the Reserve Fund for transfer to the Bonds Redemption Account to make up any shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the Bonds on a timely basis.

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 that property. The court upheld the priority of unpaid *ad valorem* taxes imposed before the bankruptcy petition (the "pre-petition taxes"), but unpaid taxes imposed after the filing of the bankruptcy petition ("post-petition taxes") were declared to be unsecured "administrative expenses" of the bankruptcy estate, and were therefore held to be payable from the bankruptcy estate only after payment of all secured creditors. As a result, the secured creditor of the property was able to foreclose on the property and retain all of the proceeds of the sale except for the amount of the pre-petition taxes.

According to the court's ruling, as administrative expenses, post-petition taxes would have to be paid, but only if the debtor had sufficient assets not subject to other perfected security interests to do so. In certain circumstances, payment of such administrative expenses may also be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise) it would at that time again become subject to and would secure liens for then current and future *ad valorem* taxes.

Glasply was controlling precedent on bankruptcy courts in the State of California for several years subsequent to the date of the Ninth Circuit's holding. Pursuant to state law, the lien date for general *ad valorem* property taxes levied in the State of California is the January 1 preceding the fiscal year for which the taxes are levied. Under the *Glasply* holding, a bankruptcy petition filing would have prevented the lien for general *ad valorem* property taxes levied in fiscal years subsequent to the filing of a bankruptcy petition from attaching and becoming a lien so long as the property was a part of the estate in bankruptcy. However, the *Glasply* holding was for the most part subsequently rendered inoperative with respect to the imposition of a lien for and the collection of *ad valorem* taxes by amendments to the federal Bankruptcy Code (Title 11 U.S.C.) which were part of the Bankruptcy Reform Act of 1994 (the "Bankruptcy Reform Act") passed by Congress during the later part of 1994. The Bankruptcy Reform Act added a provision to the automatic stay section of the Bankruptcy Code which, pursuant to Section 362(b)(18) thereof, 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. The effect of this provision is to continue the secured interest of *ad valorem* taxes on real property (i.e., post-petition taxes) in effect during the period following the filing of a bankruptcy petition, including during the period bankruptcy proceedings are pending.

Without further clarification by the courts or Congress, the original rationale of the *Glasply* holding could, however, 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. This treatment might result from the fact that, although the lien of special taxes is of record from the date of the filing of a Notice of Special Tax Lien, the actual special tax is levied annually. As noted above, special taxes have a different lien date than the lien date for general *ad valorem* taxes in the State of California noted above. The lien of a Mello-Roos special tax attaches upon recordation of the notice of the special tax lien, as provided for in Section 53328.3 of the Act, as opposed to the annual January 1 lien date for general *ad valorem* taxes. Thus, in deciding whether the original *Glasply* ruling is applicable to a bankruptcy proceeding involving special taxes rather than general *ad valorem* property taxes, a court might consider the differences in the statutory provisions for creation of the applicable tax lien (general *ad valorem* or special tax) in determining whether there is a basis for post petition special taxes to be entitled to a lien on the property during pending bankruptcy proceedings. If a court were to apply *Glasply* to eliminate the priority of the special tax lien as a secured claim against property with respect to post-petition levies of the Special Taxes made against property owners within the District who file for bankruptcy, collections of the Special Taxes from such property owners could be reduced as the result of being treated as "administrative expenses" of the bankruptcy estate. Also, and most importantly, is the fact that the original holding in *Glasply* and the mitigation of that holding by the Bankruptcy Reform Act of 1994 both appear to be applicable only to general *ad valorem* taxes, and, therefore, the exemption from the automatic stay in Section 362(b)(18) discussed above may not be applicable to special taxes since they were not expressly mentioned or provided for in this section, nor defined to be included within the term *"ad valorem* taxes."

The Fiscal Agent Agreement and the Act provide 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 herein (see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payment of Special Tax; Covenant for Superior Court Foreclosure" above) and in the Act, is to be 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 the Act, in the event of any delinquency in the payment of the Special Tax, the County may order the institution of a superior court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such judicial foreclosure action is not mandatory. However, the County has covenanted for the benefit of the owners of the Bonds that the County will initiate judicial foreclosure proceedings under certain conditions in the event of a delinquency in the payment of one or more installments of the Special Tax as more fully described herein.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to holders of the Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the County of the proceeds of sale if the Bond Reserve Fund is depleted. See "Tax Delinquencies" below. The County may be unable to make full or timely payment of debt service on the Bonds if property owners fail to pay installments of the Special Tax when due, if the Reserve Fund is depleted, or if the County is unable to sell foreclosed parcels for amounts sufficient to cover the delinquent installments of the Special Tax.

Parity Taxes and Special Assessments; Private Debt

The County, the County and certain other public agencies are authorized by the Act to form other community facilities districts and improvement areas and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within the District. The ability or willingness of an owner of land within the District to pay the Special Taxes could be affected by the existence of other taxes and assessments imposed upon the property. The lien of the Special Tax is co-equal to and independent of the lien for general property taxes, other special taxes, and certain special assessments. Thus the existence of general property taxes, other special taxes, and assessments may reduce the value-to-lien ratio of the affected parcels. For information concerning existing direct and overlapping public indebtedness within the District, see "APPRAISAL OF PROPERTY WITHIN THE DISTRICT - Overlapping Liens and Priority of Lien." In addition, other public agencies whose boundaries overlap those of the District could, with (or in some circumstances without) the consent of the owners of the land within the District, impose additional taxes or assessment liens on the property within the District in order to finance public improvements to be located inside of or outside of the District. The District and the County may have no control over the ability of other public agencies to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within the District. In addition, the property owners within the District may, without the consent or knowledge of the County or the District, petition other public agencies to issue public indebtedness secured by special taxes or assessments. Any such special taxes would create a lien on such property on a parity with that securing the Special Tax, and any such special assessments may create a lien on such property on a parity with that securing the Special Tax. The imposition of additional liens on a parity with the Special Taxes could reduce the ability or willingness of the landowners to pay the Special Taxes and increases the possibility that foreclosure proceeds will not be adequate to pay delinquent Special Taxes or the principal of and interest on the Bonds when due.

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 Bonds, the Special Tax will be subordinate only to existing prior governmental liens, if any. 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. See "– Bankruptcy and Foreclosure Delays" above.

There can be no assurance that property owners within the District will not petition for the formation of other community facilities districts and improvement areas or for a special assessment district or districts and that parity special taxes or special assessments will not be levied by the County or some other public agency to finance additional public facilities. In addition to liens for special taxes or assessments to finance public improvements of benefit to land within the District, owners of property may obtain loans from banks or other private sources which loans may be secured by a lien on the parcels in the District. Such loans would increase amounts owed by the owner of such parcel with respect to development of its property in the District. However, the lien of such loans would be subordinate to the lien of the Special Taxes.

In addition to liens securing taxes or assessments, deeds of trust securing residential mortgages or construction financing are likely to encumber property in the District, including property sold by the Master Developer to third parties. Such existing private liens, as well as any future private liens secured by land within the District, are subordinate to the lien securing the Special Tax. Bank loan agreements and other construction financing may be satisfied and released from residential parcels (using sale proceeds) when such parcels are sold. Nevertheless, the existence of such private debt and of any additional residential mortgages or construction financing that may be needed in connection with completion or sale of homes in the District could reduce the ability of the Master Developer or any other owners of the property to pay the Special Tax. In addition, other financial obligations of property owners, such as homeowners' association fees, may also affect their ability to pay the Special Tax.

Tax Delinquencies

Under provisions of the Act, the Special Taxes will be billed to the properties within the District 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 nonpayment, as do regular property tax installments. 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 Special Tax payments in the future.

The annual Special Tax will be billed and collected in two installments payable without penalty by December 10 and April 10. In the event such Special Taxes are not timely paid, moneys available to pay debt service on the Bonds becoming due on the subsequent respective March 1 and September 1 may be insufficient, except to the extent moneys are available in the Reserve Fund.

In the event of non-payment of Special Taxes, funds in the Reserve Fund, if available, may be used to pay principal of and interest on the Bonds. If funds in the Reserve Fund for the Bonds are 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 all amounts to be paid to the Bond holders pursuant to the Fiscal Agent Agreement. However, no replenishment from the proceeds of a Special Tax levy can occur as long as the proceeds that are collected from the levy of the Special Tax against property within the District at the maximum Special Tax rates, together with other available funds, remains insufficient to pay all such amounts. Thus it is possible that the Reserve Fund will be depleted and not be replenished by the levy of the Special Tax.

See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure," for a discussion of the provisions which apply, and procedures which the County is obligated to follow, in the event of delinquency in the payment of Special Taxes. See also "Bankruptcy and Foreclosure Delays" above.

Maximum Annual Special Tax Rates

Within the limits of the Special Tax, the County may adjust the Special Tax levied on all property within the District to provide an amount required to pay interest on and principal of and minimum sinking fund payments for the Bonds, and the amount, if any, necessary to cure delinquencies and replenish the Reserve Fund to an amount equal to the Reserve Requirement and to pay all annual expenses. However, the amount of the Special Tax that may be levied against particular categories of property within the District is subject to the Maximum Annual Special Tax rates. In the event of delinquencies, there is no assurance that the imposition of the

Maximum Annual Special Taxes on the various taxable parcels within the District will create enough revenue to pay debt service on the Bonds. For information concerning the Special Tax Formula, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology" and "APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Special Tax Formula. 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 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. The Act further 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. In particular, insofar as the Act requires payment of the Special Tax by a federal entity acquiring property within the District, it may be unconstitutional. If for any reason property within the District becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government, another public agency or a religious organization, the Special Tax would have to be reallocated, subject to the limitation of the maximum authorized rates, to the remaining taxable properties within the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the timely payment of the Special Tax. Moreover, if a substantial portion of land within the District becomes exempt from the Special Tax because of public ownership or otherwise, the Maximum Annual Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the Bonds when due, and a default would occur with respect to the payment of such principal and interest.

The ability of the County to collect interest and penalties specified by State law and to foreclose the lien of a delinquent Special Tax installment may be limited in certain respects with regard to property in which the Federal Deposit Insurance Corporation (the "FDIC") has or obtains an interest. The FDIC has asserted a sovereign immunity defense to the payment of special taxes and assessments. The County is unable to predict what effect this assertion would have in the event of a delinquency on a parcel within the District in which the FDIC has or obtains an interest. In addition, although the FDIC does not claim immunity from *ad valorem* property taxation, it requires a foreclosing entity to obtain FDIC's consent to foreclosure proceedings. Prohibiting a foreclosure on property owned by the FDIC could significantly reduce the amount available to pay the principal of and interest on the Bonds. Either outcome would cause a draw on the Reserve Fund and perhaps, ultimately, a default in the payment on the Bonds. According to the County and the Developer, there is no indication that the FDIC currently owns any property in the District.

No Acceleration Provisions

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a Bond holder is given the right for the equal benefit and protection of all Bond holders similarly situated to pursue certain remedies. See "THE FISCAL AGENT AGREEMENT" below. So long as the Bonds are in book-entry form, DTC will be the sole Bond holder and will be entitled to exercise all rights and remedies of Bond holders.

Disclosures to Future Purchasers

The District has recorded a Notice of Special Tax Lien in the Office of the County Recorder. 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, a home or a commercial or retail facility in the 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 and ability of the purchaser or lessor to pay the Special Tax when due. The Acquisition Agreement contains an agreement by the Developer to comply with all disclosure requirements of the Act, specifically including the notice to prospective purchasers under Section 53341.5 of the Act.

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," interest on the Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the County in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the Bonds were to be includable in gross income for purposes of federal income taxation, the Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Tax. See "THE BONDS—Redemption."

Ballot Initiatives

From time to time, initiative measures qualify for the State ballot pursuant to the State's constitutional initiative process and those 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 other local districts to increase revenues or to increase appropriations or on the ability of the landowners to complete the development of the District. See "Property Values and Property Development – Land Development" above. See also "Proposition 218" below. Also see "CONSTITUTIONAL LIMITATIONS ON TAXES AND APPROPRIATIONS." Government Code Section 66474.3 requires a city or county to permit the portion of a development project served by bond-financed infrastructure to proceed in a manner consistent with an approved tentative map or vesting tentative map, notwithstanding the effect of an initiative measure enacted at least 90 days after the issuance of bonds, if the legislative body of the city or county finds that as a result of the initiative measure there is likely to be a default on the land-secured bonds issued to finance such infrastructure. To date, there are no reported cases in California with respect to the constitutionality of Government Code Section 66474.3.

Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State

Constitution, which contain a number of provisions affecting the ability of the County to levy and collect both existing and future taxes, assessments and property related fees and charges.

Article XIIIC removes limitations on the initiative power in matters of local taxes, assessments, fees and charges. Article XIIIC does not define the term "local taxes" and it is unclear whether this term is intended to include special taxes levied under the Act. This provision with respect to the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218. In the case of the Special Taxes which are pledged as security for payment of the Bonds, the laws of the State provide a mandatory, statutory duty of the County and the County Auditor to post the Special Taxes on the property tax roll of the County each year while any of the Bonds are outstanding. Additionally, on July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code 5854, which states:

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 protection by Section 10 of Article I of the United States Constitution.

The Special Taxes and the Bonds were each authorized by not less than a two-thirds vote of the landowners within the District, who constituted the qualified electors of the District at the time of such voted authorization. The County believes, therefore, that issuance of the Bonds does not require the conduct of further proceedings under the Act or Proposition 218.

The interpretation and application of Proposition 218 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.

Absence of Secondary Market for the Bonds

No application has been made for a credit rating for the Bonds, and it is not known whether a credit rating could be secured either now or in the future for the Bonds. There can be no assurance that there will ever be a secondary market for purchase or sale of the Bonds. From time to time there may be no market for them, depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market, the financial condition and results of operations of the owners of property located within the boundaries of the District, and the extent of the proposed development of the parcels within the District. The Bonds should therefore be considered long-term investments in which funds are committed to maturity, subject to redemption prior to maturity as described herein.

CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS

Article XIIIA of the California Constitution, commonly known as "**Proposition 13**," provides that each county will levy the maximum *ad valorem* property tax permitted by Proposition 13 and will distribute the proceeds to local agencies in accordance with an allocation formula based in part on pre-Proposition 13 *ad valorem* property tax rates levied by local agencies.

Article XIIIA limits the maximum *ad valorem* tax on real property to 1% of "full cash value," which is defined as the County Assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. The full cash value may be adjusted annually to reflect increases of no more than 2% per year or decreases in the consumer price index or comparable local data, or declining property value caused by damage, destruction or other factors.

Article XIIIA exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and 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. In addition, Article XIIIA requires the approval of two-thirds of all members of the State Legislature to change any State laws resulting in increased tax revenues. On June 3, 1986, California voters approved an amendment to Article XIIIA of the California Constitution to allow local governments and school districts to raise their property tax rates above the constitutionally mandated 1% ceiling for the purpose of paying off certain new general obligation debt issued for the acquisition or improvement of real property and approved by two-thirds of the votes cast by the qualified electorate. If any such voter-approved debt is issued, it may be on a parity with the lien of the Special Tax on the parcels within the District.

State and local government agencies in the State, and the State itself are subject to annual appropriation limits, imposed by Article XIIIB of the State Constitution. Article XIIIB prohibits government agencies and the State from spending "appropriations subject to limitation" in excess of the appropriations limits imposed. "Appropriations subject to limitation" are authorizations to spend "proceeds of taxes," which consist of tax revenues, certain state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed the cost reasonably borne by such entity in providing the regulation, product or service. No limit is imposed on appropriations of funds which are not "proceeds of taxes" such as debt service on indebtedness existing or authorized before January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, reasonable user charges or fees and certain other non-tax funds.

THE FISCAL AGENT AGREEMENT

Set forth below is a summary of certain provisions of the Fiscal Agent Agreement. This summary does not purport to be complete. Reference is hereby made to the Fiscal Agent Agreement for further information. Unless otherwise defined, terms used in this section shall have the same meaning as those terms have in the Fiscal Agent Agreement. Copies of the Fiscal Agent Agreement are available from the County.

Funds and Accounts

For Administration of Bond Sale Proceeds. The Fiscal Agent Agreement establishes the following funds, each to be held by the Fiscal Agent, for the administration of proceeds of sale of the Bonds, and provides for the amount of proceeds of sale of the Bonds to be deposited in each such fund:

1. Bond Reserve Fund. The portion of Bond sale proceeds representing the initial Required Bond Reserve will be deposited in the Bond Reserve Fund;

2. Expense Fund. The portion of Bond sale proceeds representing estimated costs of issuance of the Bonds will be deposited in the Expense Fund; and

3. Acquisition and Construction Fund. The remainder of Bond sale proceeds, after first making the deposits to the Redemption Fund, Bond Reserve Fund and Expense Fund, will be deposited in the Acquisition and Construction Fund to be

disbursed in accordance with the Fiscal Agent Agreement to pay the authorized costs and expenses of the Improvements and related incidental expenses.

For Administration of Special Tax Proceeds. The Fiscal Agent Agreement establishes the following funds for the administration of proceeds of the Special Tax:

Special Tax Fund. The Special Tax Fund will be held by the County. All proceeds of the Special Tax will be deposited by the County, when and as received, in the Special Tax Fund. The County shall disburse moneys from the Special Tax Fund, as received and needed, as follows:

First: To the Expense Fund that portion of such Special Tax proceeds which represents administrative expenses;

Second: To the Prepayment Fund held by the County that portion of such Special Tax proceeds which represents any prepayments of the Special Tax;

Third: Following the foregoing deposits by the County in the Expense Fund and the Prepayment Fund, the remaining amounts of Special Tax proceeds shall be disbursed to the following funds in the following order of priority:

(1) to the Redemption Fund to the extent necessary to fund all scheduled payments of interest and principal (including mandatory term bond redemptions) coming due on the Bonds through the next succeeding September 1;

(2) to the Bond Reserve Fund to the extent necessary to replenish the Bond Reserve Fund to the Required Bond Reserve; in this connection, investments in the Bond Reserve Fund shall be valued annually at market as of each February 15 and August 15, commencing with February 15, 2002; and

(3) on September 1 of each year, following the transfers described above to the Expense Fund, Prepayment Fund, Redemption Fund and Bond Reserve Fund, any remaining moneys in the Special Tax Fund are deposited in the Community Facilities Fund held by the County, to pay costs of the Improvements and related incidental expenses or otherwise for the benefit of the District in accordance with the Act; provided that, for a period of ten years from the Closing Date, in the event that there remain either (a) amounts payable on account of the acquisition of any portion of the Facilities which have been completed but not yet acquired due to lack of bond sale proceeds or Special Tax proceeds for said purpose or (b) Facilities still to be constructed and to be acquired upon completion, all money deposited in the Community Facilities Fund shall be disbursed therefrom solely to pay, when appropriate, the acquisition price for such Facilities, to be determined in accordance with the Acquisition and Disclosure Certificate.

Expense Fund. Monies in the Expense Fund will be used to pay the costs of issuance of the Bonds and thereafter to pay the annual expenses of the District including, but not limited to, the fees and expenses of the Fiscal Agent, the cost of preparation of the annual special tax roll, the cost of the arbitrage calculations as shall be required by federal law, arbitrage rebate itself, the cost of compliance with the County's continuing disclosure obligations, and the payment of County expenses, including personnel costs, in administering the District.

Acquisition and Construction Fund. Monies in the Acquisition and Construction Fund will be disbursed by the Fiscal Agent based on written requisitions of the County to pay for costs of the Improvements and related incidental expenses. Following completion of the Improvements and upon receipt of written instructions from the County, the Fiscal Agent will close the Acquisition and Construction Fund and transfer any remaining money to the County for deposit in the Special Tax Fund.

Redemption Fund. Monies in the Redemption Fund will be used to pay, when due, principal of, premium if any, and interest on the Bonds. The Redemption Fund will be depleted once each year, except for a reasonable carryover of not exceeding the greater of one-twelfth (1/12) of annual debt service on the Bonds or one year's interest earning on the Redemption Fund. Any identifiable monies in the Redemption Fund will be expended for debt service payments on the Bonds within 13 months of deposit.

Bond Reserve Fund. Monies in the Bond Reserve Fund will be maintained at an amount equal to the least of ten percent (10%) of the original principal amount of the Bonds, one-hundred percent (100%) of maximum annual debt service on the Bonds, or one-hundred and twenty-five percent (125%) of average annual debt service on the Bonds as determined and specified by the County (the "Required Bond Reserve"). This amount shall be initially funded from the proceeds of the sale of the Bonds.

The amount in the Bond Reserve Fund will be available for transfer into the Redemption Fund if necessary in order to make payments of principal and interest due on the Bonds. The amount so advanced will be reimbursed to the Bond Reserve Fund . either from the proceeds of redemption or sale of the parcel for which payment of delinquent Special Taxes was made from the Bond Reserve Fund, or from Special Tax proceeds. If reimbursement of the proceeds of redemption or sale, or the deposit of Special Taxes levied to reimburse the Bond Reserve Fund, will at any time cause the Bond Reserve Fund (based upon its most recent market valuation as described above under "Special Tax Fund") to exceed the Required Bond Reserve, those monies will, to the extent of the excess, be deposited instead in the Redemption Fund. Upon the valuation of the Bond Reserve Fund each February 15 and August 15, amounts in the Bond Reserve Fund, if any, that exceed the Required Bond Reserve, will be deposited into the Redemption Fund.

Rebate Fund. Monies in the Rebate Fund will be held in trust for rebate to the United States as and when required by the arbitrage rebate provisions of federal tax law. Earnings on the Rebate Fund are to remain in that account and shall be held in trust for rebate to the United States.

Investment of Funds

All money held by the Fiscal Agent pursuant to the Fiscal Agent Agreement is required to be invested in Permitted Investments (as defined in the Fiscal Agent Agreement) as directed in writing by the County. As used in the Fiscal Agent Agreement, Permitted Investments generally refers to:

1. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

3. Registered state warrants or treasury notes or bonds of California, including bonds payable solely out of the revenues from a revenue-producing property owned,

controlled, or operated by the state or by a department, board, agency, or authority of the state.

4. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by Moody's Investors Service, Inc. (Moody's), Standard and Poor's (S&P), or Fitch Financial Services, Inc. (Fitch). The corporation that issues the commercial paper shall be organized and operating within the United States, shall have total assets in excess of five hundred million dollars ($500,000,000), and shall issue debt, other than commercial paper, if any, that is rated "A" or higher by Moody's, S&P, or Fitch. Eligible commercial paper shall have a maximum maturity of 180 days or less. No more than 10 percent of the outstanding commercial paper of any single corporate issue may be purchased.

5. Bankers acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers acceptances may not exceed 180 days maturity.

6. Medium-terns notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or better by a nationally recognized rating service.

7. The Local Agency Investment Fund (LAIF) of the State of California.

8. The pooled investment fund of the County of El Dorado, California, which is administered in accordance with the investment policy of said County as established by the Treasurer-Tax Collector thereof, as permitted by Sections 53601, 53635, and 53651 of the Government Code of the State, copies of which policy are available upon written request to said Treasurer-Tax Collector.

9. Promissory notes secured by first mortgages and first trust deeds which comply with Government Code Section 53651.2.

10. Deposits of any bank, including the Fiscal Agent or its affiliates, or savings and loan association which has combined capital, surplus, and undivided profits of not less than $100 million, provided the first $100,000 of such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation.

11. Investments in Treasury backed money-market funds rated "AAAm" or "AAAm-G" by Standard & Poor's Corporation. (Such money market funds may include funds for which the Fiscal Agent, its affiliates, parents, or subsidiaries provide investment advisory or other management services.)

Absent written instructions from the County, the Fiscal Agent will invest funds in investments described in clause 11 of the definition of Permitted Investments. All investments must mature not later than the date on which it is estimated that such money will be required to be paid out under the Fiscal Agent Agreement.

Equality of Bonds

Pursuant to the Act and the Fiscal Agent Agreement, the Bonds shall be equally payable from proceeds of the Special Tax, without priority for number, date, date of sale, date of execution or date of delivery of the Bonds or any additional bonds authorized under the Fiscal Agent Agreement. Payment of interest and premium, if any, on and principal of the Bonds and any additional bonds shall be exclusively paid from the proceeds of Special Taxes.

The proceeds of the Special Taxes and any interest earned thereon shall constitute a trust fund held for the benefit of the owners of the Bonds and any additional bonds, to be applied to the payment of the interest on and the redemption of the Bonds and any additional bonds, so long as any remain outstanding.

Covenants of the County

The Fiscal Agent Agreement contains the following covenants of the County to be in effect so long as any Bonds are outstanding.

Levy and Disposition of Special Tax. So long as any Bonds remain outstanding, the County will annually, after the review of Special Tax collections provided by the Fiscal Agent Agreement, levy the Special Tax, subject to the limits of the Resolution of Formation, in an amount which will be at least sufficient, after making reasonable allowances for contingencies, errors in the levy and anticipated delinquencies, to pay principal and interest on the Bonds as they become due, to pay all actual and budgeted expenses of administering the District, to cure any delinquencies in the payment of principal or interest on the Bonds which have occurred or (based on delinquencies in the payment of Special Taxes) will occur in the fiscal year just beginning, and to replenish the Bond Reserve Fund to the Required Bond Reserve as necessary. The Special Tax shall be collected in the same manner as ordinary *ad valorem* property taxes, except as otherwise provided in the Fiscal Agent Agreement or in the Act, and will be 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.

Judicial Foreclosure. The County will annually on or before October 1 of each year review the County's records in connection with the collection of the Special Tax to determine the amount of Special Tax collected in the prior fiscal year, and will then institute and diligently prosecute foreclosure proceedings to judgment and sale, as authorized by the Act, not later than the succeeding December 1, as follows: (i) against all parcels that are delinquent *in* the payment of such Special Tax *in* such Fiscal Year by one thousand dollars ($1,000) or more in order to enforce the lien of all such delinquent installments of such Special Tax; and (ii) if, on the basis of such review, the County determines that the total amount so collected is less than ninety-five per cent (95%) of the total amount of the special tax levied in such Fiscal Year, against all parcels that are delinquent in the payment of such Special Tax in such Fiscal Year, provided, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Government Code of the State of California.

Arbitrage. During the term of the Bonds, the County will make no use of Bond proceeds which, if such use had been reasonably expected at the date the Bonds were issued, could have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the United States Internal Revenue Code of 1986, and regulation of the Internal Revenue Service adopted thereunder.

Maintenance of Tax Exemption. The County will take all reasonable actions required to maintain the status of the Bonds as bonds on which the interest is not includable in the gross income of the bondholder for federal income tax purposes and as bonds on which the interest is exempt from State of California personal income taxes. In acting under this covenant, the County may rely conclusively on the opinion of nationally recognized bond counsel.

Punctual Payment and Performance. The County will punctually pay, from proceeds of the Special Tax, the interest on and principal of and redemption premium, if any, to become due on every Bond issued under the Fiscal Agent Agreement or any supplemental Fiscal Agent Agreement in strict conformity with the terms of the Act, the Fiscal Agent Agreement, any supplemental Fiscal Agent Agreement and will faithfully observe and perform all agreements, conditions, covenants and terms contained in the Fiscal Agent Agreement and in the Bonds required to be observed and performed by it.

Continuing Disclosure. The County will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Fiscal Agent Agreement, failure of the County to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any owner of any of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with this obligation.

Remedies of Bondholders

Any bondholder shall have the right for the equal benefit and protection of all bondholders similarly situated (a) by mandamus or other suit or proceeding at law or in equity to enforce their rights against the County or the Board or any of the officers or employees of the County, and to compel the County or the Board or any such officers or employees to perform and carry out their duties under the Act and the agreements and covenants with the bondholders contained in the Fiscal Agent Agreement, any supplemental Fiscal Agent Agreement and in the Bonds; (b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the bondholders; and (c) by suit in equity upon the nonpayment of the Bonds to require the Board or its officers and employees to account as the fiscal agent of an express trust.

Nothing in the Fiscal Agent Agreement shall affect or impair the County's obligation, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective holders of the Bonds at the respective dates of maturity or upon redemption prior to the maturity as provided in the Fiscal Agent Agreement from the proceeds of the Special Tax as provided in the Fiscal Agent Agreement, or shall affect or impair the right of the holders of the Bonds, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the Fiscal Agent Agreement, any supplemental Fiscal Agent Agreement and the Bonds. Neither the full faith and credit nor any general taxing power of the District, the County, the State of California or any political subdivision thereof is pledged to or liable on the Bonds.

The Fiscal Agent Agreement provides that no remedy conferred upon the holders of the Bonds therein is intended to be exclusive of any other remedy, and every such remedy will be cumulative and will be in addition to every other remedy given in the Fiscal Agent Agreement or existing at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the provisions of the Act, or any other law or otherwise.

Defeasance

If an escrow agent designated by the County shall hold sufficient monies or Federal Securities (as defined in the Fiscal Agent Agreement), the principal of and the interest on which when due and payable will provide sufficient monies to pay the principal, interest and the redemption premium, if any, upon any Bonds then outstanding to the maturity date or dates specified for the redemption thereof, and if in the event any Bonds are to be called for redemption, irrevocable instructions to call the Bonds for redemption shall have been given by the County to the owners of such Bonds, and sufficient funds shall also have been provided or provision made for paying all other obligations as to the Bonds to be redeemed by the County, then the Bonds so provided for shall be deemed to be defeased and no longer outstanding; and the rights of the owners of such Bonds to the covenants contained in the Fiscal Agent Agreement (except those related to arbitrage and tax exemption) and to all monies, accounts, Special Tax proceeds or security for payment of the Bonds, other than the monies and Federal Securities held by the escrow agent on their behalf, shall terminate.

In the event of defeasance, the escrow agent will be required to mail notice by first class mail within 30 days of the defeasance to all bondholders of record of the Bonds so defeased and to selected securities depositories and securities information services that the deposit required for such defeasance has been made with such escrow agent and that the Bonds so defeased are deemed to have been paid in accordance with the Fiscal Agent Agreement and stating the redemption dates upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

Amendment to or Supplements to the Fiscal Agent Agreement

The Fiscal Agent Agreement and the rights and obligations of the County and of the owners of the Bonds may be amended or supplemented at any time by a supplemental Fiscal Agent Agreement which shall become binding when the written consents of the owners of 60% in aggregate principal amount of the Bonds then outstanding (other than Bonds held by or for the account of the County) are filed with the County.

No such amendment or supplement shall (i) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the County to pay the interest on or the principal of or redemption premium, if any, on any Bond at the time and place and at the rate and in the currency and from the funds provided in the Fiscal Agent Agreement without the express written consent of the owner of such bond, or (ii) permit the issuance by the County of any obligations payable from the Special Tax other than as provided in the Fiscal Agent Agreement, or (iii) jeopardize the ability of the County to levy or collect the Special Tax, or (iv) reduce the percentage of the Bonds required for the written consent to any such amendment or supplement, or (v) modify any rights or obligations of the Fiscal Agent or any escrow agent for the defeasance of the Bonds without their prior written assent.

The Fiscal Agent Agreement and the rights and obligations of the County and of the owners of the Bonds may also be amended or supplemented at any time by a supplemental resolution or Fiscal Agent Agreement which shall become binding without the prior written consent of any owners, but only to the extent permitted by law and only for any one or more of the following purposes: (i) to add to the covenants required to be performed by the County which shall not adversely affect the interests of the owners of the Bonds; or (ii) to cure any ambiguity or correct or supplement any defective provision contained in the Fiscal Agent Agreement or to add any provision which the County may deem desirable or necessary and which shall not adversely affect the interests of the owners of the Bonds; or (iii) to authorize the issuance of additional bonds and to provide the terms and conditions under which such bonds may be issued, subject to compliance with the Fiscal Agent Agreement.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("**Bond Counsel**"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the 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. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel 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 Exhibit 3 hereto.

The difference (if any) between the issue price of any maturity of the Bonds and the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds) constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the 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 Bonds accrues daily over the term to maturity of such 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 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Bonds. The Issuer has covenanted to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes 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) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective holders are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Certain requirements and procedures contained or referred to in the Fiscal Agent Agreement, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP.

Although Bond Counsel is of the opinion that the interest on the 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 Bonds may otherwise affect a holder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the holder or the holder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

CONTINUING DISCLOSURE

The County has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the District by not later than the next January 15th after the end of the County's fiscal year (presently June 30) in each year (the "**County Annual Report**") commencing with its report for the 2003-2005 fiscal year (due January 15, 2005) and to provide notices of the occurrence of certain enumerated events.

West Valley, LLC has also covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the property it owns, or its affiliates or subsidiaries, or entities it has an interest in or controls owns, in the District on a quarterly basis. The Developer Report will be filed by West Valley, LLC with each Nationally Recognized Municipal Securities Information Repository and the County. A form of document specifying the nature of the information to be contained in the Developer Report or the notices of material events is set forth in APPENDIX E hereto. West Valley, LLC has not previously made any undertakings with regard to such Rule to provide annual reports or notices of material events. Lennar Corporation has represented to the County that it is not aware of any failure to comply in any material respect with any previous undertaking it has made to provide reports or notices of material events with regard to such Rule. The obligation of West Valley, LLC to provide such information is in effect only so long as West Valley, LLC and its affiliates, or their successors, are collectively responsible for a certain percentage of the Special Taxes, as described in the Developer Report.

The County Annual Report and the Developer Report will be filed with each Nationally Recognized Municipal Securities Information Repository. The notices of material events will be filed with the Municipal Securities Rulemaking Board. The covenants of the County have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of material events by the County and the Developer is summarized in "APPENDIX E — FORM OF CONTINUING DISCLOSURE UNDERTAKINGS."

The County has had no instance in the previous five years in which it failed to comply in all material respects with any previous continuing disclosure obligation under the Rule.

UNDERWRITING

The Bonds were purchased through negotiation by Westhoff Cone & Holmstedt (the "**Underwriter**"). The Underwriter agreed to purchase the Bonds at a price of $32,194,364.25 (which is equal to the par amount of the Bonds, less an original issue discount of $93,267.00 and less the Underwriter's discount of $367,368.75). The purchase agreement related to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the purchase contract, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower such initial offering prices.

LEGAL OPINION

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick Herrington & Sutcliffe, LLP, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D to this Official Statement, and the final opinion will be made available to registered owners of the Bonds at the time of delivery. The fees of Bond Counsel are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon by Jones Hall, A Professional Law Corporation. The fees payable to Orrick, Herrington & Sutcliffe LLP, as Bond Counsel, and Jones Hall, as Disclosure Counsel, are contingent upon the issuance of the Bonds.

RATINGS

The County has not applied to a rating agency for the assignment of a rating to the Bonds and does not contemplate applying for a rating.

NO LITIGATION

To the knowledge of the County, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or regulatory agency, public board or body pending or threatened against the County, the Board, or the District affecting their existence, or the titles of the members of the Board or the officers of the County or the District, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, or the collection or application of the Special Tax to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Fiscal Agent Agreement, the resolutions pursuant to which the District was formed and pursuant to which the Special Tax was levied, any agreement entered into between the County and the Underwriter or any other applicable agreements or any action of the County, the Board, or the District contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the County, the Board or the District or their authority with respect to the Bonds or any action of the County, the Board, or the District contemplated by any of said documents, nor, to the knowledge of the County, is there any basis therefor.

EXECUTION

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. All references to acreage in this Official Statement are approximate. This Official Statement does not constitute a contract with the purchasers of the Bonds.

The execution and delivery of this Official Statement by the County has been duly authorized by the County Board of Supervisors on behalf of the District.

COUNTY OF EL DORADO

By: /s/ James J. Wiltshire
Assistant Chief Administrative Officer

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

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EXHIBIT A

County of El Dorado
Community Facilities District No. 2005-1 (Blackstone)

RATE, METHOD OF APPORTIONMENT, AND MANNER OF COLLECTION OF SPECIAL TAX

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1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (Act) applicable to the land in the County of El Dorado (County) Community Facilities District No. 2005-1 (Blackstone) shall be levied and collected according to the tax liability determined by the County through the application of the appropriate amount or rate, as described below.

2. Definitions

"**Act**" means the Mello-Roos Community Facilities Act of 1982, as amended Sections 53311 and following of the California Government Code.

"**Administrative Expenses**" means the following actual or reasonably estimated costs related to the administration of the CFD, including:

- Costs of computing Special Taxes and preparing annual Special Tax collection schedules (whether by the County or designee thereof or both);
- Costs of collecting the Special Taxes (whether by the County, or otherwise);
- Costs of remitting the Special Taxes to the Trustee;
- Costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture;
- Costs to the County, CFD or any designee thereof of complying with arbitrage rebate requirements;
- Costs to the County, CFD or any designee thereof of complying with County, CFD or obligated persons disclosure requirements;
- Costs associated with preparing Special Tax disclosure statements;
- Costs incurred in responding to public inquiries regarding the Special Taxes;

- Costs to the County, CFD or designee thereof related to any appeal of the Special Tax;
- Costs associated with the release of funds from an escrow account, if any; and
- Amounts estimated to be advanced or advanced by the County for any other administrative purposes, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"**Administrator**" means the County Auditor-Controller or his or her designee.

"**Annual Costs**" means, for any Fiscal Year, the total of the following:

i) Debt Service to be paid from Special Taxes collected during such Bond Year;

ii) Administrative Expenses for such Fiscal Year;

iii) The amount needed to replenish the reserve fund for the Bonds to the level required under the Bond Indenture;

iv) An amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous Fiscal Year or anticipated for the current Fiscal Year; and

v) Less any earnings on the reserve fund and Special Tax fund that are transferred to the bond redemption fund pursuant to the Bond Indenture.

"**Anticipated Construction Proceeds**" means that amount that is anticipated to be available from Bonds for the acquisition or construction of Authorized Facilities.

"**Assessor's Parcel**" means a parcel of land in the County identified by Assessor's Parcel Number.

"**Assessor's Parcel Number**" means the number as assigned to a Parcel by the Assessor as recorded by the Assessor on the last equalized tax roll.

"**Auditor-Controller**" means the Auditor-Controller of the County.

"**Authorized Facilities**" means those facilities to be financed as identified in the resolution forming the CFD.

"**Base Year**" means the Fiscal Year beginning on July 1, 2005 and ending on June 30, 2006.

"**Benefit Share**" means the Maximum Annual Special Tax for a Parcel divided by the Maximum CFD Revenue.

"**Board**" means the Board of Supervisors of El Dorado County acting for the CFD under the Act.

"**Bond(s)**" means bond(s) issued or other indebtedness incurred by the County for the CFD under the Act.

"**Bond Indenture**" means the indenture, resolution, fiscal agent agreement, or other financing document pursuant to which any Bonds are issued.

"**Bond Share**" means the share of bonds assigned to a Parcel as specified in **Section 7, Part A, Step 3** of this Rate and Method of Apportionment.

"**Bond Year**" means the 12-month period ending on the second bond payment date of each calendar year as defined in the resolution authorizing the issuance of Bonds.

"**CFD**" means the County of El Dorado Community Facilities District No. 2005-1 (Blackstone).

"**County**" means the County of El Dorado, California.

"**Debt Service**" means the total amount of principal, interest, and any scheduled sinking fund payments of the Bonds.

"**Developed Parcel**" means a Parcel receiving one of the following development approvals from the County where right-of-way for streets and other public facilities are dedicated:

Land Use	Development Approval
Single-Family Residential Parcels	- Final Subdivision Map
Other Land Uses	- Building Permit

"**Final Subdivision Map**" means a recorded map designating individual Single-family Residential Parcels or condominium units.

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

"**Gross Acre(age)**" means the actual acreage of a parcel, before dedication of right of way for streets, roads, landscaping, and other public purposes.

"**Large Lot Subdivision Map**" means a recorded subdivision map creating Parcels by land use. However, the Large Lot Subdivision Map does not delineate Single-family Residential Parcels. A Final Subdivision Map will create individual single-family parcels.

"**Maximum CFD Revenue**" means the sum of the Maximum Annual Special Tax for all of the Taxable Parcels in the CFD for a Fiscal Year.

"**Maximum Annual Special Tax**" means the maximum amount of Special Tax that can be levied against a Taxable Parcel in any Fiscal Year as shown in **Attachment 1,** as adjusted annually after the Base Year in accordance with the Tax Escalation Factor.

"**Maximum Annual Special Tax per Unit**" means the maximum amount of Special Tax that can be levied against a Single-family Residential Parcel or a Net Acre of land for Other Use Parcels in any Fiscal Year. The Maximum Annual Special Tax per Unit for Undeveloped Parcels is based on Gross Acreage. **Attachment 1** shows the Maximum Annual Special Tax per Unit for all Villages. Each time a Village is Subdivided, a Maximum Annual Special Tax per Unit will be assigned to the Successor Parcels based on methods defined in **Section 5.C**.

"**Maximum Annual Special Tax Revenue**" means the maximum amount of revenue that can be collected by levying the Maximum Annual Special Tax against a group of Parcels within a specific classification, such as Developed Parcels.

"**Net Acre(age)**" means the acreage of a Parcel as shown on the final map or parcel map excluding the right-of-way dedicated for major roads, landscaping, parks, and other public purposes.

"**Other Land Uses**" means all taxable Developed Parcels with land uses other than Single-family Residential Parcels. Multifamily residential, retail, office, mixed-use, and industrial property would be taxable as Other Land Uses.

"**Outstanding Bonds**" means the total principal amount of Bonds that have been issued and not fully repaid or legally defeased.

"**Parcel**" means any Assessor's Parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"**Partial Prepayment**" means a prepayment of a portion of a Parcel's Special Tax obligation, as set forth in **Section 7**.

"**Partial Prepayment Factor**" means a factor by which the Maximum Annual Special Tax for a Partial Prepayment Parcel is multiplied to calculate an adjusted Maximum Annual Special Tax for such Parcel. Each Partial Prepayment Factor shall be calculated according to the steps described under **Section 7** hereof.

"**Pay-As-You-Go Expenditure**" means the use of annual Special Tax revenues that are not needed for Annual Costs for Authorized Facilities to be constructed or acquired by the CFD. Pay-As-You-Go Expenditures may be used through Fiscal Year 2019-2020, or until all Authorized Facilities have been constructed or acquired.

"**Planned Residential Lots**" means the number of single-family Units planned for each Village as shown in **Attachment 1**.

"**Prepayment**" means the partial or complete fulfillment of a Parcel's Special Tax obligation, as determined by following the procedures in **Section 7**.

"**Public Parcel**" means any parcel that is, or is intended to be, publicly owned, as designated in the CFD as adopted by the Board, that is normally exempt from the levy of general *ad valorem* property taxes under California law, including public streets, schools, parks, public water tank parcels, public sewer lift station parcels, public drainageways, public landscaping, greenbelts, and public open space. These parcels are exempt from the levy of Special Taxes.

"**Realized Residential Lots**" means the number of lots realized by the recordation of a Final Subdivision Map.

"**Reserve Fund Requirement**" means the amount required to be held in the bond reserve fund created under the Bond Indenture.

"**Reserve Fund Share**" means the lesser of: (i) Reserve Fund Requirement or (ii) the reserve fund balance at the time of such calculation, multiplied by the Benefit Share for a given Parcel.

"**Single-Family Residential Parcel**" means a single-family residential lot created by the recordation of a Final Subdivision Map.

"**Special Tax(es)**" mean(s) any tax levy under the Act in the CFD.

"**Subdivision**" or "**Subdivided**" means a division of a Parcel into two or more Parcels through the Subdivision Map Act process.

"**Tax Collection Schedule**" means the document prepared by the County for the County Auditor to use in levying and collecting the Special Taxes each Fiscal Year.

"**Taxable Parcel**" means any Parcel that is not a Tax-Exempt Parcel.

"**Tax Escalation Factor**" means a factor of 2 percent that will be applied annually to increase the Maximum Annual Special Tax, as shown in **Attachment 1**. .

"**Tax-Exempt Parcel**" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (i) Public Parcels or (ii) any Parcel that has prepaid its Special Taxes under **Section 7** hereof. Certain privately owned Parcels may also be exempt from the levy of Special Taxes including common areas owned by homeowner's associations or property owner associations, wetlands, detention basins, water quality ponds, and open space.

"**Tentative Map**" means the Revised Tentative Map for West Valley Village as approved by the Board in July of 2004 under Ordinance Number 4517 and Resolution Number 298-98.

"**Undeveloped Parcel**" means a Taxable Parcel that is not a Developed Parcel or Village.

"**Unit(s)**" means a Single-family Residential Parcel, or the number of single-family residential lots assigned to a Taxable Parcel.

"**Unrealized Residential Units**" means the difference in the number of Units derived by subtracting the number of Realized Residential Units for a Village from the number of Planned Residential Units for the Village, as shown in **Attachment 1**.

"**Village**" means a planned unit of development in the CFD, identified by number or letter designation, which is assigned several Planned Residential Lots (or Net Acres), a Maximum Annual Special Tax per Unit, and a Maximum Annual Special Tax, as shown in **Attachment 1**. Villages are created by a Large Lot Subdivision Map.

3. Determination of Parcels Subject to Special Tax

The Administrator shall prepare a list of Taxable Parcels using the records of the County Assessor as of January 1. The Administrator shall identify the Taxable Parcels from a list of all Parcels in the CFD using the procedure described below.

1) Exclude all Tax-Exempt Parcels.

   However, Taxable Parcels that are acquired by a public agency after the CFD is formed or subsequent Final Subdivision Maps are recorded will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code by the procedure described in **Section 7**. An exception to this may be made if Public Parcels, such as a school site, are relocated and the previously Tax-Exempt Parcels of comparable acreage become Taxable Parcels. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum Annual Special Tax Revenue.

2) The remaining Parcels shall be subject to the Special Tax according to the method detailed in **Section 5**.

4. Termination of the Special Tax

The Special Tax will be levied and collected from all Taxable Parcels for as long as needed to pay the Annual Costs. However, in no event shall the Special Tax be levied beyond Fiscal Year 2039-2040.

When all Annual Costs incurred by the CFD have been paid, the Special Tax shall cease to be levied. The Board shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. The Notice of Cessation of Special Tax shall identify the previously Taxable Parcels by the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

5. Assignment of Maximum Annual Special Tax

A. Classification of Parcels. Each Fiscal Year, using the Definitions above, the parcel records of the County Assessor's Secured Tax Roll as of January 1, and other County development approval records as of June 1, the Administrator shall cause:

1. Each Parcel to be classified as a Tax-Exempt Parcel or a Taxable Parcel;

2. Each Taxable Parcel to be classified as a Developed Parcel, Village, or Undeveloped Parcel.

B. Assignment of Maximum Annual Special Tax. The Administrator shall then assign the Maximum Annual Special Tax, as adjusted by the Tax Escalation Factor, to each Taxable Parcel as follows:

1. Undeveloped Parcels: At the time the CFD is formed, Taxable Parcels will be classified as Undeveloped Parcels. The Maximum Annual Special Tax for an Undeveloped Parcel is calculated by multiplying the Gross Acreage of the Parcel times the Maximum Annual Special Tax per Gross Acre as shown in **Attachment 1**.

2. Villages: Undeveloped Parcels will be Subdivided into Villages and Single-family Residential Parcels. The Maximum Annual Special Tax and the Maximum Annual Special Tax per Unit for each Village is shown in **Attachment 1**. As each Undeveloped Parcel is Subdivided into a Village, the Maximum Annual Special Tax is assigned to Villages as follows.

a. Planned Residential Lots or Net Acreage is assigned to Villages using the Tentative Map and **Attachment 1**. ***All*** Planned Residential Lots must be assigned to Villages designated for single-family residential land uses so that there is no net loss in Planned Residential Lots as shown in **Attachment 1**. Net Acreage is assigned to Villages designated for other than single-family residential land uses so that there is no net loss in Net Acreage as shown in **Attachment 1**.

b. For single-family residential land use Villages, the assigned Planned Residential Lots is multiplied by the Maximum Annual Special Tax per Unit for the Village, as shown in **Attachment 1,** to derive the Maximum Annual Special Tax per Village.

c. For Villages with a land use other than single-family residential, the assigned Net Acreage is multiplied by the Maximum Annual Special Tax per Unit for the Village, as shown in **Attachment 1,** to derive the Maximum Annual Special Tax per Village.

d. As Undeveloped Parcels are Subdivided into Villages, there shall not be any net loss in Maximum CFD Revenue.

3. <u>Developed Parcels</u>: Developed Parcels shall be assigned the Maximum Annual Special Tax using **Attachment 1** and using the steps below.

a) <u>Single-family Residential Parcels</u>: Single-family Residential Parcels are assigned the Maximum Annual Special Tax per Unit assigned to each Village as shown in **Attachment 1**. As Villages are Subdivided, the Maximum Annual Special Tax is allocated to Single-family Residential Parcels as follows.

1) Compare the number of Realized Residential Lots for each Village to the number of Planned Residential Lots for each Village, as shown in **Attachment 1**.

2) If the number of Realized Residential Lots created by a Final Subdivision Map for any of the villages is equal to, or greater than the number of Planned Residential Parcels shown in **Attachment 1**, assign the Maximum Annual Special Tax per Unit, as shown in **Attachment 1** to all Single-family Residential Parcels in the Village, as adjusted by the Tax Escalation Factor.

3) If the number of Realized Residential Lots created by a Final Subdivision Map for any Village is less than the Planned Residential Lots shown in **Attachment 1**, assign the Maximum Annual Special Tax assigned to the Village to all Single-family Residential Parcels created by the Subdivision using the following steps.

Step 1: Multiply the number of Planned Residential Lots for the Village times the Maximum Annual Special Tax per Unit, as shown in **Attachment 1**, as adjusted by the Tax Escalation Factor.

Step 2: Divide the amount calculated in *Step 1* by the Realized Residential Lots for the Village.

Step 3: Assign the amount calculated in the previous step as the Maximum Annual Special Tax per Unit for each of the Single-family Residential Parcels created by the Final Small Lot Subdivision Map.

Step 4: In the event the amount of Maximum Annual Special Tax per Unit calculated in *Step 3* is deemed by the Administrator or landowner to be a burden to potential purchasers of the Taxable Parcels, the Maximum Annual Special Tax per Unit may be eliminated using the steps in **Section 5.C** or reduced using steps in **Section 5.D**.

b) Other Land Uses: Calculate the Maximum Annual Special Tax for Other Land Uses by multiplying the Net Acreage assigned to the Parcel in **Section 5.B.2** by the Maximum Annual Special Tax per Unit shown in **Attachment 1** for the Village, as adjusted by the Tax Escalation Factor. Assign the result to the Parcel as the Maximum Annual Special Tax. Villages V, W, and X shown in **Attachment 1** may be developed as single-family residential uses, townhouses, or condominiums. In this case, the Maximum Annual Special Tax per Unit will be derived by dividing the Maximum Annual Special Tax for the Village, as adjusted by the Tax Escalation Factor, by the number of Realized Residential Lots.

C. Prepayment of Special Tax Obligation for Unrealized Residential Lots. In the event the number of Realized Residential Lots created by a Final Subdivision Map for any Village is less than the Planned Residential Parcels shown in **Attachment 1**, at the landowner's request, and approval of the Administrator, Prepayment of the Special Tax for all Unrealized Residential Lots may be calculated using the following steps. The Administrator may require the Prepayment of the Special Tax obligation for Unrealized Residential Lots rather than use the provisions in **Section 5.B.3.a) 3)** or **Section 5.D.** if such Prepayment is deemed to be in the best interest of the County.

Step 1: Subtract the number of Realized Residential Lots from the number of Planned Residential Lots.

Step 2: Multiply the number calculated in *Step 1* times the Maximum Annual Special Tax per Unit for the Village, as shown in **Attachment 1**, and adjusted by the Tax Escalation Factor, to derive the Maximum Annual Special Tax to be prepaid.

Step 3: Use the steps in **Section 7** to calculate the amount required to prepay the Special Tax for Unrealized Residential Lots. The amount calculated in *Step 2* will be used as the Maximum Annual Special Tax for the purpose of Step 1 of the prepayment formula in **Section 7**.

Before the issuance of Bonds, the County is not required to collect the Prepayment of the Special Tax obligation for Unrealized Residential Lots.

D. <u>Assignment of Maximum Annual Special Tax Partial Prepayment Parcel</u>. The Maximum Annual Special Tax for a Partial Prepayment Parcel is assigned by multiplying the Maximum Annual Special Tax per Unit from **Attachment 1**, or as otherwise calculated for a Developed Parcel, by the Partial Prepayment Factor for the Parcel.

E. <u>Conversion of a Tax-Exempt Parcel to a Taxable Parcel</u>. If a Parcel designated in the CFD as a Tax-Exempt Parcel is not needed for public use and is converted to a private use, it shall become subject to the Special Tax. The Maximum Annual Special Tax for each such Parcel shall be assigned according to the Special Tax rate per Unit, Net Acre, or Gross Acre shown on **Attachment 1**, depending on the taxable status of the Parcel. The Administrator will assign a Maximum Annual Special Tax per Unit to the Taxable Parcel by first identifying the proposed land use of the Taxable Parcel. The Administrator will then review the land uses and Maximum Annual Special Tax per Unit for Villages shown in **Attachment 1** to determine which land use most closely matches the land use of the Taxable Parcel. The Administrator will assign the Maximum Annual Special Tax per Unit to the Taxable Parcel from the Village that most closely matches to the proposed land use of the Taxable Parcel.

F. Taxable Parcel Acquired by a Public Agency. A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel, such as a school site, is relocated to a Taxable Parcel, in which case the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of a Parcel from a Taxable Parcel to a Public Parcel will be permitted to the extent there is no net loss in Maximum CFD Revenue, and the transfer is agreed to by the owners of the Parcels involved in the transfer and the Administrator.

6. Setting the Annual Special Tax Levy for Taxable Parcels

The County shall calculate the Special Tax levy for each Taxable Parcel for each Fiscal Year as follows:

A. Calculate the Special Tax for each Taxable Parcel by the following steps:

Step 1: Compute 100 percent of the Maximum Annual Special Tax Revenue for all Developed Parcels by summing the Maximum Annual Special Tax for each Taxable Parcel.

Step 2: Compute the Annual Costs using the definition of Annual Costs in **Section 2**.

Step 3: Compare the Annual Costs with the Maximum Annual Special Tax Revenue from Developed Parcels calculated in the previous step.

Step 4: If the Annual Costs are less than the Maximum Annual Special Tax Revenue, levy 100 percent of the Maximum Annual Special Tax on Developed Parcels. In each Fiscal Year through Fiscal Year 2019-2020, subtract the Annual Costs calculated in Step 2 from the Maximum Special Tax Revenue for Developed Parcels calculated in Step 1 to determine the amount that may be used for Pay-As-You-Go Expenditures. Beginning in Fiscal Year 2020-2021, decrease proportionately the Special Tax levy for each Developed Parcel until the Special Tax Revenue equals the Annual Cost.

Step 5: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue from Developed Parcels, levy a proportional amount of Special Tax on each Village to just equal the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Villages. No Special Tax revenue is available for Pay-As-You-Go Expenditures.

Step 6: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue from Developed Parcels and Villages, levy a proportional amount of Special Tax on each Undeveloped Parcel to just equal the amount of Annual Costs or until 100 percent of the Maximum Annual Special Tax is reached for such Undeveloped Parcels. No Special Tax revenue is available for Pay-As-You-Go Expenditures.

B. Levy on each Taxable Parcel the amount calculated above.

C. Prepare the Tax Collection Schedule listing the tax levy for each Taxable Parcel and send it to the County Auditor-Controller requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the County Auditor-Controller for such inclusion.

The Administrator shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the tax and their Special Tax assignments.

As development and Subdivision of the CFD takes place, the Administrator will maintain a file of each current County Assessor's Parcel in the CFD, its Maximum Annual Special Tax, and the Maximum Annual Special Tax Revenues for all Parcels in the CFD available for public inspection. This record shall show the Maximum Annual Special Tax on all Undeveloped, Villages (or Large Lot Parcels), and Developed Parcels and a brief description of the process of assigning the Special Tax each time a new Parcel was created, including any adjustments because of change in use.

7. Prepayment of Special Tax Obligation

Landowners may permanently satisfy the Special Tax obligation by a cash settlement with the County as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

- The Administrator determines that the Prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of Debt Service on Outstanding Bonds.

- Any landowner prepaying the Special Tax obligation must pay any and all delinquent special taxes and penalties before prepayment.
- The landowner may make a request to the Administrator to partially prepay the Special Tax obligation for a Taxable Parcel or Parcels, and the Administrator will determine whether or not to allow the Partial Prepayment.

The Prepayment amount shall be established by following the steps in Part A and Part B below:

Part A: Full Prepayment of Special Tax Obligation Before the Sale of Bonds

The Prepayment amount before Bond sale is equal to the amount of the Anticipated Construction Proceeds for the Parcel, plus any Administrative Expenses incurred in the establishment of the CFD and the calculation of the Prepayment amount. The amount of the Anticipated Construction Proceeds shall be reduced for any Pay-As-You-Go Expenditures that will be used to finance the principal amount of the Anticipated Construction Proceeds if Special Taxes have already been levied for Pay-As-You-Go Expenditures up to and including the current Fiscal Year of the Prepayment.

The Prepayment amount shall be established by following the steps below.

Step A.1 Determine the Maximum Annual Special Tax for the prepaying Parcel by following the procedures in **Section 5**.

Step A.2 Divide the Maximum Annual Special Tax from Step A.1 by the Maximum Annual Special Tax Revenue to arrive at the Benefit Share.

Step A.3 Determine the Anticipated Construction Proceeds for the Parcel by multiplying the Benefit Share from Step A.2 by the Anticipated Construction Proceeds.

Step A.4 Determine the Prepayment amount by adding to the Anticipated Construction Proceeds for the prepaying Parcel calculated in Step A.3 any fees and expenses incurred by the County in connection with the prepayment calculation. If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the Prepayment amount.

Part B: Full Prepayment of Special Tax Obligation After Sale of Bonds

The Prepayment amount shall be established by following the steps below.

Step B.1 Determine the Maximum Annual Special Tax for the prepaying Parcel by following the procedures in **Section 5.**

Step B.2 Divide the Maximum Annual Special Tax from Step B.1 by the Maximum Annual Special Tax Revenue to arrive at the Benefit Share.

Step B.3 Determine the Bond Share for the Parcel by multiplying the Benefit Share from Step B.2 by the Outstanding Bonds. For the purpose of the calculation, reduce the Outstanding Bond balance by the amount of the principal payment for which Special Taxes have been levied but not collected.

Step B.4 Determine the Reserve Fund Share associated with the Bond Share determined in Step B.3 and reduce the Bond Share by the amount of the Reserve Fund Share. The Reserve Fund Share is equal to the reserve requirement on all Outstanding Bonds or the actual Reserve Fund, whichever is less, multiplied by the Benefit Share.

Step B.5 Determine the Prepayment amount by adding to the revised Bond Share amount calculated in Step B.4 any fees, call premiums, and expenses incurred by the County in connection with the Prepayment calculation or the application of the proceeds of the Prepayment to the call of Bonds. If Special Taxes have already been levied, but not collected, at the time the Prepayment is calculated, the owner of the Parcel must pay the Special Taxes included on the property tax bill in addition to the prepayment amount.

Part C: Partial Prepayment of Special Tax Obligation

If the Prepayment is a Partial Prepayment, then the property owner shall designate an amount which is less than the full Prepayment amount determined above for the Parcel (or group of such Parcels) for which the Special Tax is to be partially prepaid but which, based upon a calculation provided by the Administrator, will provide sufficient funds for a Bond call in a whole number multiple of $5,000. If the Administrator approves a Partial Prepayment, the Administrator shall determine the Partial Prepayment Factor by the following procedure:

Step C.1 Calculate the Full Prepayment Amount from Step A.4 or B.5 above;

Step C.2 Subtract the amount of the Partial Prepayment from the Full Prepayment amount calculated in Part A or Part B above;

Step C.3 Subtract any fixed costs (such as the cost of the Prepayment calculation and other fees which do not vary proportionally with the size of the Prepayment) of the Prepayment from the Full Prepayment amount in Step C.1;

Step C.4 Divide the result of Step C.2 by the result of Step C.3 to arrive at the Partial Prepayment Factor. The Partial Prepayment Factor is used in decreasing the Maximum Annual Special Tax for the Parcel for which the Special Tax is partially prepaid;

Step C.5 If a Partial Prepayment has previously been made for this Parcel, multiply the result of Step C.4 times the previously calculated Partial Prepayment Factor.

8. Appeals

Any taxpayer that feels that the amount of the Special Tax assigned to a Parcel is in error may appeal the levy of the Special Tax by filing a notice with the County. The County will then promptly review the appeal, and if necessary, meet with the applicant. If the County verifies that the tax should be modified or changed, a recommendation at that time will be made to the Board and, as appropriate, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

Interpretations may be made by Resolution of the Board for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties or any definition applicable to the CFD.

9. Collection of Annual Special Tax

The Special Tax shall be collected on the secured property tax roll of the County; provided that, in accordance with Section 53340 of the Act, the County reserves the right to utilize any method of collecting the Special Tax, following approval of the County Treasurer-Tax Collector and the Administrator.

The County may also require the payment in full of current Fiscal Year Special Taxes at the time of the recordation of a subdivision map, lot line adjustment, or other process that changes the boundaries of a Parcel in the CFD.

Attachment 1
County of El Dorado
CFD No. 2005-1 (Blackstone)
Maximum Annual Special Tax - Base Year 2005-2006 [1]

Village	Planned Residential Units	Maximum Annual Special Tax Per Unit	Maximum Annual Special Tax
[2]	[3]		
	Units	*per Unit*	
1	176	$1,300	$228,800
2	105	$1,300	$136,500
3	118	$1,600	$188,800
4	54	$1,300	$70,200
5A	104	$1,600	$166,400
5B	110	$1,600	$176,000
6	186	$1,300	$241,800
7	119	$1,600	$190,400
8	64	$1,600	$102,400
18	107	$1,300	$139,100
Lot Y	96	$1,600	$153,600
Lot Z	16	$1,600	$25,600
Subtotal	**1,255**		**$1,819,600**
	Net Acres	*per Net Acre*	
	[4]		[5]
Lot V	12.81	$4,000	$51,240
Lot W	11.83	$5,000	$59,150
Lot X	8.79	$9,600	$84,384
Subtotal	**33.43**		**$194,774**
Total Special Tax Revenue			**$2,014,374**
		per Gross Acre	
Undeveloped Parcels [6]		**$1,800**	

"Att_1"

[1] The Base Year is Fiscal Year 2005-2006. The Maximum Annual Special Tax per Unit, Net Acre, or Gross Acre is increased by the Tax Escalation Factor in each Fiscal Year after the Base Year.

[2] Villages as identified on Revised Tentative Map for West Valley Village.

[3] Planned Residential Lots are assigned to each Village based on the Revised Tentative Map of July 2004. If a Village has less Realized Residential Lots than Planned Residential Lots, the Administrator may require the Prepayment of the Special Tax obligation for Unrealized Residential Lots.

[4] Net Acres are assigned to non-residential or mixed use Villages in the Special Tax Formula. The Net Acres are used to calculate the Maximum Annual Special Tax for a non-residential or mixed use Village. Once assigned, the Maximum Annual Special Tax for a non-residential or mixed use Village will not be decreased.

[5] The Maximum Annual Special Tax for a Village is assigned in the Special Tax Formula and will not be decreased once assigned.

[6] Undeveloped Parcels are assigned a Maximum Annual Special Tax based on Gross Acreage.

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APPENDIX B

THE APPRAISAL

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REPORT OF APPRAISAL
PROPERTY WITHIN EL DORADO HILLS VALLEY VIEW SPECIFIC PLAN AREA:
BLACKSTONE (FORMERLY WEST VALLEY VILLAGE)
EL DORADO COUNTY
COMMUNITY FACILITIES DISTRICT NO. 2005-1
EL DORADO HILLS, CALIFORNIA

FOR

EL DORADO COUNTY BOARD OF SUPERVISORS
C/O JOE HARN
AUDITOR - CONTROLLER
COUNTY OF EL DORADO
360 FAIR LANE
PLACERVILLE, CALIFORNIA

BY

BENDER ROSENTHAL, INC.
3650-C AUBURN BOULEVARD, SUITE 206
SACRAMENTO, CALIFORNIA 95821

AS OF

MARCH 1, 2005

BRI 05006

BENDER ROSENTHAL, INC.

COMMERCIAL VALUATION AND RIGHT OF WAY SERVICES

May 23, 2005

County of El Dorado Board of Supervisors
C/O Mr. Joe Harn
Auditor - Controller
County of El Dorado
360 Fair Lane
Placerville, CA 95667

Re: Appraisal of Property to be Subject to Special Tax
Community Facilities District No. 2005-1 (Blackstone)
El Dorado Hills Valley View Specific Plan Area
El Dorado Hills, El Dorado County, California

Dear Members of the Board:

As agreed in our engagement letter and contract, we have appraised the above referenced property, consisting of 587 acres of property within a development (Blackstone) containing 990 gross acres. The portions not appraised consist of open space, park sites, and other similar public or quasi-public areas that will not be taxed. One school site, which will be taxed until transferred to the school district, is appraised. The property is divided into 10 separate "villages" containing 1,143 residential mapped lots, plus two additional parcels zoned residential, and some commercial and mixed use parcels.

Development of the property has not yet begun. However, large lot maps have been approved for 477+ acres, and about 83% of the appraised property has been sold to home developers. The master developer, Lennar, is responsible for installing all necessary infrastructure, mass grading all villages, building certain walls and monument signage, and constructing collector streets with utilities stubbed to village entrances. The home builders will need to finish all interior village streets, install their village utilities, and then build the houses.

The ownership of parcels not yet sold is vested in West Valley LLC, a joint venture ("50/50" participation) composed of AKT Development, a prominent Sacramento-based land developer, and Lennar Communities, Inc. Some of the village end-buyers include Lennar Homes (a separate entity from Lennar Communities), Centex, and Cambridge Homes.

We have appraised the bulk sale value of all of the villages and unsold property. Our opinion of the aggregation of bulk values, as of March 1, 2005, and subject to all of the special and general assumptions and limiting conditions specified in the first section of the appraisal is (rounded)

ONE HUNDRED FIFTY NINE MILLION DOLLARS
$159,000,000.

A summary of the bulk values is presented in this table:

	Units	Acres	SF/Lot	Average Base Retail per Unit	Aggregate Finished Lots Retail Value	Discounted Present Value
Blackstone Mapped Village Summary:						
VILLAGE 1	176	44.46	6,240	$180,000	$33,264,000	$19,382,677
VILLAGE 2	105	29.84	6,240	$180,000	$19,845,000	$11,563,529
VILLAGE 3	118	68.94	9,450	$212,000	$26,266,800	$15,305,463
VILLAGE 4	54	16.37	6,600	$180,000	$10,206,000	$5,946,958
VILLAGE 5A (Gated)	104	64.56	12,150	$230,000	$25,116,000	$14,634,900
VILLAGE 5B (Gated)	110	52.19	12,150	$230,000	$26,565,000	$15,479,221
VILLAGE 6	186	53.18	6,600	$180,000	$35,154,000	$20,483,966
VILLAGE 7	119	64.88	12,150	$230,000	$28,738,500	$16,745,703
VILLAGE 8 (Gated)	64	38.36	12,150	$230,000	$15,456,000	$9,006,092
VILLAGE 18 (Gated)	107	24.74	5,460	$180,000	$20,223,000	$11,783,787
Sum of All Village Bulk Values:						
	1,143	**477.53**			$240,834,300	**$140,332,296**
Bulk Value of Unmapped Properties and School Site:						
	222	**109.48**			$52,806,000	**$18,381,867**
Sum of All Bulk Values:						
	1,365	**587.01**			$293,640,300	**$158,714,163**

We have made every effort to prepare this appraisal in conformance with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, which fully

incorporate the Uniform Standards of Professional Appraisal Practice (the "USPAP") of the Appraisal Foundation[1]. We also have attempted to adhere to CDIAC[2] guidelines. We consider this to be a complete appraisal, presented in a summary form of report, as those terms are defined in the USPAP. Please refer to the Extraordinary and General Assumptions and Limiting Conditions contained in this report. In particular, we ask the reader to note that the value opinion is predicated on the assumption that all infrastructure necessary for the development is in place.

We are pleased to have this opportunity to provide you with professional appraisal services.

BENDER ROSENTHAL, INC.

Stephen A. Rosenthal, MAI

[1] The Appraisal Institute is a national (USA) organization of professional appraisers that self-regulates its members, and the signatories are designated Members of the Appraisal Institute (MAI). A Member must at all times adhere to the Institute's ethics code and standards. The Appraisal Foundation has been tasked by the U. S. Congress to set standards and procedures with which state certified appraisers must comply when appraising any property interest involved in a federally regulated transaction.

[2] California Debt and Investment Advisory Commission, Appraisal Standards for Land-Secured Financings, CDAIC 04-07.

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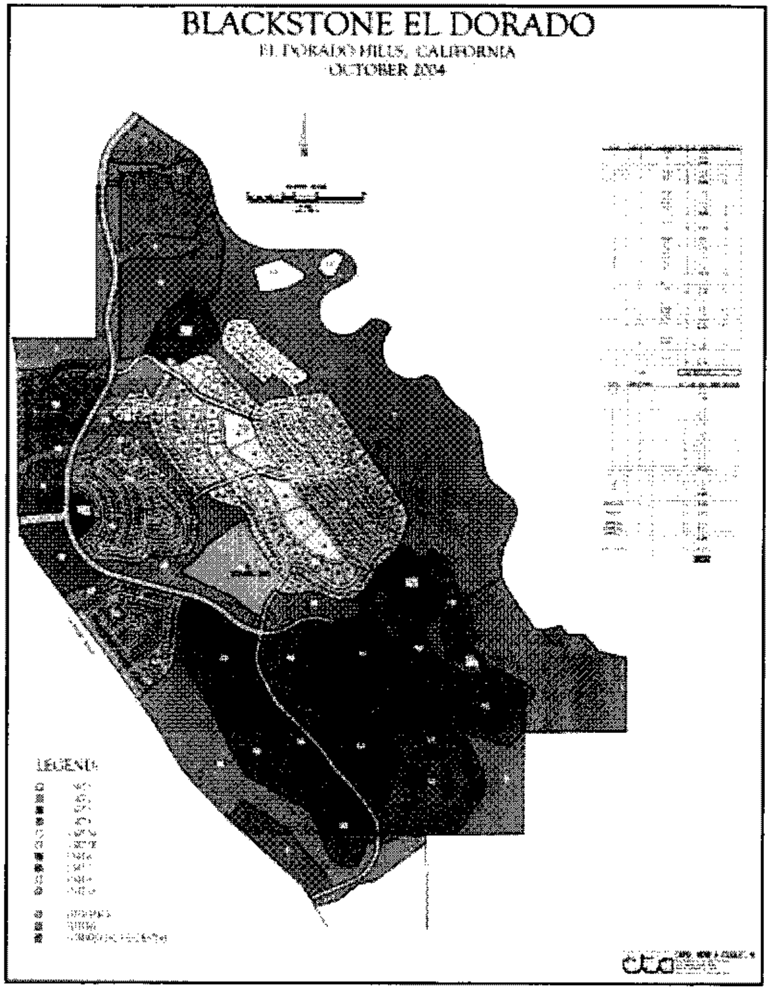


SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Appraisal Assignment: To estimate the bulk values of the fee simple interests in the subject properties, subject to special tax and assessment liens, and to provide appraisal results in a Summary Appraisal Report.

Project Location: East side of Latrobe Road, about 1.5 miles south of US Highway 50, El Dorado Hills, El Dorado County, California.

Description: The subject has large lot map approvals for 1,143 home sites in 10 villages. Additionally, there is one parcel zoned for mixed use, two parcels zoned for village commercial use, and two parcels zoned for larger lot residential use. Including other villages not yet mapped, all open space, roadways, parks, school sites, etc., the site measures 990 acres in area. Currently the site is unimproved grazing and otherwise unused land. The master developer is responsible for completing all off-site improvements, gated entries and monuments, grading the entire site including the building pads, building collector streets with their walks and utilities, building all walls and monuments, and cutting in (but not paving) interior village streets. Lot sizes will range from 60 to 90 feet in width, and up to 135 feet in depth (see schedule). According to county planning department officials, the current Assessor's Parcel Numbers for taxation are 108-490-13, -14 and -29. However, these parcels have since been mapped and split into numerous additional parcels, as shown in Addendum H.

Proposed CFD Improvements/ Funding: Approximately $142 million of CFD-eligible improvements and impact fees are scheduled. Bond proceeds of approximately $25 million primarily will be applied to the payment of some of the development fees, which in turn will generate fee credits to be purchased by the homebuilders. Other public funding sources reduce the master developer's exposure to these costs to $15.8 million. Additional costs that are a master developer responsibility include the mass grading cost, estimated at $17 million. A schedule of improvements, with costs, is included in the body of the report.

Adjoining Land Uses: Mostly unimproved land. There is a business park development across Latrobe Road from the subject, and residential, commercial and retail development north near the freeway interchange. Also, there is existing residential development adjoining to the north.

Flood Information: All of the property lies in Zone C, defined by FEMA as an area determined to be outside of the 500-year flood plain. Some of the parcels have different Community Panel Numbers including 06004-0925B, dated October 18, 1983 and 06004-0700D, dated October 18, 1995.

Seismic Information: Earthquake risk is low; the property is not located in an Alquist-Priolo Special Studies earthquake zone.

Toxic Hazards Information: The developer has stated that no hazardous conditions have been revealed through the usual studies. Reportedly there is no naturally occurring asbestos at the site, which has been a problem at some other El Dorado County locations.

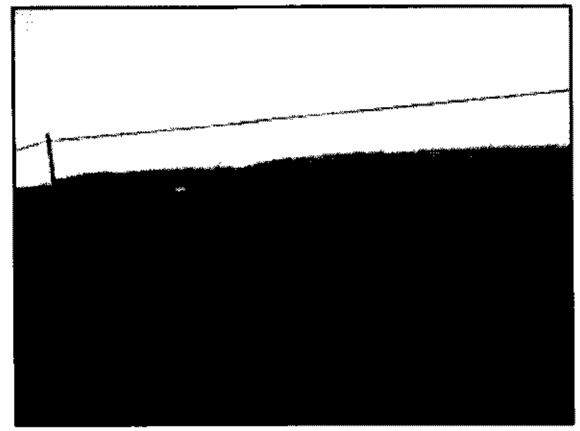
Highest and Best Use: Development to single family residential, with some supporting commercial and similar uses.

Date of Value: March 1, 2005.

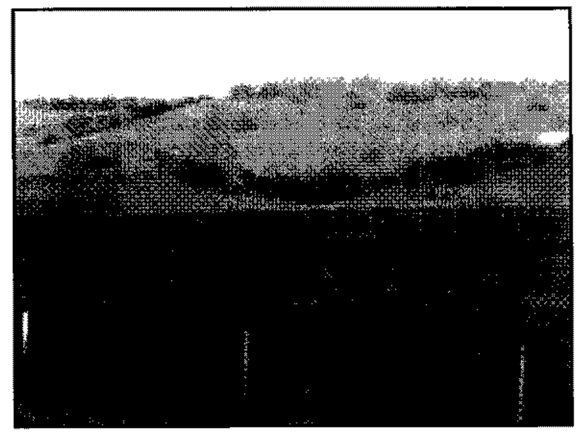
Date of Report: May 23, 2005.

Aggregate of Bulk Values: $159,000,000

PHOTOGRAPHS OF SUBJECT AND ENVIRONS

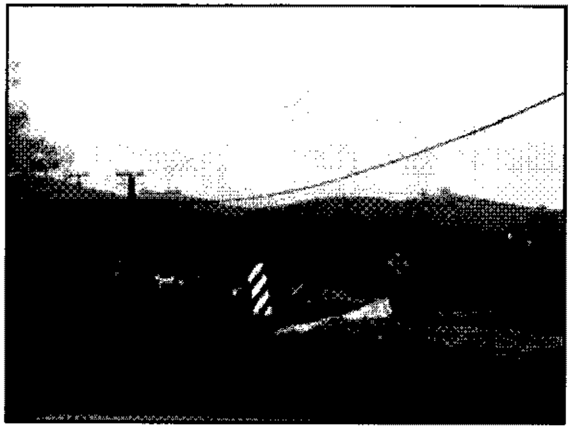


Typical view of subject terrain as seen from Latrobe Road.

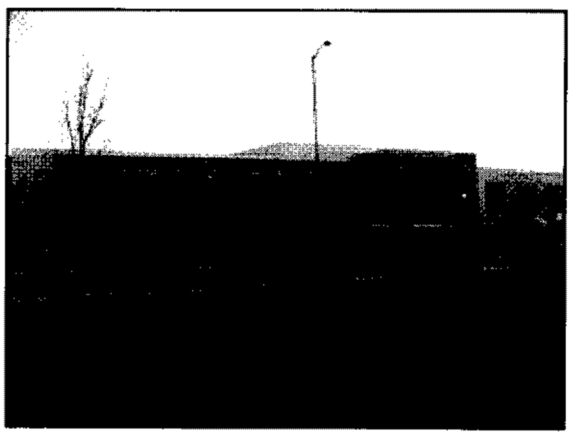


Another view of subject terrain.

PHOTOGRAPHS OF SUBJECT AND ENVIRONS, continued

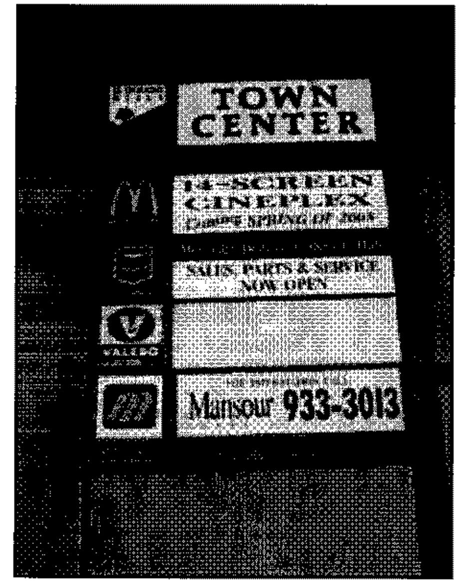


Latrobe Road in vicinity of subject.



Office building across Latrobe Road from subject,
at entrance to El Dorado Hills Business Park.

PHOTOGRAPHS OF SUBJECT AND ENVIRONS, continued



Town Center Marquee.

PHOTOGRAPHS OF SUBJECT AND ENVIRONS, continued

Ralphs Market in Town Center.

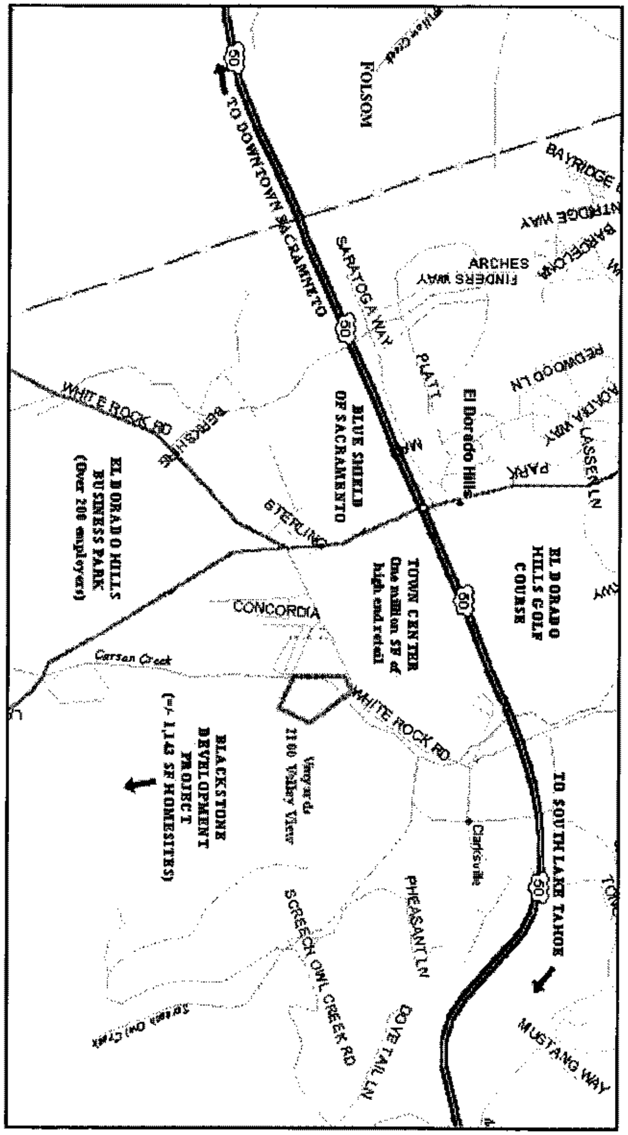
Mercedes Benz dealer in Town Center, north of subject.

PHOTOGRAPHS OF SUBJECT AND ENVIRONS, continued

Other Town Center retail. Shows extent of retail traffic.

Office building under construction in Town Center.

AREA ANNOTATED MAP OR AERIAL PHOTO



REPORT OF APPRAISAL
PROPERTY WITHIN VALLEY VIEW SPECIFIC PLAN AREA
COMMUNITY FACILITIES DISTRICT (CFD) NO. 2005-1 (BLACKSTONE)
EL DORADO HILLS, EL DORADO COUNTY, CALIFORNIA

I. INTRODUCTION

Purpose of the Appraisal and Identification of the Property Appraised

The purpose of this appraisal is to value a proposed 10-village, 1,143-lot[3], single family residential development, plus associated unmapped large lots that may contain commercial or multi-family development. This entire development will be known as "Blackstone,"[4] and will be encumbered by El Dorado County CFD No. 2005-1. Including other villages not yet mapped, all open space, roadways, parks, school sites, etc., the site contains 990 acres. Currently the property is unimproved grazing or otherwise unused land. The master developer is responsible for completing all necessary off-site improvements, grading the entire site including the building pads, cutting in (but not paving) interior village streets, building and paving collector streets with their walks and utilities, and building all walls, monuments, and several gated entries. Lot sizes will range from 60 to 90 feet in width, and up to 135 feet in depth (See schedule in next section.). According to county planning department officials, Assessor's Parcel Numbers for the most recent tax billings were 108-490-13, -14 and -29. However, most of these larger parcels have since been remapped and split into numerous parcels, as shown in Addendum H.

The unsold portion of the project is owned by a joint venture composed of AKT Development (AKT) and Lennar Communities, Inc. The name of the joint venture is West Valley, LLC. AKT is a major Sacramento area land development firm that was started more than 30 years ago by Angelo Tsakopoulos, who is still active in the business. AKT reportedly controls over 25,000 acres of land throughout the greater Sacramento area. Lennar is a well-known national land developer and home builder. AKT's day to day project manager for this development is MJM Properties, another well-known local firm. AKT and Lennar have successfully partnered on other projects in the past. AKT specializes in finding well-located land and securing entitlements, while Lennar designs the community and finds the individual buyers of villages (groups of lots) leading to the ultimate development of homes. Homes in this project of generally larger lots (density of 4/acre or less) are expected to sell in the $400,000 to $650,000 price range, and maybe higher. Public sources[5] indicate that AKT bought the entire 2,037 acres (see next paragraph) of which the subject property is a part for $22 million in 2002. Lennar then bought into the partnership after certain approvals were secured, again according to public sources, for $70 million. The sold portions of the project have been transferred Centex, Cambridge Homes, Parkland Homes, and MW Housing Partners III (Lennar

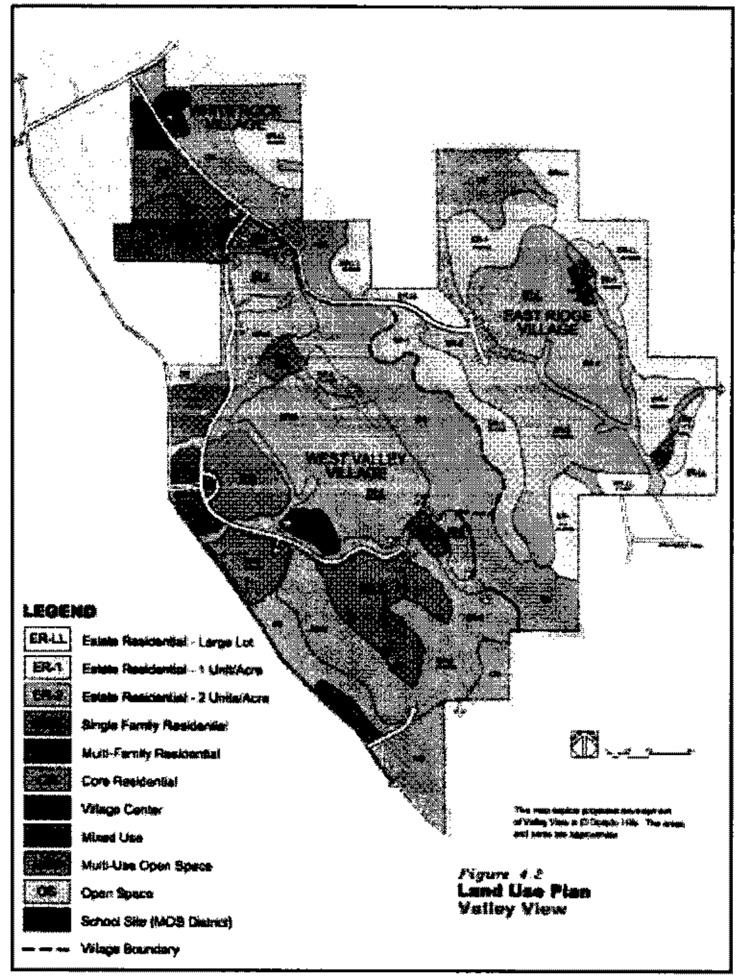
[3] Proposed lots in unmapped large lots Y and Z would increase this total to 1,255. Some developer tables also show unit counts in lots V and X.
[4] Reportedly named for the prevailing color of the rock formations in the area.
[5] Sacramento Business Journal, September 24, 2004.

Homes). MW Housing Partners III's lots are transferred over time to Lennar Homes, as they are needed, on a "rolling option" basis. For example, Lennar Homes may take title to 100 lots, substantially build them out, and then take title to another 100 lots, etc.

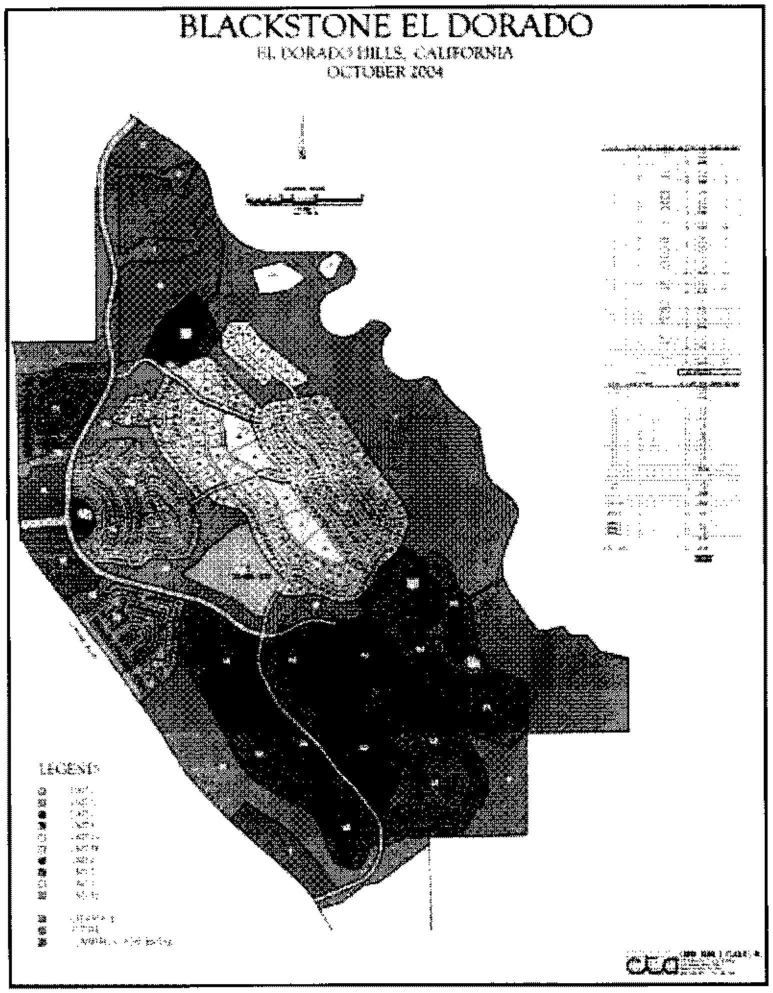
The subject is located in the Valley View Specific Plan[6] area, at the western edge of El Dorado County, California. The Blackstone project comprises the major portion of the Valley View Specific Plan area, but the plan also contains two smaller areas: White Rock Village and East Ridge Village. White Rock Village is already developed. East Ridge Village needs map approval and to secure an allocation of water meters; estimates of development timing are up to three years. The total specific plan area is 2,037 acres. The plan area is located along the east side of Latrobe Road, south of US Highway 50, the Town Center commercial area, and White Rock Road. Most of the plan area lies along the eastern side of an expansive valley containing the El Dorado Hills Business Park, the Town Center, the planned Carson Creek Specific Plan, and an existing residential area known as Springfield Meadows. A map depicting the Valley View Specific Plan and another of the subject CFD area are shown on the following pages. Note that Blackstone is what was formerly referred to as West Valley Village.

[6] Adopted by El Dorado County Board of Supervisors, December, 8, 1998.

VALLEY VIEW SPECIFIC PLAN MAP
(West Valley Village is now Blackstone)



NEIGHBORHOOD MAP
(EL DORADO COUNTY CFD 2005-1)



Function or Use of the Appraisal

The reason for performing the appraisal is to assist the County of El Dorado and its underwriters with the bond financing[7] of certain infrastructure improvements for the proposed overall development of the subject property. The planned bond amount is $29.4 million, but may be as much as $35 million. The bonds will be repaid through the collection of the special tax to be authorized by the formation of the CFD. This tax will be collected from individual property owners in addition to, and along with, normal property taxes. The bond debt, and corresponding special tax obligations, will be "spread" over the individual taxable parcels that will exist within the CFD. At this time, the anticipated maximum first year special taxes are:

Property Category	Maximum Annual Special Tax
Most SFR properties	**$1,300-$1600/unit**
Lot V	**$4,000/ac**
Lot W	**$5,000/ac**
Lot X	**$9,600/ac**
Total Annual Maximum Tax	**$2,140,528**

The maximum annual special tax rate can escalate over time based on a formula. The annual special tax amount may vary from year to year over the term of the bond but may not exceed the stipulated maximum amount for that particular year. Public parcels (school site, park areas, etc.) are not taxed, unless at some time in the future they are sold and converted to a private use.

Opinion of Values Rendered; Dates of Value and Date of Report

The value opinions rendered are the bulk sale values of the appraised CFD properties as if all improvements to be paid for with bond funds, reimbursements, etc., had been installed. A *bulk value*, simply defined, is the price that a single buyer would pay today for a large group of properties that have future development and sell-out potential. The concept of a bulk sale includes the notion that some or all of the retail values of individual properties will have to be discounted to reflect the pace of their future absorption. A *retail value*, also simply defined, is the price that would be paid today for a specific property in its current entitlement state.

All the properties will be subject to the special taxes necessary to make bond payments (i.e., taxes for the subject bonds, and for any other bonds, if such other levies exist).[8] Therefore, the value opinion also can be described as the fee simple interest value subject to special taxes. The only special tax identified at this time is the CFD 2005-1 tax, although there may be a future maintenance tax.

[7] To be provided under the auspices of the Mello-Roos Act. The California Mello-Roos Community Facilities Act, passed into law in 1982, allows any county, city, special district, school district or joint powers of authority to establish a "Community Facilities District" which allows for the financing of public services and facilities. The services and facilities Mello-Roos Districts can provide include streets, police protection, fire protection, ambulatory, elementary schools, parks, libraries, museums, and cultural facilities.

[8] If, for some reason, the properties were appraised as though the infrastructure improvements had been constructed but free and clear of any of these encumbrances, the resulting values would be higher.

The appraisal date of value is March 1, 2005, the date of the last inspection of the site. The date of the report is May 23, 2005.

Scope of the Appraisal and Reporting Processes

The scope of the appraisal included:

- Inspection of the subject property and comparable properties.
- Study of the area, community, and neighborhood.
- Study of the regional and local area with regard to demographics, economic conditions, housing supply, and the likelihood for future home absorption throughout the area.
- Analysis of absorption in other projects in order to project future absorption, and preparation of our absorption analysis conclusions.
- Review of various public records.
- Interviews with property owners and brokers.
- Preparation of discounted cash flow analyses for property to be absorbed.
- Analyses of all appropriate data to arrive at value conclusions, and
- Preparation of this report.

Also, past and current real estate market conditions, trends affecting supply and demand, and other economic factors affecting the current and prospective marketability of the subject property were investigated and analyzed. The resulting product is a *Complete Appraisal*, presented in a *Summary Report* format.

Special Tax Bonds – Some Appraisal Considerations

As footnoted earlier, special tax bonds, also known as Mello-Roos bonds, can be issued by a municipality under authority provided by the California Mello-Roos Community Facilities Act of 1982. Proceeds from such bonds usually pay for major development infrastructure such as roads, sewer lines, etc. The benefiting properties are obliged to pay a special tax until the bonds are finally retired. A property described as "subject" to these bonds is really subject to the special tax, and not the bonds directly. Therefore, a property subject to a special tax should really be described, in the appraiser's opinion, as a property owned in fee simple, as taxation is one of the four powers reserved from private property ownership (see definition of "fee simple estate"). Often, however, the description terminology is extended to "fee simple subject to special tax", or "fee simple subject to bonds."

The subject property will be subject to annual special tax payments that will pay for certain infrastructure costs described later in this appraisal. How do these special taxes affect property owners?

Builders, for example, are mostly concerned with the annual carrying costs of the special tax during the time they are developing their project. Once the home they build on a particular lot is sold, the special tax obligation is transferred to the "retail" buyer.

Residential homebuyers are mostly concerned with how the tax may affect their ability to qualify for home financing.[9] Commercial property owners are often less sensitive to the amount of special tax, as it usually becomes a rather minor property operating expense, compared to other operating expenses.

Nevertheless, the varying special tax rates must be considered when adjusting comparable sales. In general, the comparable sales must be adjusted "to the subject," just as is the case for any adjustment for differing property characteristics. Specific details addressing the adjustments utilized in this appraisal can be found in the adjustments to the comparable land sales addendum of the report (Addendum E).

The planned maximum special tax rates were summarized earlier in this section.

Definitions Used in the Report

Fee Simple Estate[10] is the absolute ownership of real property unencumbered by any other interest, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Market Value is the most probable price in cash or terms equivalent to cash for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue stress.[11]

Fee Simple Value Subject To Special Tax. The cash price that would be paid in the market for a property or group of properties, assuming that annual special tax payments are required.

This is the value that is being appraised in this CFD. Properties of equal quality and utility, but not subject to special taxes, might sell at higher cash prices.

Reasonable Exposure Time[12] is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.

[9] The more annual tax they have to pay, the smaller the loan amount that they are likely to qualify for.
[10] THE DICTIONARY OF REAL ESTATE APPRAISAL (Third Edition), Appraisal Institute, Chicago, Illinois, 1998, p. 140.
[11] *Appraisal Standards for Land-Secured Financings*, California Debt Advisory Commission, 04-07, page 10.
[12] UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE, 2002 Edition, Statement 6.

Retail Value is an estimate of what an end user would pay for a finished property under the conditions requisite to a fair sale.[13] In the discounted cash flow approach used in this appraisal, the property would be considered "finished" if it were in a state where it could be purchased and then developed shortly thereafter, i.e., a finished lot. This implies that all infrastructure were in place to the property, including curb, gutter, sidewalk and utilities installed, and a builder/buyer can immediately construct houses in these lots.

Bulk Sale Value is the most probable price, in a sale of *all* parcels within a tract or development project, to a single purchaser or sales to multiple buyers, over a reasonable absorption period discounted to present value, as of a specified date, in cash, or in terms equivalent to cash, for which the property rights should sell after reasonable exposure, in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, and for self interest, and assuming that neither is under undue stress.[14]

Special Assumptions and Limiting Conditions

In order to properly value the proposed subject property within the CFD so that the security interest for the bonds can be appropriately considered, certain special assumptions and limiting conditions have to be made that pertain specifically to this appraisal. These must be described, according to USPAP, as "hypothetical" or "extraordinary" and, hence, the letter coding employed below.

Extraordinary/Hypothetical Limiting Conditions

1. **(H)** We assume, in the discounted cash flow approach to value analyses, that each appraised property would be sold on a "bulk" basis. This assumption is appropriate for this bond security appraisal.[15] The fact that there are multiple owners (albeit some related owners) actually spreads default risk somewhat, and therefore enhances overall bond security. For this reason, we have also utilized a sales comparison approach considering the sales of whole villages to form another value indication.

2. **(E)** With regard to future absorption, and absent any evidence to the contrary, we must assume that economic conditions will remain reasonably stable, and that interest rates will remain moderate.

[13] *Appraisal Standards for Land-Secured Financings*, California Debt Advisory Commission, 04-07, page 10.
[14] Ibid.
[15] "The credit risks of land-secured financings are greatest during the initial stages of development, when property ownership is highly concentrated, and the delinquency of a major property owner could deplete the reserve fund and threaten the timely payment of debt service. Conceivably, *all* properties in a CFD or an assessment district may need to be sold at once, if ownership is concentrated in the hands of a single delinquent owner or, alternatively, in the hands of a few owners, each of whom is delinquent. The *bulk sale value*, therefore, assumes the sale of *all* properties in the CFD or assessment district......It really is a hypothetical definition of value, as a forced sale of the entire property most likely will never occur. Nonetheless, the assumptions embedded in *bulk sale value* can and should be market-driven." CDIAC 64-7, p. 10.

3. **(E)** We assume, for purposes of absorption analysis, that when market *demand* for lots is obviously strong, the *supply* of lots at the subject property is never artificially or unduly restrained by regulatory or managerial factors.

4. **(H)** We assume that the infrastructure to be paid for with proceeds from the CFD bonds and from the other public financing sources are in place.

5. **(E)** We have been assured by the master developer that there are no problems with naturally occurring asbestos at the subject property, and we assume that to be the case.

6. **(E)** We have assumed that the clean-up of the closed dump site located on the parcel south of the subject will not interfere with development of the subject property.

Standard Assumptions and Limiting Conditions

This appraisal report and the value estimates it contains are expressly subject to the following assumptions and/or limiting conditions. These assumptions/limiting conditions, or some very similar thereto, are used for nearly all appraisal reports prepared by the appraiser.

1. This is a Summary Appraisal Report that is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. The discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value are supported by additional documentation retained in the appraiser's files.

2. We assume that property lines as depicted in material provided to the appraiser by the client (directly or indirectly), or as they appear on the ground, are correct. We have not commissioned any surveys of the property.

3. We assume that data, maps, and descriptive data furnished by the client or his representatives are accurate and correct.

4. We do not assume any responsibility for matters of law or legal interpretation. The appraisers are not lawyers and cannot give legal advice.

5. We assume that any conditions that might exist that would affect the use and value of the property are discoverable through normal, diligent investigation.
6. We base our valuation on information from sources believed to be reliable, and we assume that such information is correct and accurately reported.

7. The value estimate(s) are subject to the purpose, date, and definition of value stated in the report.

8. The report is to be considered in its entirety and use of only a portion will invalidate the appraisal.

9. The appraisal is made based on the premise that there are no encumbrances prohibiting utilization of the property under the appraiser's estimate of highest and best use.

10. The report is subject to review by duly authorized representatives of the Appraisal Institute for the purpose of upholding ethics and standards. This means that the appraiser must supply a copy of the report to the Appraisal Institute, if requested.

11. Except as provided for by contract under which this appraisal was performed, the liability of the appraiser, the appraisal firm and its employees and associates is limited to the client only and to the fee actually received by the appraisal firm.

12. Neither the appraiser nor the appraisal firm shall be in any way responsible for any costs incurred to discover or correct any physical, financial, and/or legal deficiencies of any type present in the subject property.

13. Except as provided for by contract under which this appraisal was performed, the appraiser shall not be required to give testimony or appear in court by reason of this appraisal with reference to the property described in this report unless prior arrangements are made, including new contractual arrangements for payment for services.

14. No responsibility is assumed for building permits, zone changes, engineering, or any other services or duty connected with legally utilizing the subject property.

15. Unless otherwise stated in this report, hazardous material was not observed by the appraiser at the property. The appraiser, however, is not qualified to detect such substances. The appraiser has no knowledge of the existence of such materials on or in the property, except as discussed in the report. The presence of such substances as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. The client should secure proper professional investigation of such matters.

16. We assume that the property would be competently managed.

17. We assume that the property would have been competently marketed during the exposure period.

Additional Matters

1. The appraiser uses the first person singular and plural pronoun forms interchangeably.

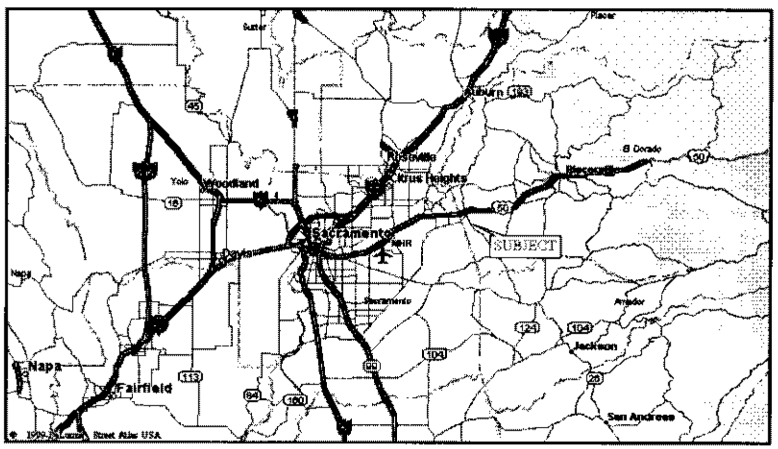
2. Since the English language does not include a gender neutral personal pronoun in the third person singular case, the appraiser uses the pronoun "he", even if the unnamed party could be a "she".

II. AREA AND APPRAISED PROPERTY DESCRIPTIONS

General Information

A general description of the local area and the subject property, a 990-acre subdivision property located in El Dorado Hills, California, was given in the first section of this report. El Dorado Hills is located about 23 miles east of the state capitol in Sacramento[16], which in turn is located about 85 miles northeast of San Francisco. US Highway 50 is the east / west travel artery serving the area; it continues eastward to Lake Tahoe (80 miles), Reno, Nevada, and points beyond.[17] North / south traffic in this immediate area is carried by Latrobe Road, which becomes El Dorado Hills Boulevard north of Highway 50.

REGIONAL MAP



[16] The extended Sacramento area contains a population of 2+ million. A short description of this regional area is contained in Addendum G.
[17] US 50, the western terminus of which is today in Sacramento, 3,073 miles from its eastern terminus in Ocean City, Maryland, has the distinction of being one of the last transcontinental highways that remains largely intact, but of highway (not expressway) caliber on most of its route. Throughout much of California, including through the El Dorado Hills area, it has been upgraded to freeway status. US 50 is an historic route that has played a key role in the development of the western US. Most notably, it formed the western portion of the historic Lincoln Highway, the first true transcontinental highway route, constructed about 1920. Many people know it by its title, "The Loneliest Road in America."

El Dorado County spans from the Sacramento County line easterly to the Sierra Mountain Range, to South Lake Tahoe, and ultimately to the Nevada state line. The county population as of January, 2005 was approximately 170,000; population growth has occurred at an overall moderate annual 1.3% rate since 1990. Placerville, the county seat, is located 18 miles east of the Sacramento / El Dorado county line. However, the area of interest for this appraisal is the aforementioned unincorporated El Dorado Hills community, located at the western edge of the county. This area is close to Sacramento County communities – especially the city of Folsom – and therefore "relates" significantly to the greater Sacramento area. However, it is also considered to be in the Sierra foothills "Mother Lode Country," so named because of the area's historic gold mining activities.

The El Dorado Hills population is about 18,000. Although primarily a residential community, it does have a "Town Center" commercial / retail area located at the intersection of Highway 50 and El Dorado Hills Boulevard. Within the southeast quadrant of this interchange there is a Ralphs Market, a Longs Drugs and numerous other retail stores and commercial outlets. Also east of Latrobe Road, along Town Center Boulevard, there is extensive new construction underway or recently completed of commercial and office facilities, fast food stores, and banks. Similarly, there is development east of Latrobe Road, including a major Blue Shield office building. There also is a business park (El Dorado Hills Business Park) that provides space for businesses that employ about 6,000. Students in grades K-12 attend quality schools of the Buckeye Union, Rescue Union and El Dorado Union High school districts. A grade school that will be part of the Buckeye Union District will be located within the Blackstone project.

The largest residential development in El Dorado Hills, by far, is **Serrano**, home for more than 13,000 people. This master-planned community of 3,500 acres, including 1,000 acres of open space, miles of nature trails, and a golf course and country club is located north of Highway 50 and east of El Dorado Hills Boulevard. The community contains a country club with a Robert Trent Jones, Jr., golf course, a lake with bandstand, an outdoor amphitheater, hiking and biking trails, and other amenities. The project consists of several gated villages. These villages feature pre-designed homes by a variety of builders, including nationally known US Home, Centex Homes, and John Laing Homes and local builders JTS Communities and Pacific Mountain Partners. Custom homes are constructed individually on the custom lots.

Although under development for the last 15 years, the main growth and absorption period occurred in the late 1990s through the early 2000s. The project is now about 77% built out, and home prices vary, depending on the village, from low $400,000s to more than $3,000,000 (a few custom homes). Many of the residents are former San Francisco Bay area inhabitants who sold their homes in that area at inflated prices during the high-tech boom era and relocated to El Dorado Hills. About 400+ developable acres remain.

Another major, ongoing development in El Dorado Hills is known as **The Promontory**. This master planned community is located west of El Dorado Hills Boulevard and south of Francisco Drive in the unincorporated area of El Dorado Hills on the El Dorado and Sacramento County line.

According to the County of El Dorado Planning Department, when fully built-out The Promontory will consist of 8 residential villages, one of which consists of 30 custom lots. There is also a 10.9-acre elementary school site, as well as a "Village Center" that will be improved with commercial and office (3 acres), and high density residential uses (14 acres). The single family residential development will total approximately 1,100 dwelling units on 766 acres with lot sizes ranging from 14,000 to 22,000 square feet. The development is also designed to leave about 285 acres of open space. There have been 750 single family residential units approved with to a final map stage, with Villages 1 through 6 currently constructed or under construction at this time.

The Meyers Group[18] surveyed four villages in The Promontory during 2004. This survey indicated that these villages consisted of 358 single family units, and by year end all but eight had sold. Their survey also reported that the sales in these four villages indicated a home price range from $493,000 to $1,200,000, that home sizes varied from 2,660 to 5,017 square feet, and lot sizes ranged from 6,000 to 18,000 square feet. The Promontory median sale price during this one year period was $787,075.

El Dorado Hills Boulevard extends for several miles to the north from Highway 50 and provides access to established residential areas in the vicinity of Folsom Lake. This reservoir is a 10,000-acre impoundment on the American River that, when full, holds over one million acre-feet of water. A number of residential developments exist along this boulevard, including Lake Hills Estates. Some of these neighborhoods are up to 20 years old.

Housing Market Conditions. The El Dorado County housing market story has been one of steadily increasing housing prices. Most new residential construction has occurred in the El Dorado Hills area, but some new estate homes on larger acreage lots have been developed throughout the county. Median prices have been increasing at a remarkable pace in all communities in the western portion of the county, as well as throughout the Sacramento region, since at least 2002, as shown in the following table.

AREA	MEDIAN PRICE, RESALES			TOTAL % INCREASE	AVERAGE ANNUAL % INCREASE
	2002	2003	2004		
Cameron Park	$301,900	$319,950	$399,900	32.5%	16.25%
El Dorado Hills	$410,000	$438,509	$533,800	30.2%	15.1%
Folsom (Sac. County)	$315,000	$345,000	$425,000	34.9%	17.45%
All Sacramento County	$220,975	$247,000	$309,000	39.8%	19.9%

Source: Multiple Listing Service (MLS)

Prices in Sacramento County as a whole were accelerating off of lower base values, relative to El Dorado Hills, which at least partly explains that county's higher rate of median price increase. The city of Folsom, located just west of El Dorado Hills and within Sacramento County, and closer to Sacramento employment centers, experienced 17.45% average annual median price increases. The Folsom area housing market, to some limited degree, competes with the El Dorado Hills market.

[18] A residential market survey company now owned by Hanley Wood Market Intelligence (Hanley Wood LLC).

Folsom is connected by light rail service to major employment areas along Highway 50 and in downtown Sacramento.

Folsom, A Neighboring and Complementary Community

Folsom, a developing city with a population of 64,000, is the most easterly city in Sacramento County and is located "just down the freeway" less than a mile west of El Dorado Hills. The city encompasses a land area of 15 square miles and is the fourth largest city in Sacramento County. Population growth over the last 12 years has averaged 7.2% per year, and growth is expected to continue for the next 15 years, or so, if additional land is annexed, entitled and developed.

Folsom Employment Centers. The city has some economic base, as major facilities for Intel (computer chips and related) and Kikkoman (Japanese food and beverage products) are located within its boundaries. Intel is the city's largest employer (currently 6,500 people) and when fully built-out will employ more than 9,000. The Intel campus is bound by Iron Point Road to the north, Prairie City Road to the east, vacant land to the west, and Highway 50 to the south. Intel encompasses a total of 214 acres and currently consists of seven buildings. The company intends to build an eighth building and a five story parking structure on-site, which have been approved by the Folsom Planning Department. However, both of these projects are currently on hold, as Intel reconsiders its expansion plans relative to the economy and other locations.

Folsom Residential Market Trends/Activity. The 2004 median home price in Folsom was $425,000, compared to Sacramento ($280,000), Roseville ($390,000) and Rocklin ($411,000). This median price suggests that much new housing, at least, in the city is comparable to housing in the neighboring El Dorado Hills area. Newer developments include Empire Ranch, located in the most easterly portion of Folsom. When completed, this project will encompass 1,738 acres, 3,000 homes, an 18-hole golf course, and several schools. Many large homebuilders have either completed developments or are currently under construction in the project, including John Laing, JMC Homes, Centex Homes, Tim Lewis Communities, Meritage Homes, and Renaissance Homes. The homes in Empire Ranch range in size from 1,700 to 4,000 square feet, are generally selling in the high $300,000 to the high $500,000 price range. According to local market participants, there has been strong demand for homes in the Empire Ranch developments, as well as throughout the Folsom market. However, there have been no recent land purchases for large subdivisions like Empire Ranch in Folsom, given that there are no remaining large, entitled land parcels. The city does plan to eventually annex about 3,500 acres of land south of Highway 50, thereby providing more land for housing and commercial developments. No annexations are in process at this time, and these possibilities are not without controversy.

Commercial Construction. Much of the existing commercial development in Folsom is located in the southeastern quadrant of the city, and near Highway 50. Several new commercial and retail centers exist at East Bidwell Street and Iron Point Road. These are main thoroughfares with high vehicular traffic. A 143,463-square-foot Costco store on Iron Point Road, fronting Highway 50, was completed in 2003. Across from Costco, a 50-acre, 930,000-square-foot mall, to be called Palladio, is planned by Elliot Homes, A large piece of vacant land across from Costco is designated by the Planning

Department as a future mall site; Grading is expected to commence this year, with the construction estimated completion by 2007. Kaiser Permanente announced that they plan to purchase 50 acres adjacent to the regional mall site for a medical campus consisting of a 330 bed hospital and medical offices. The medical campus will be constructed in phases over the next 20 years. The city has approved the first phase, which is an ambulatory surgery center.

Across from the mall site, and fronting on Highway 50, is a large retail center that consists of a Sam's Club, Staples, Best Buy, REI, all of which were completed in mid to late 2004. There are two new hotels on this block, which consist of a Courtyard by Marriott and the Residence Inn by Marriott. There is also a vacant pad site located in the most eastern corner of Iron Point Road and East Bidwell Street that is currently being graded for a Fat's Asian Restaurant and retail center. Another major retail development in the area is located on Blue Ravine Road west of the subject property, and consists of a 134,000 square foot shopping center anchored by a Winco grocery store. The Winco portion of the project was completed last year and the remainder of the shopping center is under construction. Also, last spring Kohl's open a new department store last spring on Riley Street in a vacated K mart building.

Light Rail to Downtown Sacramento. Folsom and Sacramento County are in the final stages of the completion for the $237 million Amtrak/Folsom Corridor project that extends the county's Light Rail system 10.9 miles from an existing point in Rancho Cordova to "Historic" Folsom. There will be four new stations from Sunrise Boulevard to Folsom. Upon completion in October 2005, the Amtrak/Folsom Corridor project will add approximately 6,000 passenger's daily to the Light Rail system. Workers from El Dorado and other El Dorado County communities will be able to "park and ride" from Folsom to downtown Sacramento, or even to South Sacramento.

Overall, Folsom Complements El Dorado Hills. While much retail spending by El Dorado Hills residents "leaks" to Folsom and other Sacramento County areas, the existence of so many commercial and retail facilities so close by complements the desirable housing being constructed in El Dorado Hills. In time, the retail base will increase in El Dorado Hills, but any commercial and retail needs not fully served there at this time can certainly be served in Folsom. At the same time, the Folsom residential market, while competitive to some degree with El Dorado Hills, does not significantly impact current residential markets or residential absorption, in our opinion. Overall, the Folsom – El Dorado Hills relationship is complementary.

Other Upscale Residential Areas, Especially Roseville

There are other active, newer residential areas throughout the region including Elk Grove, south of Sacramento, the North Natomas area of Sacramento, and the city of Lincoln, located eight miles north of Roseville. For the most part, however, the developments in these areas offer homes that are, on balance, somewhat more modest than what one is likely to find in the El Dorado Hills area.

The city of Roseville, however, along with its much smaller neighbor, Rocklin, contains a number of upper-value residential developments. These cities would be considered to be competitive alternatives

to the life-style attributes of, say, Folsom, and to a lesser extent, El Dorado Hills. But, these cities have only small amounts of remaining development land (Roseville is trying to annex more), and Roseville, with a population of about 72,000, is virtually fully built out. These areas are reaching the limits of their development potential, and new home buyers with ample resources are going to have to at least consider the more distant, but perhaps more attractive, foothills locations like El Dorado Hills.

El Dorado County General Plan, the "Writ of Mandate," and How Development is Restricted. A county general plan was approved in 1996. However, certain anti-growth and conservation groups objected to provisions thereof, and in 1999 the Superior Court, State of California (County of Sacramento), issued a "Writ of Mandate," effectively limiting development to that already permitted based on pre-1996 zoning and approvals. One side effect of this growth freeze is that certain federal funds for road construction, etc., have not been available to the county. According to the Findings for Approval of the subject's Tentative Map (TM99-1359), development of the subject property is not limited by this writ.

A new general plan that is not too different from the 1996 plan was approved by the county Board of Supervisors and put before the voters on March 8, 2005. The voters approved the plan by a slim majority vote. However, even though the plan has been ratified by voters, the Writ will not necessarily be lifted immediately, as a judge must still rule on the adequacy of certain environmental documents, and then formally lift the Writ.

As a result of this situation, no new zoning changes and subsequent development approvals have been processed, even if such changes would have been in conformance with the general plan. Development has been stymied – except for projects such as the subject, the tentative map for which was adopted on January 22, 2004 by the Planning Commission. Based on discussions with the El Dorado County Planning Department and others, we are of the opinion that it may be at least a year, and perhaps longer, before meaningful development will occur, even after lifting of the Writ. Overall, this situation is extremely advantageous to the subject, which can develop now and take advantage of the continuing strong market conditions.

Also put before the voters in the recent election was a so-called **Measure D**, a growth-limiting initiative that qualified for the ballot through petition drives. This measure would have changed the county charter so as to require the Board of Supervisors to postpone approval of single-family subdivisions of three or more parcels until Highway 50 is widened to eight lanes between Cameron Park and the Sacramento county line. This would have severely limited new development, as such a widening project could cost up to $600 million, according to some estimates, and the California Department of Transportation does not have the funds available for such a project. Therefore, developer funds, or some other funding mechanism would have been required. However, the matter now appears to be moot, as the initiative was roundly defeated at the ballot box.

Other Mapped Projects in the Area-Bass Lake Specific Plan. The Bass Lake Hills Specific Plan area is located directly north of Highway 50 off of Bass Lake Road and just east of El Dorado Hills and the subject development. This area consists of a developing neighborhood with numerous new single family residential developments and some scattered surrounding older residential estate properties.

The Bass Lake Hills Specific Plan will primarily consist of single family residential development. There will be a total of four phases of development with a total of 1,458 residential units when complete. Phase 1 (Hollow Oaks) will consist of development of 99 single family residential units. Phase 1A will consist of a total of 201 single family units which will be located in the Hawk View (116 units), Bell Woods (54 units), and the Bell Ranch (113 units) subdivisions. Phase 2 and 3 will include a total of 1,104 single family residential units, a school site, and 54 units for the Holy Trinity Parish Life Center (PLF) and school.

Phase 1 is being developed by Pulte Homes and will consist of 99 single family residential units known as Laurel Oaks, with lot sizes ranging from 9,000 square feet to one acre. This subdivision is currently in the early stages of construction with the model homes under construction and the remainder of the site consisting of graded land. The remaining phases are future projects.

Additional Community Information. Historically water and sewer hookups have been somewhat difficult to secure in El Dorado Hills, due to limited capacity. The subject property has secured reservations for all necessary hookups and, in fact, there is a water treatment plant site adjacent to the subject property. Also, some school sites in west El Dorado County have had problems with naturally occurring low grade asbestos pollution, but the problem seems to be manageable at this time.

The Property Appraised, and Basic Development Plan. The 990-acre property was unimproved as of the date of value. As previously mentioned, a specific plan pertaining to it has been approved, and a Development Plan Agreement[19] also is in place. This Development Plan is subject to annual review for progress and compliance on the part of the developer, and it has an expiry of 20 years.

Collector street plans have been submitted and reviewed, and grading plans review is in process. Latrobe Road offsites are being designed, with bidding and construction start planned for yet this spring. El Dorado Irrigation District water arrangements are complete; the property will use reclaimed water for irrigation purposes. The overall development goal is to start grading and building collector roads in the spring, with village paving towards the end of this year, construction of models in early 2006, and first home occupancies towards the end of the second calendar quarter, 2006.

The entire project will be graded as one evolution. All villages will be physically ready for delivery at about the same time (fall, 2005).[20] The developer plans to deliver the individual villages with pads graded and ready to receive home construction, with village street-ways graded and ready for utilities and paving. The interior project collector streets will be complete, with all utilities available at the edge of each village. Home builders will have to lay utilities through their villages and put in street

[19] Valley View Specific Plan Development Agreement, adopted by El Dorado County Board of Supervisors, December 8, 1998.
[20] Except Y and Z, which are not yet mapped.

improvements, as well as actually pull housing permits and build the homes. The zoning categories specified are reasonably self-explanatory:

Zoning Category	**Maximum Density**
Single Family Residential (SFR)	4/acre
Estate Residential (ER-LL, ER-1, ER-2)	0.25-2/acre
Core Residential (CR)	6-15/acre
Multi-family Residential (MFR)	12/acre
Mixed Use (MU)	10/acre 0.2 FAR
Village Center (VC)	12/acre 0.25/FAR
Certain variations are permitted within individual villages.	

An abbreviated, summary chart of taxable parcels follows:

Property Type	Count, or Size
Single Family Lots (5,460-6,600 SF)	628 lots
Estate Residential Lots (9,450 SF)	118 lots
Estate Residential Lots (12,150 SF) (Includes Lots Y and Z)	509 lots
Mixed Use Parcels (Lot V)	12.81 acres
Village Commercial Parcels (Lots W and X)	20.62 acres

Villages 5A, 5B, 8 and 18 will be gated. Lot V likely will be condominium-style housing. Lot X, even though zoned Village Commercial, may become medium density residential. Lot W is zoned commercial, but it may be re-directed towards a small lot, detached housing use. Lots Y and Z are destined for single family large lot use.

A detailed summary chart of the project property categories follows on the next page.

Blackstone CFD
Project Summary

Large Lot #	Zoning	Home Sites	Acres	Per Acre	Homesite Dimensions W x D		SF
MAPPED VILLAGES							
VILLAGE 1							
25	SFR	73	17.85	4.1	60	104	6,240
26	SFR	103	26.61	3.9	60	104	6,240
Total		176	44.46	4.0			
VILLAGE 2							
47	SFR	47	14.02	3.4	60	104	6,240
48	SFR	58	15.81	3.7	60	104	6,240
Total		105	29.84	3.5			
VILLAGE 3							
43	ER-2	33	19.48	1.7	90	105	9,450
44	ER-2	27	11.03	2.4	90	105	9,450
45	ER-2	4	8.63	0.5			
46	ER-2	54	29.80	1.8	90	105	9,450
SubTotal		118	68.94	1.7			
Less Withheld	[1]						
45	ER-2	4	8.63	0.5			
Total		114	60.32				
VILLAGE 4							
39	SFR	54	16.37	3.3	60	110	6,600
Total		54	16.37	3.3			
VILLAGE 5A (Gated)							
29	ER-2	2	6.57	0.3			
30	ER-2	25	14.75	1.7	90	135	12,150
31	ER-2	74	34.50	2.1	90	135	12,150
33	ER-2	3	8.75	0.3			
SubTotal		104	64.56	1.6			
Less Withheld	[1]						
29 & 33	ER-2	5	15.31				
Total		99	49.25				
VILLAGE 5B (Gated)							
22	ER-2	25	15.37	1.6	90	135	12,150
32	ER-2	59	20.43	2.9	90	135	12,150
34	ER-2	25	15.40	1.6	90	135	12,150
Total		110	52.19	2.1			
VILLAGE 6							
38	SFR	110	31.70	3.5	60	110	6,600
40	SFR	76	21.48	3.5	60	110	6,600
Total		186	53.18	3.5			
VILLAGE 7							
35	ER-2	14	10.70	1.3	90	135	12,150
36	ER-2	28	18.29	1.5	90	135	12,150
37	ER-2	19	13.79	1.4	90	135	12,150
41	ER-2	2	13.61	0.1	90	135	12,150
42	ER-2	56	28.49	2.0	90	135	12,150
Subtotal		119	84.88	1.4			
Less Withheld	[1]						
41	ER-2	2	13.61	0.1			
Total		117	71.27				
VILLAGE 8 (Gated)							
27	ER-2	48	26.13	1.8	90	135	12,150
28	ER-2	16	12.23	1.3	90	135	12,150
Total		64	38.36				
VILLAGE 15 (Gated)							
23	SFR	107	24.74	4.3	52	105	5,460
Total		107	24.74				
TOTAL - MAPPED VILLAGES							
		1,143	477.53				

[1] Witheld means not part of the sale but is included in CFD.

Large Lot #	Zoning	Home Sites	Acres	Per Acre	Homesite Dimensions W x D		SF
UNMAPPED VILLAGES [2]							
LOT V							
1	MU	110	12.81	8.6			
Total		110	12.81				
LOT W							
12	VC		11.83				
Total		0	11.83				
LOT X							
11	VC	80	8.79	9.1			
Total		80	8.79				
LOT Y							
7	ER-2	96	46.10	2.0	90	135	12,150
Total		96	46.10				
LOT Z							
6	ER-2	16	9.35	1.7	90	135	12,150
Total		16	9.35				
TOTAL - UNMAPPED VILLAGES							
		302	90.88				
[2] Unmapped parcels are currently being planned.							
OPEN SPACE							
2	OS		76.734				
4	OS		5.026				
5	OS		143.94				
8	OS		11.62				
9	OS		14.729				
10	OS		2.865				
13	OS		2.709				
14	OS		43.074				
15	OS		4.545				
17	OS		8.858				
19	OS		18.261				
20	OS		15.373				
Total			347.63				
PARKS							
16	Park		13.603				
21	Park		12.956				
Total			26.560				
SCHOOL							
18	School		18.60				
Total			18.60				
COMMUNITY CLUB							
24			2.91				
Total			2.91				
INTERNAL ROADS							
3			26.17				
Total			26.17				
TOTAL - PROJECT							
		1,445	990.18				

El Dorado County CFD 2005-1
Blackstone
El Dorado Hills, California

Costs to Develop Project, and Sources of Funds. The two-page chart that begins on the next page summarizes the CFD-eligible development costs. Although the developer's cash flow requirements will be much greater initially, the portion that they are ultimately responsible for is, as shown in the chart, about $15.5 million (Total eligible infrastructure costs of $58,023,600 - $42,543,600 reimbursable = $15,480,000 remaining.)

Additional master developer project development costs include $17 million for mass grading the project and constructing certain sound walls and entrance monuments. Also, future development costs will include about $8 million to build the project clubhouse and about $4.8 million to build parks within the project. While funding for these has not been specifically identified, the master developer contends that these costs are not their responsibility.

The additional cost to finish all lots in the mapped villages, which will be absorbed by homebuilders, has been estimated by the developer's engineers to total $40.2 million. The detail for this is provided in Addendum D, Developer's Sales List. This cost is considered in the discounted cash flow analysis that is contained in the Valuation section of this report.

A summary of the costs described above is shown in the following chart:

DEVELOPER / HOME DEVELOPER-FUNDED COSTS TO FINISHED LOT STAGE	
Cost Item	**Amount**
Infrastructure (Developer Direct Responsibility Portion)	$15,480,000
Mass Grading	$17,000,000
Mapped Villages Lot Finishing Costs	$40,232,000
Total	$72,712,000
These costs are considered in the discounted cash flows, along with other holding costs during the development period.	

The two page Facilities Costs and Source of Fundings table, referred to above, begins on the next page.

Table 1A
County of El Dorado
CFD N0. 2005-1
Estimated CFD Authorized Facility Costs and Source of Funding (2005$s)

Item	Source / Notes	Total Cost / Eligible Facilities	Funded by Mello Roos CFD	Developer Responsibility	Reimbursable
Project Costs					
Public Road Improvements					
Projects in the El Dorado Hills / Salmon Falls RIF Program					
R-1 White Rock Road - Latrobe Road to Manchester	1	$7,156,000	[B]	[B]	$7,156,000
R-2 Latrobe Road, from Hwy 50 to White Rock Road	2	$1,885,000	[B]	[B]	$1,885,000
R-3 Latrobe Road, from Suncast to Golden Valley Parkway	3	$10,453,000	[B]	[B]	$10,453,000
R-4 El Dorado Hills Blvd/Hwy 50 Interchange	4	$1,938,000	[B]	[B]	$1,938,000
R-5 Silva Valley Pkwy/Hwy 50 Interchange - Enhancement Improvements [A]	5	$8,911,600	$5,415,870	$3,495,730	$8,911,600
R-7 Planning Study - Alternate Routes	7	$300,000	[B]	[B]	$300,000
To be distributed as EDC DOT determines			$12,637,030	$9,094,970	[B]
Subtotal - El Dorado Hills / Salmon Falls RIF		**$30,643,600**	**$18,052,900**	**$12,590,700**	**$30,643,600**
Projects in the Interim Highway 50 Corridor Variable TIM Program					
R-6 Hwy 50 Auxiliary Lanes - El Dorado Hills Blvd - Silva Valley Pkwy	6	$3,600,000	$3,600,000	$0	$3,600,000
R-8 Auxiliary Lane - Westbound Hwy 50	8	$1,800,000	$1,800,000	$0	$1,800,000
Subtotal - Interim Hwy 50 Corridor Variable TIM		**$5,400,000**	**$5,400,000**	**$0**	**$5,400,000**
Collector Streets					
C-1-5 Collector Streets	9	$11,730,000	$0	$11,730,000	$0
Subtotal - Collector Streets		**$11,730,000**	**$0**	**$11,730,000**	**$0**
Subtotal, Public Road Improvements		**$47,773,600**	**$23,452,900**	**$24,320,700**	**$36,043,600**
Potable Water Distribution, Storage and Pump Station Facilities					
W-1 Water Transmission Lines	10	$500,000	$0	$500,000	$500,000
W-2 Water Storage Tanks and Pump Station	10	$1,500,000	$0	$1,500,000	$1,500,000
Subtotal, Water Distribution, Storage and Pump Station Facilities		**$2,000,000**	**$0**	**$2,000,000**	**$2,000,000**
Recycled Water Distribution, Storage and Pump Station Facilities					
RW-1 Water Transmission Lines	10	$500,000	$0	$500,000	$500,000
RW-2 & RW-3 Water Storage Tanks	10	$4,000,000	$0	$4,000,000	$4,000,000
Subtotal, Water Distribution, Storage and Pump Station Facilities		**$4,500,000**	**$0**	**$4,500,000**	**$4,500,000**
Sanitary Sewer Facilities					
S-1 Sanitary Sewer Lift Station	10	$1,750,000	$0	$1,750,000	$0
Subtotal, Sanitary Sewer Facilities		**$1,750,000**	**$0**	**$1,750,000**	**$0**
Public Library	11	**$2,000,000**	**$2,000,000**	**$0**	**$0**
Total Project Costs		**$58,023,600**	**$25,452,900**	**$32,570,700**	**$42,543,600**

Table 1B
County of El Dorado
CFD N0. 2005-1
Estimated CFD Authorized Facility Costs and Source of Funding (2005$s)

Item	Source / Notes	Total Cost / Eligible Facilities	Funded by Mello Roos CFD	Developer Responsibility
Development Impact Fees at Building Permit [C]				
F-1 El Dorado Hills Road Impact Fees (RIF)	12	$18,052,900	$18,052,900	$0
F-2 El Dorado Hills State Traffic Impact Mitigation (TIM) Fees	12	$2,781,100	$0	$2,781,100
F-3 Interim Highway 50 Corridor Variable TIM Fees	12	$6,566,019	$5,400,000	$1,166,019
F-4 El Dorado Hills Fire Impact Fees	12	$2,920,000		$2,920,000
F-5 El Dorado Hills Community Services District Park Impact Fees	12	$9,318,500		$9,318,500
F-6 Buckeye Union & El Dorado High School District Impact Mitigation Fees	12	$12,070,100		$12,070,100
F-7 El Dorado Irrigation District Water Facility Capacity Charge (Connection Fees)	12	$13,690,900		$13,690,900
F-8 El Dorado Irrigation District Sewer Facility Capacity Charge (Connection Fees)	12	$13,995,200		$13,995,200
Total Development Impact Fees		**$79,394,719**	**$23,452,900**	**$55,941,819**

Notes:

[A] Total cost of Silva Valley Interchange per EDC DOT CIP $25.7 million. DOT has $16.7 million set-aside so net is $8.9 million. 30% of fees allocated to Silva Valley Interchange = $5.4 million.

[B] Prepayment of fees applicable to fee program. EDC DOT to determine allocation to individual projects Assumes 100% of prepaid fees toward Valley View conditioned projects. $12.6 million to be distributed.

[C] Development Impact Fees as of 2/22/05. Subject to change.

Source

1. El Dorado County Department of Transportation. Proposed Interim CIP, Fiscal Year 3/04 through 07/06. Project 71329 & portion of 72360.
2. El Dorado County Department of Transportation. Proposed Interim CIP, Fiscal Year 3/04 through 07/08. Project GP097.
3. El Dorado County Department of Transportation. Proposed Interim CIP, Fiscal Year 3/04 through 07/08. Project GP044.
4. El Dorado County Department of Transportation. Proposed Interim CIP, Fiscal Year 3/04 through 07/08. Project 71322.
5. El Dorado County Department of Transportation. Proposed Interim CIP, Fiscal Year 3/04 through 07/08. Project 71328.
6. El Dorado County Department of Transportation. Proposed Interim CIP, Fiscal Year 3/04 through 07/06. Portion project 753110.
7. Mark Thomas & Company, March 3, 2004.
8. El Dorado County Department of Transportation. Proposed Interim CIP, Fiscal Year 3/04 through 07/06. Project 53115.
9. R.E.Y. Engineers 12/24/04.
10. West Valley LLC estimate January 2004.
11. Per Valley View Specific Plan Condition #71.
12. Based on 1,443 units and Village W commercial.

Additional Property Description

School Site. There is one elementary school site containing 18.6 acres. We are advised that the school district will have to purchase this property at market value.

Parks, Open Space. There are two designated park sites (13+/- acres each) and 347+ acres of designated open space.

Community Club. This 2.91-acre site ultimately will contain a community club house. A rendering and a floor plan are contained as exhibits in Addendum J.

Water. Water will be provided by the El Dorado Irrigation District. Green areas will be irrigated with reclaimed water from a system to be installed within this project. The project reportedly has sufficient meters reserved to supply all residential units.

Other Utilities. Electrical and natural gas service to the planned area will be provided by PG&E. Cable is available from Comcast and phone service is from SBC.

Fire/Police Protection. Fire protection would be rendered by the El Dorado Hills Fire District. Police protection is provided by El Dorado County.

Census Tract/Map Code/Zip Code. The subject property is located in Census Tract 0307.04. The Thomas Brothers map reference is book 282 at grid F5. The zip code in El Dorado Hills is 95762.

Flood Zone. All of the property lies in Zone C, defined by FEMA as an area determined to be outside of the 500-year flood plain. Some of the parcels have different Community Panel Numbers including 06004-0925B, dated October 18, 1983 and 06004-0700D, dated October 18, 1995.

Easements and Encumbrances. We expect that the property will be encumbered by typical public utility easements that have no adverse influence on value.

Toxic Hazards Information. None known. The developer states that there is no asbestos problem in this particular area. Other parts of El Dorado County have experienced problems with naturally occurring asbestos. We are assuming that a closed dump site located south of the property is not an impediment to development.

Wetlands. Wetlands mitigation does not appear to be an issue for this development.

Seismic Conditions. Earthquake risk is low; the property is not located in an Alquist-Priolo Special Studies earthquake zone.[21]

[21] Areas with known problematic faults are mapped as "special studies earthquake zones" by the California Department of Geology.

Property Tax Data and Projected Taxes. The property tax system in California was amended in 1978 by adding Article XIII to the state constitution, commonly referred to as Proposition 13. Under Proposition 13, real property assessment values were returned to March 1, 1975 levels, and properties are now appraised (i.e., reassessed) only when a change in ownership occurs, new construction is completed, or new construction is unfinished as of the lien date.

Also, under Proposition 8, subsequently enacted into law, a county assessor is to enroll at the lower of the trended base year value or current fair market value on the lien date, January 1st. Then, the assessed value is reviewed annually and increased or decreased according to the market, until the market value exceeds the trended base year value. At such time, the trended base year value is re-enrolled, regardless of how high the market value becomes.

Except for these instances, property assessments cannot be increased by more than 2% annually. Also under Proposition 13, the property tax rate is stipulated to be 1% of a property's assessed value, plus any bonds or fees approved by the voters. Whenever a property sells, the assessed value is usually established by the sales price.

The subject property is in tax rate area with a corresponding tax rate indicated on the following table for the 2004-2005-tax year.

TAX RATE AREA	RATE (%)
El Dorado Hills	1.0212%

The assessed values and taxes for the existing parcels are shown in the following table.

2004-2005 TAX DATA BASE TAX RATE 1.0212%				
APN	**108-490-13**	**108-490-14**	**108-490-29**	**Total**
Assessed Land Value	$4,071,467	$1,728,538	$5,624,081	$11,424,086
Assessed Structural Value	$0	$0	$0	$0
Personal Property	$0	$0	$0	$0
Total Assessed Value	$4,071,467	$1,728,538	$5,624,081	$11,424,086
2004-2005 Taxes and Assessments	$41,701.82	$17,710.20	$57,600.56	$117,012.58
Current Effective Total Tax Rate	1.0243%	1.0246%	1.0242%	1.0243%

The direct levies affecting the subject property include the following:

APN	108-490-13	108-490-14	108-490-29	Total
EID G/O Land Only	$114.00	$48.38	$157.46	$319.84
EID CSD CC&R's Comp	$10.00	$10.00	$10.00	$30.00
Total Direct Levies	$124.00	$58.38	$167.46	$349.84

Both of the installments for all three parcels for the current tax year were indicated paid as of the date of this appraisal. In addition, all three parcels have supplemental tax bills for the 2003-2004-tax year because of a change of ownership on October 15, 2003. Parcel No. 108-490-13 had a supplemental tax bill of $934.24, Parcel No. 108-490-14 had a supplemental tax bill of $395.46, and Parcel No. 108-490-29 had a supplemental tax bill of $1,278.52.

In the appraisal process we assume that assessed value is based on the "as is" value of the property; i.e., as if a sale had occurred at a price equal to the concluded opinion of value.

Private Restrictions. We anticipate that certain private covenants, conditions, and restrictions will be formulated for development to ensure the consistent development and architectural standards of the development.

Final Comments. The subject property is an attractive foothills development site that is being developed during an era of high demand. All development needs are, or will be, available for the development thereof. The gently rolling terrain should be readily graded into attractive home sites (Some will be left more or less natural, with pads for the building "footprint" only graded level.). No significant development constraints were noted upon our inspection of the property, nor are they apparent based on the information provided. An elementary school will be located within the development. Middle and high schools, as well as sufficient retail and commercial services, are nearby. We are not aware of any significant physical or regulatory matters that would impede the development of the subject property.

HIGHEST AND BEST USE ANALYSIS

Highest and best use may be defined as the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.[22]

There are four property use aspects commonly investigated in the highest and best use analysis process. These are:

1. **Legally Permissible Uses.** What uses are permitted legally under existing zoning, land use planning, building codes, historic district controls, environmental regulations, deed (private) restrictions, and long-term lease provisions on the site in question?
2. **Physically Possible Uses.** What uses of the site are physically possible, given its size, shape, area, terrain, soils composition, accessibility, assembly potential, and risk potential from natural disasters?

[22] THE APPRAISAL OF REAL ESTATE (Twelfth Edition), Appraisal Institute, Chicago, Illinois, 2001, p. 305.

3. **Financially Feasible Uses.** Which possible and permissible uses will produce a positive net return to the owner of the property?
4. **Maximally Productive Use.** Among the feasible uses, which use will produce the highest residual land value consistent with the rate of return warranted by the market for that use?

Legally Permissible Uses. Possible uses are constrained by legal restrictions on a property both private and public. The subject property is located in the Valley View Specific Plan, and legal development opportunities are largely guided by this plan. The dominant designated use is single family detached residences, featuring larger lots.

Physically Possible Uses. The size, topography, and location of the subject are important factors in determining the use of the property. The size of the site can significantly affect the type of development that is possible, as the "economies of scale" notion often comes into play. This 990-acre property is master-planned to take advantage of physically possible uses, within the legal constraints imposed upon it. No negative nearby property uses or external factors were apparent that would create a negative developmental impact on the property.

Financially Feasible Uses. The most probable use of the subject property consists of developing it in accordance with its master plan. In fact, it should be developed now to take advantage of market conditions. The only other possibility might be to hold it for future development and hope for continuing value escalation, but such a course is fraught with risk.

Maximally Productive Use. Development in accordance with the master plan and while approvals and financing are available is the maximally productive, and therefore the highest and best, use.

III. MARKET STUDY; ABSORPTION PROJECTION

Notable National Conditions. The U. S. economy has been moving along on a positive recovery path since the last recession ended in late 2001.

Between 1991 and 2001, just prior to that downturn, the U.S. economy experienced its longest expansion of the post-World War II era. That period was followed, however, by the brief 2001 recessionary period, a seriously depressed stock market, and falling rates of employment. Immediate post-recession job formation was almost non-existent, but it has been increasing again in more recent periods. As the Federal Reserve forced interest rates lower during the recessionary period, sales of automobiles and homes remained relatively strong, since these items are purchased largely with borrowed money. As a result real household spending continued to expand, the loss of jobs notwithstanding.

New jobs now are being created and added to the economy, and the overall employment rate is increasing. Possible national angst and the for-certain grievous personal losses suffered by members of military families aside, the country as a whole and its economy seem to be taking the uncertainties that were introduced by the war engagement in Iraq in stride. Obviously, those industries that provide war materials are thriving. Economic indicator trends over the last three years are shown in the following table. Most comparisons show positive trends.

NATIONAL COMPARISONS

Comparison Item USA	EOY 2001	EOY 2002	EOY 2003	EOY 2004
Population (As of July 1, each year) (census.gov)	285.0M	287.9M	290.8M	293.7M
Unemployment Rate (dol.gov)	4.7%	5.8%	6.0%	5.4%
Total Employed (dol.gov)	131.8M	130.3M	129.9M	140.2M
Gross Domestic Product (bea.gov)	$9,867B	$10,083B	$10,398B	$11,728B
DJIA Close (yahoo finance)	10,021	8,342	10,454	10,783
NASDAQ Close (yahoo finance)	1,950	1,335	2,003	2,175
Annual Inflation Rate (CPI) (census.gov)	1.55%	2.38%	1.88%	3.3%
10-year Bond Rate ← (census.gov)↓	5.07%	3.83%	4.27%	4.23%
New Home Sales (Seasonal Adjusted Annual Rate)	908,000	973,000	1,085,000	1,183,000
Housing Starts (Annualized Rate) (whitehouse.gov)	1,603,000	1,705,000	1,848,000	2,004,000
30-Year Mortgage Rate (census.gov)	7.28%	6.17%	6.03%	6.02%
Cost of a Gallon of Gas (Regular) (doe.gov)	$1.096	$1.441	$1.478	$1.791

Low mortgage rates have continued to keep the housing market strong and low- or zero-percent financing programs that were introduced by auto manufactures have helped fuel the recovery. In a report written about the direct impact of housing on the economy, the National Association of Home Builders reported that the construction of 1,000 single-family homes generates 2,448 full-time jobs in construction and construction-related industries. Additionally, $79.4 million in wages and $42.5 million in combined federal, state and local revenues and fees are generated by this construction activity.

Prognostications for the national economy for the immediate future are positive, but not ebullient. UCLA's Anderson School of Management's last quarterly Economic Forecast suggested 3.3% inflation-adjusted economic growth during 2005-2006, with only a "small chance" (less than 10%) of another recession. In their forecast being released March 15, 2005, they suggest the current economic expansion could end by late 2008.

California Factor. Within California, there is one notable negative statistic: the gap between the state's median household income and the median price of a single family home continues to increase. This means that fewer potential homeowners can qualify for a loan to buy that median-priced home. Within California, however, the Central Valley area (including Sacramento) offers the most affordable housing options; the gap between income and price in that area was $27,000, compared to $37,500 for California as a whole.[23] It appears that an increasing number of home buyers will have to find equity sources (from parents, sales of their existing homes, etc.) rather than full-financing if they desire to purchase a home.

Sacramento Area. A Sacramento State University business professor[24] notes that, although employment growth has been slow since the year 2000, the eleven-county Sacramento Economic Area did not experience the employment decline in the early 2000s that plagued the rest of the state and the nation during the same period. The employment increase in 2004 was very modest (7,000 jobs, or about 0.7%), and even less than the increase in 2003 (10,000 jobs, or 1.02%). His forecast for 2005 (based on data through December) is an improved 2.3% (24,000 jobs) increase. Certainly this increasing jobs environment is good for home sales.

Regional Market - Macro-Absorption Analysis. At an Urban Land Institute presentation made in September, 2003, the chart on the following page was presented:

[23] National Building News, week of Dec. 13, 2004, www.NAHB.org.
[24] Sacramento Forecast Project, Arthur Jensen, www.csus.edu/indiv/j/jensena/sfp/.

Regional Market Analysis Summary of 2020 Housing Demand and Supply [1] 6 County SACOG Region	
Item:	2003 to 2020
Department of Finance Projections	
Population Growth [4]	722,000 people
Housing Demand [2]	289,000 units
Planned Housing Supply	
Housing Units Currently Approved	129,000 units
Housing Units in the planning Pipeline	85,000 units
Total Identified Housing Supply	214,000 units
Additional Housing to Meet Demand	
Additional Units Required [3]	75,000 units

[1] Totals may not match those in other tables due to rounding.
[2] Calculated using 2.5 people per housing unit based on 2003 six-county regional estimates from DOF (El Dorado, Placer, Sacramento, Sutter, Yolo, & Yuba Counties).
[3] If the planned housing supply is decreased by either projects not building to the entitled density or projects being denied, the additional units required to meet demand will increase.
[4] In more recent SACOG data, this number has been projected out to 3,653,000 by 2050.
SOURCES: DOF, various local jurisdictions, SACOG, and EPS.

The "bottom line" of this chart is that it suggests that there will be a shortfall of 75,000 housing units (26% of the total number of new housing units needed) in the region by the year 2020. The area's projected population and employment gains drive the demand for housing, and the subsequent expected shortfall. The developing suburban areas, such as El Dorado Hills and even communities farther to the east, will supply the bulk of the housing that will be made available, but even these suburbs apparently do not have enough land with potential to supply all of the housing that is needed. These data suggest that, over this period, it is going to be hard for planners, land developers and builders to keep up with the demand for housing. Generally, this condition should bode well for experienced developers who are able to control developable land.

The Practical Look: Historical Absorption in El Dorado Hills. Absorption of single family homes (and, therefore, lots) in El Dorado Hills, at least in recent years, has been very rapid. Within the 25 existing projects that the Meyers Group[25] currently reports on in the El Dorado Hills area, there are only 26 homes remaining that are in projects that opened prior to 2004. Well over 1,000 new homes sold in the tracked projects during 2004.

The Meyers Summary Project Report is contained in the Addenda. We use sales of homes as a proxy for sales of lots, as lots must come out of a holding inventory and become a factor of production six to nine months prior to a home sale.

[25] The Meyers Group is a local research company that tracks home sales and compiles statistics pertaining thereto. The company was recently acquired by Hanley Wood Market Intelligence, a company that compiles similar statistics in at least 75 different markets.

We have composed a table, presented on the next page, that digests the Meyers data and summarizes it within general lot size categories. Note especially that remaining inventories are low. Most of the remaining inventory in the small lot group (400 homes) is within one project (Forecast Homes in the Four Seasons project, an adult – over 55 – community, with home prices of $369,000 - $505,000. This project is south of Highway 50 and west of the subject.). Similarly, two-thirds of the inventory in the medium lot size group is in one project (Centex Homes in "La Cima", in the Serrano development. Homes are priced in the $560,000 – $635,000 range.).

SUMMARY OF ABSORPTION-RELATED STATISTICS ALL HOUSING TYPES - EL DORADO SUBMARKET (CALENDAR 2004)	
Smaller Lots (5,000 - 7,000 SF); Less Expensive Homes	
Annual Sales Rate, All Projects	603
Highest Individual Project Monthly Sales Rate	13.9
Average Monthly Sales Rate each Project	7.2
Remaining Inventory	466
Months of Inventory Remaining	9.3
Projects with Inventory Remaining (More than 5 units)	3
Medium Lots (8,000 - 9500 SF); More Expensive Homes	
Annual Sales Rate, All Projects	443
Highest Individual Project Monthly Sales Rate	9.2
Average Monthly Sales Rate each Project	6.2
Remaining Inventory	153
Months of Inventory	4.1
Projects with Inventory Remaining (More than 5 units)	2
Large Lots (=/> 10,000 SF); Very Expensive Homes	
Annual Sales Rate, All Projects	465
Highest Individual Project Monthly Sales Rate	6.5
Average Monthly Sales Rate each Project	3.5
Remaining Inventory	35
Months of Inventory	0.9
Projects with Inventory Remaining (More than 5 units)	2

Based on Meyers Group Project Summary Report, EOY 2004. Some calculations have been rounded. Annual Sales Rates overstate the number of homes actually sold in 2004 because a number of projects sold out before the year ended. For those projects, monthly sales rates were considered, rather than "since inception" sales rates.

Based on 2004 absorption as developed from the Meyers data, we note that if all of the subject lots[26] could be converted to houses today and be made available in the market, they would increase months of inventory to the following quite manageable amounts:

[26] 628± lots in the smaller category, 108± lots in the medium category, and 509± lots in the larger category, depending on final configurations of the unmapped villages.

Smaller Lots, Less Expensive Homes	25 +/- months
Medium Lots, More Expensive Homes	7 +/- months
Large Lots, Very Expensive Homes	14 +/- months

Potential Future Competition. The Serrano project still has approximately 1,000 lots that they will feed into the market in the future, depending on demand. Since they perceive that demand will continue to be strong, they may try and re-map to form another 200-300 lots. Some of the lots that remain are designated for custom homes. Pulte Homes controls 118 new lots upon which it will be building homes for release in stages into the market beginning sometime in 2006. At least some of these lots are close to the freeway and may be less desirable than others previously developed.

There are several smaller developments in the Bass Lake Road area, about 2 ½ miles east of the subject. Pulte is building out the 99-lot Laurel Oaks subdivision there, and at least a few releases of these homes will come to market before the first subject property marketing efforts. Future phases will ultimately make available about 1,000 units, but timing is not certain at present. These will provide some competition for the subject marketing efforts.

Forecast Homes continues to develop age-restricted housing in the Carson Creek development, west of the subject. This is a limited market segment, and so these homes compete with only part of the market that would be interested in the subject properties.

Another project, The Promontory, has two villages remaining to be developed out of a total of eight.

In summary, we do not expect that the 2006 supply of homes in the El Dorado Hills area will not be greatly different than that was available in 2004, and currently. The subject village developments should be entering the market at a time that potential supply should not be exceeding typical levels, and may be down some from recent periods.

Future Absorption and Capture Rates. By extrapolating from the Meyers historical data on home sales, we have estimated what sort of impact the subject lots would have on the El Dorado Hills Market. Explanatory tables are contained in Addendum C, but the pertinent conclusions can be summarized as follows:

Projection of Sales per Quarter and Market Capture Rate				
Lot Size	El Dorado Hills Average Project Lots Sales per Month (2004)	Number of Subject Villages	Projected Possible Subject Lot Sales per Quarter	Necessary Capture Rate Based on 2004 Market
Small Lots	7+	5	105	70%
Medium Lots	6+	1	18	16%
Large Lots	3.5+	6	63	54%

Since these market capture rates do not appear extraordinary in a market where other new product opportunities are going to be limited or controlled, we have projected quarterly sales for the subject lots at the indicated above sales rates, or less. This results in total absorption of lots in about a two-year period beyond the initial three quarters that we project will transpire before finished lots are available to be removed from inventory and become a factor or production for home construction and sale.

Conclusions. Pace of absorption of a residential project can be affected by national, regional and local conditions, as well as the quality and desirability of the project itself. As discussed above, national economic conditions are good, and improving. Similarly, the regional economy is growing – the San Francisco Bay area economy is improving and housing prices there are increasing. In fact, there is anecdotal evidence that the earlier phenomenon of persons retiring from employment in that area and selling their homes, moving to upscale Sacramento residential areas, buying less expensive new homes and pocketing cash, has resumed.

Local projections (for the extended Sacramento region) show a shortage of housing over the next 15 to 20 years. This factor, coupled with the modulating effect that the high rate of local government employment has on the national cyclical employment / unemployment picture, bodes well for residential development.

The subject development possesses an attractive plan set in an area of rolling terrain. Because of current political constraints, other potential new projects in the area will be delayed in coming to market, creating a somewhat protected market.

We conclude that, assuming the proven builders who have purchased villages build desirable product and price it competitively, the absorption thereof will be rapid. For use in the discounted cash flow analysis that we discuss in the following portions of this report, we have simulated absorption based on this expectation. That is, we have projected essentially complete absorption of single family lots to occur over a three-year period, beginning more or less as of the date of value. Since commercial development and high density development usually follow the single family development, we have projected absorption of these parcels to occur towards the end of the total absorption period; they contribute less to the total bulk value than do the single family lots. These absorption patterns are shown on the top half of the discounted cash flow analyses pages in Addendum F.

IV. VALUATION APPROACHES

Appraisal valuation is usually attempted using three primary methodologies that are widely accepted within the profession, called "approaches". Two of these, the Cost Approach and the Income Approach, are best suited for the valuation of improved, income producing properties, and therefore are of limited use in this assignment to appraise unimproved land. The Sales Comparison Approach, however, can be applied to both improved and unimproved real property interests, as long as similar interests of other properties have, in fact, sold in the market.

The Sales Comparison Approach methodology involves the accumulation of sale data of comparable properties, the analysis of each sale, and the adjustment of each sale, relative to the subject property, for conditions such as favorable seller financing, changes in market conditions, dissimilar special tax rates[27] and dissimilar physical or other characteristics. Using sales comparison techniques, we have derived today's likely finished lot prices for each of the lot types, or for mixtures of lot types.

Ideally, we seek sales of lot groups where the buyer is going to put them into production (i.e., build on them) relatively soon. Comparing prices to value is done on a per-lot basis.

We have utilized sales comparison approach techniques in two different ways, which we call the **Direct Sales Comparison Approach (Approach A),** and the **Developmental, or Discounted Cash Flow to Sales Approach (Approach B).**[28]

- **Approach A: Direct Sales Comparison Approach.** First, we have estimated the retail value of the entire subject property, *in the mass graded condition*, by considering the sales of whole villages that have already occurred within the subject property, as well as comparable data reflecting the likely sales prices of the remaining large parcels (per Addendum B, Sales and Projected Sales Summary). Then, we applied a simple discount to these sales revenues, and subtracted all remaining development costs that are a master developer responsibility in order to derive a bulk value indication. Over 477 acres, or about 84% of the saleable acres in the project, have already transferred to Centex Homes, Cambridge Homes, Parklane Homes and MW Housing Partners III (for Lennar Homes). The master developer remains contractually responsible for delivering them in the mass-graded condition. All remaining parcel sales are projected to occur at least by the end of a 33 month period, beginning from our date of value.[29] The sales proceeds are summarized in the table shown on the next page. Also, some lot premiums are projected.[30]

After summing retail values, we considered remaining master-developer costs that will be incurred to ultimately deliver the villages in the mass graded condition, with necessary infrastructure in place.

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[27] In California, ordinary real estate taxes are relatively uniform because of a statute that requires, in effect, that they be set to 1% of value upon sale. Special taxes that repay bond debt, however, can vary greatly.
[28] Also called the Developer Approach, the Sell-out Approach, a form of the Income Approach, etc.
[29] This seems very reasonable, given that 84% of the total salable acreage in the development already has been sold to individual developers.
[30] The master developer participates, at a 50% rate, in lot premiums ultimately charged to the home buyer.

According to the schedule provided by the master developer, the master developer is ultimately responsible for $15.48 million of infrastructure costs. Additional costs, as detailed in those schedules, will be paid for with bond fees and developer reimbursements.[31]

Since the recent sales transaction prices already have developer profit implicit in them, we assert that the discount rate used should reflect only the time value of money (should not amount to much over one or two years at today's interest rates), plus a discount for the bulk nature of this valuation (How much discount would someone buying in bulk demand for a purchase of the entire development?). We conclude that a 10% rate should be applied to the already sold properties, but 20% to the remainder, reflecting the increased sales risk. These discounts are applied to projected gross sales proceeds, but not to expenses, as these are likely only to increase.

The table below shows the results of these calculations. Undiscounted expenses are subtracted from the discounted sales proceeds to derive an estimate of the bulk value of the project, as if mass graded and with necessary infrastructure in place, utilizing this simplified, direct sales comparison approach. Note that this is simply a direct tally of the master developer's expected sellout income less expenses. It is not a traditional discounted cash flow approach. Nevertheless, it is meant to be a straightforward analysis of the bulk value of the master development, recognizing that mass grading and certain master developer improvements remain to be accomplished.

BLACKSTONE VALUATION
("SALES OF WHOLE VILLAGES" CONCEPT)

2005 dollars

Sales:	Already Closed Large Lot Sales, Less Those Optioned Back Now (First year)	All Other Saleable Parcels Year 2	Annual or Total Amounts	Comments:
Graded Property Values (From Chart in Addendum B)	174,724,413	57,727,840	$232,452,253	
Estimated Future Lot Premiums(1)		7,619,238	$7,619,238	
Total Sales Revenue	174,724,413	65,347,078	$240,071,491	
Apply a Discount of:	10%	20%		
Discounted Sales Revenues	157,251,972	52,277,662	$209,529,634	
Remaining Development Expenses:				
Sales Cost @ 1.5%	2,620,866	865,918	$3,486,784	
Cost of Mass Grading of Entire Project, Collector Roads, etc.	17,000,000	0	$17,000,000	As Reported by Developer.
Net Developer Infrastructure Development Costs (2)	10,836,000	4,644,000	$15,480,000	Per Developer Table.
Admin/Holding Costs	500,000	250,000	$750,000	Insurance and Other Overhead.
Real Estate Taxes (5) (Will not add to total amount)	935,000	467,500	1,859,000	Estimated at 1.1% of Indicated Value.
Special Taxes (5) (Will not add to total amount)	1,007,187	503,594	$2,014,374	First Year Total per Final Hearing Report.
Contingency	200,000	200,000	$400,000	
Total Expense	33,099,053	6,931,011	$40,030,064	(This cell adds across, but not down.)
Net Sell-out Revenue after Discount and Expenses	124,152,919	45,346,651	$169,499,570	
Bulk Value	169,499,570			
Bulk Value, Rounded, Based on Mass-graded Village Sales	**169,000,000**			

(1) Total lots X $40,000 average premium X 50% share X 1/3 of the lots, estimated.
(2) 70%/30% ratio. Additional development costs funded with bond proceeds or reimbursements.
(3) Estimated 70% payout during first year.
(4) Developer is reimbursed for Impact Fees not paid by bond when individual village buyers take delivery
(5) On property remaining in developer inventory

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[31] One of our assumptions and limiting conditions applies to this matter. The master developer's cash flow requirements will be considerably greater than $15.48 million.

This approach is more straightforward than is the discounted cash flow analysis approach that follows (Approach B). It only indirectly reflects the effects of absorption of lots over the time required for actual home construction. However, it does simulate what is happening in the market; i.e., strong national or regional developers are buying hundreds of finished or partly finished lots at a time – if they can – because of the overall shortage of residential lot product in the greater Sacramento area. All matters considered, we conclude that the value indication derived through this analysis sets the upper limit of value for the subject bulk sale value opinion.

- **Approach B: Developmental, or Discounted Cash Flow of Future Sales Approach.** To perform this approach, we have estimated the finished lot retail[32] values for the various lot types found at the subject property by developing comparable data for fully finished lots (the state in which they must be in before you can build houses on them), and then recognized their future absorption based on the absorption projection we developed earlier in this report. This technique is an attempt to better simulate the sales of lots as they are actually being taken out of a holding inventory and put into production. In today's market, the home builder often is expected to undertake more of the lot development risk (like buying graded-only lots as in the case of the subject property, rather than fully finished lots), but nevertheless we strive for a finished lot portrayal to accomplish this approach.

From this stream of anticipated future revenue, (i.e., from the sale of small groups of finished lots or the taking of finished lots out of inventory for home production) we subtract the amount of all expenditures that must be made in each discounting period to take the property from its present state to the into-production lot stage not including bonded improvements or infrastructure improvements that are not the developer's responsibility. The net income from sales or use of finished lots for home production in all future years (per the absorption projection) is discounted to the present to produce a bulk value indication.

We actually performed two discounted cash flow analyses: one for the sold villages and one for the remaining properties. Thereafter, we allocated bulk value to each of the owned village positions and to the master developer's remaining holdings by applying a factor developed in each discounted cash flow analysis, equal to: Discounted Value / Aggregate Retail Value = the Factor. Given that we expect some lots in each of the already mapped and sold villages to have the opportunity of entering the market at the same time, there is no rational way to assign faster absorption to one village versus another.

Retail Values. As stated above, the first step in the development approach is to estimate retail values for the various land parcels, as if they existed today as finished lot groups or other developmental parcels. Opinions of the average retail value for each finished lot group (small lots, larger lots, etc.) and other parcel types are based on comparable data, and the analysis thereof. We have reviewed comparable data and formed opinions of these average values for these broad property types, as

[32] To repeat definitions given earlier: "Retail" usually refers to finished property sold in small quantity. "Bulk" suggests large quantity, and often unfinished, property.

detailed in Addendum E. These are values subject to the special tax loads. The table on the next page summarizes these value opinions. Again, the detail can be found in the addendum.

Lot category	Finished Lot Values
Very Small Lots (Poss. Attached Housing)	**$100,000**
Small Lots	**$180,000**
Medium Lots	**$212,000**
Larger Lots	**$230,000**
Other Properties	**Value per Acre**
Commercially Zoned	**$400,000**
School Site	**$350,000**

Discounting. After the retail land values of the various lot groups and other parcels are identified, a discounted cash flow analysis can be performed in order to derive the present values. The absorption projection previously developed is used to project the future sales and the proceeds therefrom. Projected future expenses are deducted from these future sales proceeds for each out-year. These expenses were detailed earlier in this report. Then, the resulting future periodic net incomes are discounted to the present in order to determine the bulk value for the CFD area being so evaluated. Again, two discounted cash flows – one for sold villages and one for unsold property – were performed. The remaining grading expenses are allocated to the master developer's unsold property, as the master developer has the contractual obligation to mass grade the entire property.

Discount Rate. Over the last several years we have interviewed numerous developers and investors connected with residential land development projects. Based on the information obtained, we estimate that the appropriate discount rate is in the range of a 10% to 20% *real rate of return*[33]. Information that bears on the discount rate selection for the subject property is as follows:

> **Korpacz Real Estate Investor Survey.** This rate selection is supported by the results published in Korpacz Real Estate Investor Survey, a Price Waterhouse Coopers publication, fourth quarter, 2004. Respondents (national and regional developers) to their survey reported that their expected project internal rate of return, or discount rate, with profit included, ranged from 11% to 25% for developmental projects, with an overall average of 18% and trending downward. Inherent in this return expectation is an assumption of annual increases in property values, making these nominal rates of return. As described above, and in the footnote below, our preferred valuation method is to conclude today's retail lot values and not speculate on anticipated future price and cost increases. In other words, we do not project retail price increases over the absorption period. A concluded 10% real rate of return, for example, is more or less equivalent to a +/-13% nominal rate of return (recognizing a 3% inflation rate), utilizing the Korpacz methodology. The rate of return we select, therefore, might be lower than the rate of return

[33] A real rate of return is an inflation-adjusted rate of return. If inflation were expected to remain at the 2% level, more or less, then the equivalent nominal (unadjusted) rate range would be 12% to 22%. We have used a real rate of return so as to avoid having to also adjust future retail values for inflation.

that someone who projects retail lot price increases over time might select.

Company Interviews. Over the course of the last several years, Bender Rosenthal Inc. staff interviewed major land investor/developer groups to discuss discount rates, profit estimates, expense estimates, and assumptions used when valuing large land holdings. Two of these conversations are summarized below. The names of the companies have been withheld at the request of the company officers interviewed.

One of the interviewees is a Florida-based company that has purchased large tracts of land in California, Florida, Texas and Arizona. This company typically purchases land, completes the entitlement process, and then sells mapped subdivisions, or portions thereof, to merchant builders and developers. The firm is typically involved with projects ranging in time from five to ten years. Whenever they analyze a potential project, they develop a model simulating the anticipated cash flows in order to arrive at a present value estimate. They report that they typically use a discount rate of 15%, inclusive of profit. Wall Street investors do not like projections that contain both a discount rate and a profit line item. Since they project income and expense inflation of 3% in their annual cash flows, their discount rate is probably similar to a 12% or 13% real rate of return. They also report that the discount rate is of secondary importance to them in their analysis; they are more concerned with properly projecting pricing and absorption.

Another recent interview was of representatives of a major national home developer that is active in the Sacramento area. They reportedly use a 21% nominal internal rate of return in their development analyses.

Another, well-known publicly-held land company was contacted, and interviews were conducted with persons in various divisions of this company to determine how they, as buyers, approach valuing potential large land acquisitions. One such division had an existing, developable land portfolio that could support 50.5 million square feet of new commercial development. They are also involved in residential, office, R & D, urban entertainment development and major mixed-use projects involving two or more of these property types. One of their more recent acquisitions was of a 200-acre Navy base reuse project. They anticipated a 12-year absorption for the entitled 1.3 million square feet of office that could be constructed on the site. Major infrastructure will be bond-financed. Their anticipated unleveraged rate of return, inclusive of profit, is 12%.

Another land department within this company acquires land for master-planned communities. They use a discounted cash flow analysis to estimate value. Retail values and expenses are not inflated over future time. The unleveraged discount rate they employ is typically 15% to 16%, which is effectively a real rate of return. When determining the discount rate, they consider project duration, entitlement status (master plan is desired), infrastructure, environmental risks including habitat issues, and at what point in the real estate cycle they perceive the area to be in. If the retail values represent the high side of

the cycle, then there is more perceived risk. Their models never extend past ten years, and any land they project to remain after the 10^{th} year is simply assigned a value. They use a sales commission projection of 1% of sales revenue, plus another 1% marketing cost, for a total of 2% of sales revenue. They pointed out that sales commissions any higher than that are not applicable for land development projects, but may be found in housing developments where a sales commission of 5% may be the norm.

A summary of these interview results is shown in the following table:

DISCOUNT RATES INTERVIEWS SUMMARY			
Interviewee	Range	Average	Rate Type
Korpacz	11% - 25%	18%	Nominal
Florida Land Development Company	15% including 3% growth	12% - 13%	Real
National Home Developer, Sacramento office		21%	Nominal
Mixed Use Developer		12%	Nominal
Land Development Division of Major Company		15% - 16%	Real

Chosen Discount Rate. The discount rate must reflect an adequate profit in relation to the risk and effort that the prospective bulk sale buyer might expend. We have concluded that the appropriate discount rate range is 10% to 20% (real rate of return), and an annual 15% discount rate has been selected for final bulk sale valuation purposes. This discount rate reflects the strong residential demand in the vicinity of the subject property, which currently exceeds supply. This region represents a lower cost alternative to the Bay Area and this factor, coupled with the lack of land available in the market for development, should result in continued demand for similar residential land in the market.

Again, this is a real rate of return – no inflation, price increases or cost increases have been projected.[34] The assumption is made that the various infrastructure and other improvements that the bonds are to pay for will have been completed to the point that lot sales can close as projected in the absorption section.

Total Sell-Out (Absorption Period) Period. Based on the absorption analysis, we have conservatively projected a total sell-out period of slightly less than three years, beginning as of the date of value. The first lots are deemed sold (i.e., coming out of a lot inventory and becoming a factor of production) during the first quarter of 2006, or six to nine months prior to first home sales.

Construction Costs; Mass Grading Costs. These were summarized in an earlier section, and total approximately $17 million. Mass grading is a master developer responsibility, and there are no bond

[34] Also, it is an unleveraged return; if the developer borrows development funds at lesser rates, its yield will increase.

proceeds or other program monies to pay for it. Therefore, it is a cost that must be recognized in the cash flow analyses.

Lot Finishing Costs. These were supplied by the master developer, and are itemized in Addendum D.

Real Estate Taxes. Real estate tax expenses have been based on the estimated annual tax rate of 1.1%, based on the beginning bulk value. This expense diminishes as the lots and other parcels are removed from inventory (sold).

Special Tax Payments. As previously discussed, the subject property will be subject to the CFD tax, which becomes payable after the bond sale, and thereafter whenever taxes are collected. The tax rates per lot and per acre were discussed earlier in the report.

Other Costs, such as Administration, Insurance, etc. There is a line item showing these projected modest cost items.

Marketing Costs. Based on indications of participants in the market, we have estimated marketing costs of 1% of gross sales. This includes costs associated with accounting, legal and clerical services, sales commission, closing costs, and advertising. The percentage amount, while low, becomes a large absolute number for such a large project.

Bulk Value per the Discounted Cash Flow Analyses. The DCF spreadsheets, contained in Addendum F, show the following bulk value results:

Sum of the Bulk Values of All Sold Villages	**$140,300,000 (rounded)** **$294,000- per net acre[35]** **$7.91 per net square foot of land**
Bulk Value of Unsold Parcels	**$18,400,000 (rounded)** **$168,000- per net acre[36]** **$3.85 per net square foot of land**

[35] This means the residential land – only the taxed properties.
[36] This means residential land, commercial land, and school site – only the taxed properties.

V. REVIEW OF VALUE CONCLUSIONS AND FINAL OPINION OF VALUE

Approach A – A Direct Sales Comparison Approach. As described in the previous section, this direct sales approach considers value from the viewpoint of a master developer. In this case, that master developer is Lennar Communities, Inc. (as part of West Valley, LLC), and they have the responsibility to complete all infrastructure except the individual village lot finishing. CFD bond funds will be used, in part, to pay for this infrastructure. As reported previously, they have sold all of the small-lot mapped villages to home developers. Our value indication from this approach is **$169,000,000.** As indicated earlier, we consider this approach to set the upper limit of value.

Approach B – The Discounted Cash Flow Approach. As described in the previous section, we begin this approach by projecting absorption of the subject's lots and other parcels over future time, and we estimate retail values for those lots as if they were available in a finished state today. Revenue in each future year can then be calculated by multiplying lots being absorbed by retail values of the lots.

Marketing and holding costs for each of these future years also are projected. The majority of these were discussed in the previous sections of this report. These costs are subtracted from projected revenue for each of the future years being evaluated to get a net cash flow projection.

These cash flows are discounted to determine a present value for the entire development and sell-out process. Actually, we have prepared two analyses – one for the sold villages and one for the remainder properties. The discount rate, discussed previously, will not be discussed again here, except to remind the reader that no inflation of prices or costs has been projected, and real rate of return analyses are being presented.

The DCF spreadsheets are contained as Addendum F. The indicated aggregate sum of bulk values for the sold villages is **$140,300,000,** rounded. The bulk value of the unsold properties **$18,400,000, rounded.**

We have also prepared a table, as discussed in the Valuation section of the report, contained in Addendum F, and also reproduced below, that shows the individual values of the sold villages, based on an allocation created by applying the overall discount factor created in the discounting analysis to the sum of their respective retail values. Since there is no way to project whether some villages may absorb faster than others, this process provides for a fair allocation of value.

Reconciling the two approaches. Approach A might be characterized as the master developer's view of the profitability of this development. It summarizes the marketing expectations and expense obligations of the master developer over the remaining term if its involvement, before income or capital gain tax considerations. In essence, it is a projected two-year profit and loss statement or budget, but with a risk discount applied. We consider the projected net income generated over this holding period to be an indication of market value. The fact that 75% of the salable parcels have, in fact, already been sold, adds to the reasonableness of this approach. We view this approach as setting the upper limit of value.

Approach B is a more studied analysis that relies on a sell-out projection (absorption projection) over a longer period of time. This approach recognizes that the various land parcels are not truly absorbed until construction of improvements upon them is imminent. Once a land parcel is improved, the risk of default on a special tax obligation is lessened considerably. This is usually the preferred approach for bulk value analysis for bond underwriting. The detailed results are shown below.

	Units	Acres	SF/Lot	Average Base Retail per Unit	Aggregate Finished Lots Retail Value	Discounted Present Value
Blackstone Mapped Village Summary:						
VILLAGE 1	176	44.46	6,240	$180,000	$33,264,000	$19,382,677
VILLAGE 2	105	29.84	6,240	$180,000	$19,845,000	$11,563,529
VILLAGE 3	118	68.94	9,450	$212,000	$26,266,800	$15,305,463
VILLAGE 4	54	16.37	6,600	$180,000	$10,206,000	$5,946,958
VILLAGE 5A (Gated)	104	64.56	12,150	$230,000	$25,116,000	$14,634,900
VILLAGE 5B (Gated)	110	52.19	12,150	$230,000	$26,565,000	$15,479,221
VILLAGE 6	186	53.18	6,600	$180,000	$35,154,000	$20,483,866
VILLAGE 7	119	84.88	12,150	$230,000	$28,738,500	$16,745,703
VILLAGE 8 (Gated)	64	38.36	12,150	$230,000	$15,456,000	$9,006,092
VILLAGE 18 (Gated)	107	24.74	5,460	$180,000	$20,223,000	$11,783,787
Sum of All Village Bulk Values:	1,143	477.53			$240,834,300	$140,332,296
Bulk Value of Unmapped Properties and School Site:	222	109.48			$52,806,000	$18,381,867
Sum of All Bulk Values:	1,365	587.01			$293,640,300	$158,714,163

After considering both approaches, but giving greater emphasis to approach B, we have formed the opinion that the aggregation of bulk values of the subject properties, as of March 1, 2005, and subject to the special and general assumptions and limiting conditions contained in this report, was as follows:

THE SUM OF ALL BULK VALUES,
APPRAISED PORTIONS[37] OF BLACKSTONE,
VALLEY VIEW SPECIFIC PLAN, EL DORADO COUNTY, CALIFORNIA,

$159,000,000.

As additional offsite and in-tract improvements are completed, development risk will decrease dramatically. The construction of houses and subsequent sale thereof will further, and greatly, increase the value of property subject to the CFD lien, and it will create a further dispersal of ownership, which is a positive attribute for the CFD lien security.

This concludes the report.

[37] I.e., the portions subject to the CFD special tax.

ADDENDA

ADDENDUM A

APPRAISER'S CERTIFICATION

APPRAISER'S CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.

2. The analyses, opinions, and conclusions contained in this report are my personal, unbiased and professional analyses, opinions and conclusions, and are limited only by the reported assumptions and limiting conditions of this report.

3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

4. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

5. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Furthermore, my value conclusion as well as other opinions expressed in this report are not based on a requested minimum value, a specific value, or approval of a loan.

6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformance with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, which fully incorporate the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

7. Stephen A. Rosenthal, MAI, is in compliance with the requirements of the voluntary continuing education program of the Appraisal Institute.

8. I am a State of California Certified General Real Estate Appraisers Certificate No. *AG002263.*

9. I have inspected the property that is the subject of this report.

10. Matthew Keefe and Natalie Hawley provided professional assistance to me in the preparation of this report.

Stephen A. Rosenthal, MAI

ADDENDUM B

SALES AND PROJECTED SALES SUMMARY

(This table shows village sales to date, plus projections on remaining sales. Results are used in Approach A.)

Large Lot #	Zoning	Home Sites	Acres	Per Acre	Homesite Dim W x D		SF	Sale Price Per Homesite (Finished Graded)	Finished Graded Total Sale Price	Other	Price Per Acre	Sale Status	Date or Est Close Date	Buyer	Unsold Values
	Land Information							Sale Information							
VILLAGE 7															
35	ER-2	14	10.70	1.3	90	135	12,150	$172,386	$2,413,404	+50% Lot prem	$225,531	Sold	Feb-05	Lennar Homes	
36	ER-2	28	18.29	1.5	90	135	12,150	$172,386	$4,826,808	+50% Lot prem	$263,875	Sold	Feb-05	Lennar Homes	
37	ER-2	19	13.79	1.4	90	135	12,150	$172,386	$3,275,334	+50% Lot prem	$237,481	Sold	Feb-05	Lennar Homes	
41	ER-2	2	13.61	0.1	90	135	12,150	$172,386	$344,772	+50% Lot prem	$25,330	Sold	Feb-05	Lennar Homes	
42	ER-2	56	28.49	2.0	90	135	12,150	$172,386	$9,653,616	+50% Lot prem	$338,878	Sold	Feb-05	Lennar Homes	
Subtotal		**119**	**84.88**	**1.4**				**$172,386**	**$20,513,934**		**$241,673**				
Less Withheld	[1]									+50% Lot prem					
41	ER-2	2	13.61	0.1					$344,772		$25,330				$344,772
Total		**117**	**71.27**					**$172,386**	**$20,169,162**		**$282,989**				
VILLAGE 8 (Gated)															
27	ER-2	48	26.13	1.8	90	135	12,150	$145,834	$7,000,032		$267,872				
28	ER-2	16	12.23	1.3	90	135	12,150	$145,834	$2,333,344		$190,820				
Total		**64**	**38.36**					**$145,834**	**$9,333,376**		**$243,310**				
VILLAGE 18 (Gated)															
23	SFR	107	24.74	4.3	52	105	5,460	$153,801	$16,456,707	+50% Lot prem	$665,186	Sold	Feb-05	Lennar Homes	
Total		**107**	**24.74**						**$16,456,707**						
TOTAL - MAPPED VILLAGES															
		1,143	**477.53**					**$154,457**	**$176,544,253**		**$369,705**				$1,819,840

[1] Witheld means not part of the sale but is included in CFD.

Blackstone
Sales and Projected Sales Summary

Large Lot #	Zoning	Home Sites	Acres	Per Acre	Homesite Dim W x D		SF	Sale Price Per Homesite (Finished Graded)	Finished Graded Total Sale Price	Other	Price Per Acre	Sale Status	Date or Est Close Date	Buyer	Unsold Values
	Land Information							Sale Information							
MAPPED VILLAGES															
VILLAGE 1															
25	SFR	73	17.85	4.1	60	104	6,240	$147,983	$10,802,759	+50% Lot prem	$605,061	Sold	Feb-05	Lennar Homes	
26	SFR	103	26.61	3.9	60	104	6,240	$147,983	$15,242,249	+50% Lot prem	$572,823	Sold	Feb-05	Lennar Homes	
Total		**176**	**44.46**	**4.0**				**$147,983**	**$26,045,008**		**$585,768**				
VILLAGE 2															
47	SFR	47	14.02	3.4	60	104	6,240	$145,346	$6,831,262	+50% Lot prem	$487,182	Sold	Dec-04	Centex	
48	SFR	58	15.81	3.7	60	104	6,240	$145,346	$8,430,068	+50% Lot prem	$533,110	Sold	Dec-04	Centex	
Total		**105**	**29.84**	**3.5**				**$145,346**	**$15,261,330**		**$511,524**				
VILLAGE 3															
43	ER-2	33	19.49	1.7	90	105	9,450	$168,882	$5,573,106	+50% Lot prem	$285,976	Sold	Feb-05	Lennar Homes	
44	ER-2	27	11.03	2.4	90	105	9,450	$168,882	$4,559,814	+50% Lot prem	$413,326	Sold	Feb-05	Lennar Homes	
45	ER-2	4	8.63	0.5				$168,882	$675,528	+50% Lot prem	$78,313	Sold	Feb-05	Lennar Homes	
46	ER-2	54	29.80	1.8	90	105	9,450	$168,882	$9,119,828	+50% Lot prem	$306,048	Sold	Feb-05	Lennar Homes	
SubTotal		**118**	**68.94**	**1.7**					**$19,928,076**						
Less Withheld	[1]														
45	ER-2	4	8.63	0.5				$168,882	$675,528		$78,313				$675,528
Total		**114**	**60.32**					**$168,882**	**$19,252,548**		**$319,184**				
VILLAGE 4															
39	SFR	54	16.37	3.3	60	110	6,600	$143,336	$7,740,144	+50% Lot prem	$472,825	Sold	Feb-05	Lennar Homes	
Total		**54**	**16.37**	**3.3**				**$143,336**	**$7,740,144**		**$472,825**				
VILLAGE 5A (Gated)															
29	ER-2	2	6.57	0.3				$159,908	$319,816	+50% Lot prem	$48,708	Sold	Feb-05	Lennar Homes	
30	ER-2	25	14.75	1.7	90	135	12,150	$159,908	$3,997,700	+50% Lot prem	$271,012	Sold	Feb-05	Lennar Homes	
31	ER-2	74	34.50	2.1	90	135	12,150	$159,908	$11,833,192	+50% Lot prem	$343,001	Sold	Feb-05	Lennar Homes	
33	ER-2	3	8.75	0.3				$159,908	$479,724	+50% Lot prem	$54,857	Sold	Feb-05	Lennar Homes	
SubTotal		**104**	**64.56**	**1.6**					**$16,630,432**						
Less Withheld	[1]														
29 & 33	ER-2	5	15.31						$799,540	+50% Lot prem	$52,220				$799,540
Total		**99**	**49.25**					**$159,908**	**$15,830,892**		**$321,439**				
VILLAGE 5B (Gated)															
22	ER-2	25	15.37	1.6	90	135	12,150	$172,942	$4,323,550	+50% Lot prem	$281,353	Sold	Dec-04	Cambridge	
32	ER-2	59	20.43	2.9	90	135	12,150	$172,942	$10,203,578	+50% Lot prem	$499,563	Sold	Dec-04	Cambridge	
34	ER-2	26	16.40	1.6	90	135	12,150	$172,942	$4,496,492	+50% Lot prem	$274,243	Sold	Dec-04	Cambridge	
Total		**110**	**52.19**	**2.1**				**$172,942**	**$19,023,620**		**$364,521**				
VILLAGE 6															
38	SFR	110	31.70	3.5	60	110	6,600	$147,481	$16,222,910	+50% Lot prem	$511,748	Sold	Feb-05	Lennar Homes	
40	SFR	76	21.48	3.5	60	110	6,600	$147,481	$11,208,556	+50% Lot prem	$521,765	Sold	Feb-05	Lennar Homes	
Total		**186**	**53.18**	**3.5**				**$147,481**	**$27,431,466**		**$515,794**				

Large Lot #	Land Information: Zoning	Home Sites	Acres	Per Acre	Homesite Dim W x D	SF	Sale Information: Sale Price Per Homesite (Finished Graded)	Finished Graded Total Sale Price	Other	Price Per Acre	Sale Status	Date or Est Close Date	Buyer	Unsold Values
OPEN SPACE														
2	OS		76.734											
4	OS		6.026											
5	OS		143.941											
8	OS		11.62											
9	OS		14.729											
10	OS		2.666											
13	OS		2.709											
14	OS		43.074											
15	OS		4.545											
17	OS		6.855											
19	OS		18.261											
20	OS		15.373											
Total			**347.533**											
PARKS														
16	Park		13.603											
21	Park		12.956											
Total			**26.559**											
SCHOOL														
18	School		18.60					$6,510,000		$ 350,000				$6,510,000
Total			**18.60**					**$6,510,000**						
COMMUNITY CLUB														
24			2.91											
Total			**2.91**					**$0**						
ARTERIAL ROADS														
3			26.17											
Total			**26.17**					**$0**						
TOTAL - PROJECT														
		1,445	**990.18**				**$160,867**	**$232,452,253**		**$234,757**			NOT YET SOLD	**$57,727,840**
Resell Large Lot 45 Lots		4	8.63	2.16				$ 57,727,840		25% of total gross sales				
Resell Large Lots 29/33		5	15.31	3.06			SOLD	$ 174,724,413					[illegible] Sales Approach 3.1.05	

Large Lot #	Land Information: Zoning	Home Sites	Acres	Per Acre	Homesite Dim W x D	SF	Sale Information: Sale Price Per Homesite (Finished Graded)	Finished Graded Total Sale Price	Other	Price Per Acre	Sale Status	Date or Est Close Date	Buyer	Unsold Values
UNMAPPED VILLAGES [2]														
LOT V														
1	MU	110	12.81	8.6		5072.8	$145,000	$15,950,000		$1,245,121				$15,950,000
Total		**110**	**12.81**					**$15,950,000**						
LOT W														
12	VC		11.83				6	$4,732,000		400000				$4,732,000
Total		**0**	**11.83**					**$4,732,000**						
LOT X														
11	VC	80	8.79	9.1			6	$3,516,000		400000				$3,516,000
Total		**80**	**8.79**					**$3,516,000**						
LOT Y														
7	ER-2	96	48.10	2.0	90 135	12,150	$225,000	$21,600,000		$449,064				$21,600,000
Total		**96**	**48.10**					**$21,600,000**						
LOT Z														
6	ER-2	16	9.35	1.7	90 135	12,150	$225,000	$3,600,000		$385,027				$3,600,000
Total		**16**	**9.35**					**$3,600,000**						
TOTAL - UNMAPPED VILLAGES														
		302	**90.88**				**$163,579**	**$49,398,000**		**$543,552**				$49,398,000

[2] Unmapped parcels are currently being planned.

ADDENDUM C

ABSORPTION COMPUTATIONS:
ABSORPTION PROJECTIONS BY LOT SIZE

MEYERS GROUP PROJECT SUMMARY REPORT

Small Lot Category

	Lots				
Existing Inventory	466	X	12	=	9.27 mos.
EDH Annual Absorption	603				

Conclusion: Existing inventory mostly gone by time subject lots hit in early 2006

Subject has 5 small lot villages.

Small Lot Villages have been absorbing 7+ units per month, or about 84 units per year.

	5	Villages
X	84	Lots
=	420	Lots per year
or	**105**	Lots per quarter

Note: We lowered absorption to 99 units/Q, or to a 66% initial capture rate.

Market capture rate: 70% (420 lots/603 lots annual absorption rate)
Conclusion: Reasonable

Number of Subject Lots: 628

Number Of Q to Absorb:	6
Plus 3 "front end" Q	3
Total Future Quarters	9

We spread absorption out over 11 quarters in Absorption Schedule shown as Absorption Pattern near top of DCF sheet

Medium Lot Category

	Lots				
Existing Inventory	153	X	12	=	4.14 mos.
EDH Annual Absorption	443				

Conclusion: Existing inventory mostly gone by time subject lots hit in early 2006

Subject has 1 medium lot village.

Medium Lot Villages have been absorbing 6+ units per month, or about 72 units per year.

	1	Villages
X	72	Lots
=	72	Lots per year
or	**18**	Lots per quarter

Market capture rate: 16% (72 lots/443 lots annual absorption rate)
Conclusion: Conservative

Number of Subject Lots: 118

Number Of Q to Absorb:	7
Plus 3 "front end" Q	3
Total Future Quarters	10

We spread absorption out over 11 quarters in Absorption Schedule shown as Absorption Pattern near top of DCF sheet

Large Lot Category

	Lots				
Existing Inventory	35	X	12	=	1 month
EDH Annual Absorption	465				

Conclusion: Existing inventory mostly gone by time subject lots hit in early 2006

Subject has 6 large lot villages.

Large Lot Villages have been absorbing 3.5+ units per month, or about 42 units per year.

	6	Villages
X	42	Lots
=	252	Lots per year
or	**63**	Lots per quarter

Market capture rate: 54% (63 lots/465 lots annual absorption rate)
Conclusion: Conservative

Number of Subject Lots: 509

Number Of Q to Absorb:	8
Plus 3 "fron end" Q	3
Total Future Quarters	11

We spread absorption out over 11 quarters in Absorption Schedule shown as Absorption Pattern near top of DCF sheet

hanley▲wood
Market Intelligence

MEYERS PROJECT SUMMARY REPORT
MARKET NAME : Sacramento, CA COUNTY NAME : El Dorado, CA SUBMARKET NAME : El Dorado
All Housing Types
January 2004 - December 2004

PROJECT / BUILDER	PROD TYPE	PROJECT OPEN DATE / MAP CLASS	UNITS PLANNED	THIS PERIOD NET	THIS PERIOD MONTHLY RATE	OVERALL NET	OVERALL MONTHLY RATE	UNSOLD UNITS	BASE PRICE RANGE	FINISHED SQ FT RANGE	COST PER SQ FT RANGE	TYPICAL LOT SIZE (SQFT)	COMMENTS
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
El Dorado			[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		

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Market Intelligence

MEYERS PROJECT SUMMARY REPORT
MARKET NAME : Sacramento, CA COUNTY NAME : El Dorado, CA SUBMARKET NAME : El Dorado
All Housing Types
January 2004 - December 2004

PROJECT / BUILDER	PROD TYPE	PROJECT OPEN DATE / MAP CLASS	UNITS PLANNED	THIS PERIOD NET	THIS PERIOD MONTHLY RATE	OVERALL NET	OVERALL MONTHLY RATE	UNSOLD UNITS	BASE PRICE RANGE	FINISHED SQ FT RANGE	COST PER SQ FT RANGE	TYPICAL LOT SIZE (SQFT)	COMMENTS
El Dorado													
Cameron Park													
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cameron Park			[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
El Dorado Hills													
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SOUTHERN HILLS CLASSIC SERIES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
LA CIMA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
SOUTHERN HILLS PREMIERE SERIES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
EL DORADO ESTATES	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
FOUR SEASONS AT EL DORADO HILLS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
BELLA LAGO	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

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Blackstone
Project & Sales Summary

	Land Information							Sale Information							Construction Information	
Large Lot #	Zoning	Home Sites	Acres	Per Acre	Homesite Dim W x D		SF	Sale Price Per Homesite (Finished Graded)	Finished Graded Total Sale Price	Other	Price Per Acre	Sale Status	Date or Est Close Date	Buyer	Total Construction Cost	Construction Cost Per Homesite
MAPPED VILLAGES																
VILLAGE 1																
25	SFR	73	17.85	4.1	60	104	6,240	$147,983	$10,802,759	+50% Lot prem	$605,061	Sold	Feb-05	Lennar Homes	$1,972,209	$27,017
26	SFR	103	26.61	3.9	60	104	6,240	$147,983	$16,242,249	+50% Lot prem	$572,823	Sold	Feb-05	Lennar Homes	$2,782,706	$27,017
Total		**176**	**44.46**	**4.0**				**$147,983**	**$26,045,008**		**$585,768**				**$4,754,916**	**$27,017**
VILLAGE 2																
47	SFR	47	14.02	3.4	60	104	6,240	$145,348	$6,831,282	+50% Lot prem	$487,182	Sold	Dec-04	Centex	$1,276,256	$27,154
48	SFR	58	15.81	3.7	60	104	6,240	$145,348	$8,430,068	+50% Lot prem	$533,110	Sold	Dec-04	Centex	$1,574,954	$27,154
Total		**105**	**29.84**	**3.5**				**$145,348**	**$15,261,330**		**$511,524**				**$2,851,211**	**$27,154**
VILLAGE 3																
43	ER-2	33	19.49	1.7	90	106	9,450	$168,882	$5,573,106	+50% Lot prem	$285,976	Sold	Feb-05	Lennar Homes	$1,247,138	$37,792
44	ER-2	27	11.03	2.4	90	105	9,450	$168,882	$4,659,814	+50% Lot prem	$413,326	Sold	Feb-05	Lennar Homes	$1,020,386	$37,792
45	ER-2	4	8.63	0.5				$168,882	$675,528	+50% Lot prem	$78,313	Sold	Feb-05	Lennar Homes	$151,166	$37,792
48	ER-2	54	29.80	1.8	90	105	9,450	$168,882	$9,119,628	+50% Lot prem	$306,048	Sold	Feb-05	Lennar Homes	$2,040,771	$37,792
SubTotal		**118**	**68.94**	**1.7**					**$19,928,076**							
Less Withheld	[1]															
45	ER-2	4	8.63	0.6				$168,882	$675,528		$78,313					
Total		**114**	**60.32**					**$168,882**	**$19,252,548**		**$319,164**				**$4,459,463**	**$37,792**
VILLAGE 4																
39	SFR	54	16.37	3.3	60	110	6,600	$143,336	$7,740,144	+50% Lot prem	$472,825	Sold	Feb-05	Lennar Homes	$1,709,872	$31,664
Total		**54**	**16.37**	**3.3**				**$143,336**	**$7,740,144**		**$472,825**				**$1,709,872**	**$31,664**
VILLAGE 5A (Gated)																
29	ER-2	2	6.57	0.3				$159,908	$319,816	+50% Lot prem	$48,708	Sold	Feb-05	Lennar Homes	$98,223	$49,112
30	ER-2	25	14.75	1.7	90	135	12,150	$159,908	$3,997,700	+50% Lot prem	$271,012	Sold	Feb-05	Lennar Homes	$1,227,791	$49,112
31	ER-2	74	34.50	2.1	90	135	12,150	$159,908	$11,833,192	+50% Lot prem	$343,001	Sold	Feb-05	Lennar Homes	$3,634,262	$49,112
33	ER-2	3	8.75	0.3				$159,908	$479,724	+50% Lot prem	$54,857	Sold	Feb-05	Lennar Homes	$147,335	$49,112
SubTotal		**104**	**64.56**	**1.6**					**$18,630,432**							
Less Withheld	[1]															
29 & 33	ER-2	5	15.31						$799,540		$52,220					
Total		**99**	**49.25**					**$159,908**	**$15,830,892**		**$321,439**				**$5,107,611**	**$49,112**

ADDENDUM D

DEVELOPER'S SALES LIST 4-1-05

	Land Information						Sale Information							Construction Information	
Large Lot #	Zoning	Home Sites	Acres	Per Acre	Homesite Dim W x D	SF	Sale Price Per Homesite (Finished Graded)	Finished Graded Total Sale Price	Other	Price Per Acre	Sale Status	Date or Est Close Date	Buyer	Total Construction Cost	Construction Cost Per Homesite
UNMAPPED VILLAGES [2]															
LOT V															
1	MU	110	12.81	8.6											
Total		**110**	**12.81**					**$0**						**$0**	**$0**
LOT W															
12	VC		11.83												
Total		**0**	**11.83**					**$0**						**$0**	**$0**
LOT X															
11	VC	80	8.79	9.1											
Total		**80**	**8.79**					**$0**						**$0**	**$0**
LOT Y															
7	ER-2	96	48.10	2.0	90 135	12,150									
Total		**96**	**48.10**					**$0**						**$0**	**$0**
LOT Z															
6	ER-2	16	9.35	1.7	90 135	12,150									
Total		**16**	**9.35**					**$0**						**$0**	**$0**
TOTAL - UNMAPPED VILLAGES															
		302	**90.88**				**$0**	**$0**		**$0**				**$0**	**$0**

[2] Unmapped parcels are currently being planned.

El Dorado County CFD 2005-1
Blackstone
El Dorado Hills, California

	Land Information						Sale Information							Construction Information	
Large Lot #	Zoning	Home Sites	Acres	Per Acre	Homesite Dim W x D	SF	Sale Price Per Homesite (Finished Graded)	Finished Graded Total Sale Price	Other	Price Per Acre	Sale Status	Date or Est Close Date	Buyer	Total Construction Cost	Construction Cost Per Homesite
VILLAGE 5B (Gated)															
22	ER-2	25	15.37	1.6	90 135	12,150	$172,942	$4,323,550	+50% Lot prem	$281,353	Sold	Dec-04	Cambridge	$964,147	$38,566
32	ER-2	59	20.43	2.9	90 135	12,150	$172,942	$10,203,578	+50% Lot prem	$499,563	Sold	Dec-04	Cambridge	$2,275,388	$38,566
34	ER-2	26	16.40	1.6	90 135	12,150	$172,942	$4,496,492	+50% Lot prem	$274,243	Sold	Dec-04	Cambridge	$1,002,713	$38,566
Total		**110**	**52.19**	**2.1**			**$172,942**	**$19,023,620**		**$364,521**				**$4,242,248**	**$38,566**
VILLAGE 6															
38	SFR	110	31.70	3.5	60 110	6,600	$147,481	$16,222,910	+50% Lot prem	$511,748	Sold	Feb-05	Lennar Homes	$3,027,074	$27,519
40	SFR	76	21.48	3.5	60 110	6,600	$147,481	$11,208,556	+50% Lot prem	$521,765	Sold	Feb-05	Lennar Homes	$2,091,433	$27,519
Total		**186**	**53.18**	**3.5**			**$147,481**	**$27,431,466**		**$515,794**				**$5,118,507**	**$27,519**
VILLAGE 7															
35	ER-2	14	10.70	1.3	90 135	12,150	$172,386	$2,413,404	+50% Lot prem	$225,531	Sold	Feb-05	Lennar Homes	$741,901	$52,993
36	ER-2	28	18.29	1.5	90 135	12,150	$172,386	$4,826,808	+50% Lot prem	$263,875	Sold	Feb-05	Lennar Homes	$1,483,803	$52,993
37	ER-2	19	13.79	1.4	90 135	12,150	$172,386	$3,275,334	+50% Lot prem	$237,481	Sold	Feb-05	Lennar Homes	$1,006,866	$52,993
41	ER-2	2	13.61	0.1	90 135	12,150	$172,386	$344,772	+50% Lot prem	$25,330	Sold	Feb-05	Lennar Homes	$105,986	$52,993
42	ER-2	56	28.49	2.0	90 135	12,150	$172,386	$9,653,616	+50% Lot prem	$338,878	Sold	Feb-05	Lennar Homes	$2,967,605	$52,993
Subtotal		**119**	**84.88**	**1.4**			**$172,386**	**$20,513,934**		**$241,673**					
Less Withheld	[1]														
41	ER-2	2	13.61	0.1				$344,772		$25,330					
Total		**117**	**71.27**				**$172,386**	**$20,169,162**		**$282,989**				**$6,306,161**	**$52,993**
VILLAGE 8 (Gated)															
27	ER-2	48	26.13	1.8	90 135	12,150	$145,834	$7,000,032	+50% Lot prem	$267,872	PS	Mar-05	Parkland	$2,359,946	$49,166
28	ER-2	16	12.23	1.3	90 135	12,150	$145,834	$2,333,344	+50% Lot prem	$190,820	PS	Mar-05	Parkland	$786,649	$49,166
Total		**64**	**38.36**				**$145,834**	**$9,333,376**		**$243,310**				**$3,146,595**	**$49,166**
VILLAGE 18 (Gated)															
23	SFR	107	24.74	4.3	62 105	5,460	$153,801	$16,456,707	+50% Lot prem	$665,186	Sold	Feb-05	Lennar Homes	$2,535,759	$23,699
Total		**107**	**24.74**					**$16,456,707**						**$2,535,759**	**$23,699**
TOTAL - MAPPED VILLAGES															
		1,143	**477.53**				**$154,457**	**$176,544,253**		**$369,705**				**$40,232,343**	**$35,199**

[1] Witheld means not part of the sale but is included in CFD.

ADDENDUM E

COMPARABLE SALES ANALYSES

	Land Information						Sale Information							Construction Information	
Large Lot #	Zoning	Home Sites	Acres	Per Acre	Homesite Dim W x D	SF	Sale Price Per Homesite (Finished Graded)	Finished Graded Total Sale Price	Other	Price Per Acre	Sale Status	Date or Est Close Date	Buyer	Total Construction Cost	Construction Cost Per Homesite
OPEN SPACE															
2	OS		76.734												
4	OS		5.026												
5	OS		143.941												
8	OS		11.62												
9	OS		14.729												
10	OS		2.666												
13	OS		2.709												
14	OS		43.074												
15	OS		4.545												
17	OS		8.655												
19	OS		18.261												
20	OS		15.373												
Total			**347.533**												
PARKS															
16	Park		13.603												
21	Park		12.956												
Total			**26.559**												
SCHOOL															
18	School		18.60												
Total			**18.60**					**$0**							
COMMUNITY CLUB															
24			2.91												
Total			**2.91**					**$0**							
ARTERIAL ROADS															
3			26.17												
Total			**26.17**					**$0**							
TOTAL - PROJECT															
		1,445	**990.18**				**$122,176**	**$176,544,253**		**$178,295**				**$40,232,343**	**$0**

ADDENDUM E
COMPARABLE SALES ANALYSES

SINGLE FAMILY PROPERTY

In order to perform a discounted cash flow analysis, we must first decide on some benchmark retail values for the lots and parcels that will be selling out over future time. We form opinions of these values by considering market sales. For purposes of this analysis, we searched only for sales that have occurred since January 1, 2004,[38] because earlier sales transpired at prices that simply do not compare to today's much higher prices.

The market transactions that we considered for the single family analysis are summarized in a table at the end of this addendum. Data sheets on each sale are also included, as well as maps showing their locations.

While we looked for market sales of reasonably similar properties, they do have some differences, for which we have adjusted, as shown in sales adjustment tables, also included at the end of this addendum. We first adjusted all sales to a finished lot equivalent, since it will be finished lots that are absorbed into production. Also, we recognized some lot premiums that will be due when houses are sold. Some additional elements of comparison made on a qualitative basis, include:

Size. We compared sales of lots of similar sizes, but made some adjustments within broad lot categories (e.g., smaller lots).

Special Tax Differences. We adjusted to reflect significant differences in special tax levies at different locations.

Building Fee Differences. Lots with sharply higher permit fees should sell for less than those without high fees, all other matters being equal.

Property Rights Conveyed. All sales were fee transfers – no adjustments were required.

Financing Terms. The comparable properties sold "all cash," and/or with financing terms considered reflective of the market; no adjustments warranted.

Conditions of Sale. There were no unusual sales conditions of which we were aware – no adjustments.

Market Conditions. Property values have been steadily increasing. We adjusted older sales to reflect that fact.

[38] Although one 2003 sales was included.

Results. After making all indicated adjustments, we studied the results and concluded that the typical retail finished lot values we should use in the discounted cash flow analysis are as follows:

Lot category	Finished Lot Values
Very Small Lots (Poss. Attached Housing)	$100,000
Small Lots	$180,000
Medium Lots	$212,000
Larger Lots	$230,000

COMMERCIAL PROPERTY

The subject Lot W will likely be developed to commercial uses. At the present time, Lot X is zoned for similar uses. Accordingly, we have analyzed some comparable commercial property sales, as summarized in the table below. A locator map is included as an attachment to this addendum. Our analysis and value opinion follows the map. Data sheets for each sale are provided at the end of this addendum.

Comparable Commercial Land Sales Summary

Location	Sale Date	Price	Size in Acres	Price/ Acre Price/SF
1. SE corner of Auto Plaza Drive & Natoma Station Drive, Folsom	08/04	$1,500,000	1.238	$1,211,632 $27.82
2. Folsom Auburn Road, South of Folsom Dam Road, Folsom	06/04	$886,500	1.390	$637,770 $14.64
3. Northeast corner of Gabbert and Palmer Drive, Cameron Park	04/04	$1,500,000	4.223	$355,198 $8.15
4. Robin Lane, East of Cameron Park Drive, Cameron Park	04/04	$900,000	3.430	$262,391 $6.02
5. Oak Avenue Parkway, northeast of East Bidwell Street, Folsom	01/04	$3,500,000	7.621	$459,257 $10.54
6. Subject Property, Lot W, Latrobe Road, El Dorado Hills	DOV	N.A.	11.83	N.A.

Discussion of Commercial Land Sales:

Commercial Land Sale No. 1. This property is a commercial site that was purchased for development of a 14,000 square foot retail center in the City of Folsom. All offsites were in place at the time of sale. The site sold for $1,500,000 or $27.82 per square feet and the buyer indicated that the property sold with all entitlements, with the exception of building permits. In addition, the buyer stated the property is currently under construction and has an estimated completion date of April of 2005.
This site has a superior location in comparison to the subject property given that it is located in a new

retail center with WinCo Foods as the anchor. This property is considerably smaller in size compared to the subject and is surrounded by developed retail, commercial, and single family uses, with good exposure from the major thoroughfare of Blue Ravine Road in the City of Folsom. The subject property would sell for less than $27.82 per square foot.

Commercial Land Sale No. 2. This comparable was purchased for development of a 13,000 square foot retail center on Folsom Auburn Road in the City of Folsom. The site sold for $886,500, or $14.64 per square feet; however, the broker indicated that the property sold with full building approvals and permits. He indicated that the property actually sold for $1,170,000 after taking in account the value of the approvals.

This comparable has a superior location in comparison to the subject property given that it is located on the major thoroughfare of Folsom Auburn Boulevard. The property is situated next to a new gas station with good draw from commuters from the City of Folsom to the Roseville/Rocklin area. Overall, the subject property would sell for less than $14.64 per square foot.

Commercial Land Sale No. 3. This sale is a commercial site that sold in April of 2004 for $1,500,000, or $8.15 per square foot. The property had an original contract price of $1,250,000 as of March of 2003. The price was re-negotiated in October 2003 for an additional $250,000 to insure the purchase of the adjoining parcel (APN# 083-350-43) which consists of a 68 acre parcel at the end of Gabbert Drive. The property was originally purchased for development of an assisted living facility; however, the buyer is now planning to develop the site with a five unit office complex consisting of three buildings of 8,400 square feet, 6,000 square feet, and 20,000 square feet. The buyer intends to develop the assisted living facility on the 68 acre parcel which was recently purchased.

This comparable is located Cameron Park in a developed neighborhood and adjacent to a large retail shopping center with some of the major tenants including Bel Air and Blockbuster. Although the property is located adjacent to a major retail center, the Cameron Park location is considered to be inferior to El Dorado Hills. Overall the subject property would sell for slightly more than $8.15 per square foot given the superior location in El Dorado Hills.

Commercial Land Sale No. 4. This property was raw land at the time of sale and was purchased in April of 2004 for $900,000, or $6.02 per square foot. The property was purchased for development of a multi-tenant office complex that will total 45,000 square feet and will be called the Cameron Professional Center.

This site has an inferior location in comparison to the subject property given that it is located in an older area of Cameron Park. The site is located slightly above street grade and overall, the subject property would sell for more than $6.02 per square foot.

Commercial Land Sale No. 5. This vacant parcel was purchased for a 65,000 square foot California Family Fitness center that is now being developed. The property is located on Oak Avenue Parkway, one parcel north of East Bidwell Street, which are main thoroughfares in the area.

This comparable has a similar to slightly superior location in comparison to the subject property given that it is located on the major thoroughfare of Oak Avenue Parkway, just of East Bidwell Street in the City of Folsom. Overall, the subject property would sell for less than $10.54 per square foot.

The table below analyzes the commercial sales data which all occurred in 2004, based on our analysis thereof, relative to the subject property. Sale 6 is judged to be the most comparable. After taking into account all factors, including the fact that the buyer will have to reimburse the developer for about $2.00 per square foot of impact fees, we are of the opinion that the value of the subject Lot W is $10.00 per square foot, or $5,150,000 (slightly rounded).

Sale #	Price/SF
1	<$27.82
3	<$14.64
6	</=$10.54
Concluded subject range $8.15-$10.54/sf	
4	>$8.15
5	>$6.02

We conclude that commercial land within Blackstone ultimately will be absorbed at a price of approximately **$400,000 per acre, or slightly over $9 per square foot.** The commercial land comprises approximately three percent of the saleable land in the Blackstone development.

School Site

We are advised that the school district will be obliged to buy the school site. Typically, school sites are priced based on the value of the surrounding land (the land use that they, in effect, displace). Based on the residential sales, we conclude that the school site pricing should approximate **$350,000 per acre.**

COMPARABLE DATA SUMMARY TABLE, RETAIL SALES OF FINISHED LOT VILLAGES, OR EQUIVALENT

Sale No.	Location/APN or ID	Grantor/ Grantee/ Status at Delivery	Close Date Sales Price	Size (Acres, No. of Lots, Lots/Acre, Ave. Lot Size SF)	Price per Acre Price Per Lot Sp. Tax Per Lot/Yr. Fees Per Lot Cost to Finish Lots Finished Lot Cost FLC + Fees	Comments
1A.	Blackstone, Village 1, Large Lot 25, El Dorado Hills (part of subject), CA	Lennar, et al. Lennar Homes Graded Lots	2/05 $10,802,759	17.85 73 4.1 6,240	$605,061 $147,983 $1,300 $59,500 $27,000 **$175,000** $234,500	Buyer also receives 50% of any lot premiums. Sale is closed, but master developer has to rough grade.
1B.	Blackstone, Village 1, Large Lot 26, El Dorado Hills (part of subject), CA	Lennar, et al. Lennar Homes Graded Lots	2/05 $15,242,249	26.61 103 3.9 6,240	$572,823 $147,983 $1,300 $59,500 $27,000 **$175,000** $234,500	Buyer also receives 50% of any lot premiums. Sale is closed, but master developer has to rough grade.
1C.	Blackstone, Village 3, Large Lot 43, El Dorado Hills (part of subject), CA	Lennar, et al. Lennar Homes Graded Lots	2/05 $5,573,106	19.49 33 1.7 9,450	$285,976 $168,882 $1,300 $59,500 $37,800 **$206,700** $266,200	Buyer also receives 50% of any lot premiums. Sale is closed, but master developer has to rough grade.
1D.	Blackstone, Village 3, Large Lot 44, El Dorado Hills (part of subject), CA	Lennar, et al. Lennar Homes Graded Lots	2/05 $4,559,814	11.03 27 2.4 9,450	$413,326 $168,882 $1,300 $59,500 $37,800 **$206,700** $266,200	Buyer also receives 50% of any lot premiums. Sale is closed, but master developer has to rough grade.

RESIDENTIAL LAND ATTACHMENTS
Summary Table
Adjustment Tables
Data Sheets
Locator Maps

Sale No.	Location/APN or ID	Grantor/ Grantee/ Status at Delivery	Close Date Sales Price	Size (Acres, No. of Lots, Lots/Acre, Ave. Lot Size SF)	Price per Acre Price Per Lot Sp. Tax Per Lot/Yr. Fees Per Lot Cost to Finish Lots Finished Lot Cost FLC + Fees	Comments
1I.	Blackstone, Village 6, Large Lot 38, El Dorado Hills (part of subject), CA	Lennar, et al. Lennar Homes Graded Lots	2/05 $16,222,910	31.70 110 3.5 6,600	$511,748 $147,481 $1,300 $59,500 $27,500 **$175,000** $234,500	Buyer also receives 50% of any lot premiums Sale is closed, but master developer has to rough grade.
1J.	Blackstone, Village 6, Large Lot 40, El Dorado Hills (part of subject), CA	Lennar, et al. Lennar Homes Graded Lots	2/05 $11,208,556	21.48 76 3.5 6,600	$521,765 $147,481 $1,300 $59,500 $27,500 **$175,000** $234,500	Buyer also receives 50% of any lot premiums Sale is closed, but master developer has to rough grade.
1K.	Blackstone, Village 7, Large Lot 35, El Dorado Hills (part of subject), CA	Lennar, et al. Lennar Homes Graded Lots	2/05 $2,413,404	10.70 14 1.3 12,150	$225,531 $172,386 $1,300 $59,500 $53,000 **$225,400** $284,900	Buyer also receives 50% of any lot premiums Sale is closed, but master developer has to rough grade.
1L.	Blackstone, Village 7, Large Lot 36, El Dorado Hills (part of subject), CA	Lennar, et al. Lennar Homes Graded Lots	2/05 $4,826,808	18.29 28 1.5 12,150	$263,875 $172,386 $1,300 $59,500 $53,000 **$225,400** $284,900	Buyer also receives 50% of any lot premiums. Sale is closed, but master developer has to rough grade.

Sale No.	Location/APN or ID	Grantor/ Grantee/ Status at Delivery	Close Date Sales Price	Size (Acres, No. of Lots, Lots/Acre, Ave. Lot Size SF)	Price per Acre Price Per Lot Sp. Tax Per Lot/Yr. Fees Per Lot Cost to Finish Lots Finished Lot Cost FLC + Fees	Comments
1E.	Blackstone, Village 3, Large Lot 46, El Dorado Hills (part of subject), CA	Lennar, et al. Lennar Homes Graded Lots	2/05 $9,119,628	29.80 54 1.8 9,450	$306,048 $168,882 $1,300 $59,500 $37,800 **$206,700** $266,200	Buyer also receives 50% of any lot premiums. Sale is closed, but master developer has to rough grade.
1F.	Blackstone, Village 4, Large Lot 39, El Dorado Hills (part of subject), CA	Lennar, et al. Lennar Homes Graded Lots	2/05 $7,740,144	16.37 54 3.3 6,600	$472,825 $143,336 $1,300 $59,500 $31,700 **$175,000** $234,500	Buyer also receives 50% of any lot premiums. Sale is closed, but master developer has to rough grade.
1G.	Blackstone, Village 5A (Gated), Large Lot 30, El Dorado Hills (part of subject), CA	Lennar, et al. Lennar Homes Graded Lots	2/05 $3,997,700	14.75 25 1.7 12,150	$271,012 $159,908 $1,300 $59,500 $49,100 **$209,000** $268,500	Buyer also receives 50% of any lot premiums. Sale is closed, but master developer has to rough grade.
1H.	Blackstone, Village 5A (Gated), Large Lot 31, El Dorado Hills (part of subject), CA	Lennar, et al. Lennar Homes Graded Lots	2/05 $11,833,192	34.50 74 2.1 12,150	$343,001 $159,908 $1,300 $59,500 $49,100 **$209,000** $268,500	Buyer also receives 50% of any lot premiums. Sale is closed, but master developer has to rough grade.

Sale No.	Location/APN or ID	Grantor/ Grantee/ Status at Delivery	Close Date Sales Price	Size (Acres, No. of Lots, Lots/Acre, Ave. Lot Size SF)	Price per Acre Price Per Lot Sp. Tax Per Lot/Yr. Fees Per Lot Cost to Finish Lots Finished Lot Cost FLC + Fees	Comments
2B.	Blackstone, Village 2, Large Lot 48, El Dorado Hills (part of subject)	Lennar, et al. Centex Homes Graded Lots	12/04 $8,430,068	15.81 58 3.7 6,240	$533,110 $145,346 $1,300 $59,500 $27,200 **$172,500** $232,000	Buyer also receives 50% of any lot premiums. Sale is closed, but master developer has to rough grade.
3A.	Blackstone, Village 5B, (Gated) Large Lot 22, El Dorado Hills (part of subject), CA	Lennar, et al. Cambridge Homes Graded Lots	12/04 $4,323,550	15.37 25 1.6 12,150	$281,353 $172,942 $1,600 $59,500 $38,600 **$211,500** $271,000	Buyer also receives 50% of any lot premiums. Sale is closed, but master developer has to rough grade.
3B.	Blackstone, Village 5B, (Gated) Large Lot 32, El Dorado Hills (part of subject), CA	Lennar, et al. Cambridge Homes Graded Lots	12/04 $10,203,578	20.43 59 2.9 12,150	$499,563 $172,942 $1,600 $59,500 $38,600 **$211,500** $271,000	Buyer also receives 50% of any lot premiums Sale is closed, but master developer has to rough grade.
3C.	Blackstone, Village 5B, (Gated) Large Lot 34, El Dorado Hills (part of subject)	Lennar, et al. Cambridge Homes Graded Lots	12/04 $4,496,492	16.40 26 1.6 12,150	$274,243 $172,942 $1,600 $59,500 $38,600 **$211,500** $271,000	Buyer also receives 50% of any lot premiums Sale is closed, but master developer has to rough grade.

Sale No.	Location/APN or ID	Grantor/ Grantee/ Status at Delivery	Close Date Sales Price	Size (Acres, No. of Lots, Lots/Acre, Ave. Lot Size SF)	Price per Acre Price Per Lot Sp. Tax Per Lot/Yr. Fees Per Lot Cost to Finish Lots Finished Lot Cost FLC + Fees	Comments
1M.	Blackstone, Village 7, Large Lot 37, El Dorado Hills (part of subject), CA	Lennar, et al. Lennar Homes Graded Lots	2/05 $3,275,334	13.79 19 1.4 12,150	$237,481 $172,386 $1,300 $59,500 $53,000 **$225,400** $284,900	Buyer also receives 50% of any lot premiums. Sale is closed, but master developer has to rough grade.
1N.	Blackstone, Village 7, Large Lot 42, El Dorado Hills (part of subject), CA	Lennar, et al. Lennar Homes Graded Lots	2/05 $9,653,616	28.49 56 2.0 12,150	$338,878 $172,386 $1,300 $59,500 $53,000 **$225,400** $284,900	Buyer also receives 50% of any lot premiums. Sale is closed, but master developer has to rough grade.
1O.	Blackstone, Village 18 (Gated), Large Lot 23, El Dorado Hills (part of subject), CA	Lennar, et al. Lennar Homes Graded Lots	2/05 $16,456,707	24.74 107 4.3 5,460	$665,186 $153,801 $1,300 $59,500 $23,700 **$177,500** $237,000	Buyer also receives 50% of any lot premiums. Sale is closed, but master developer has to rough grade.
2A.	Blackstone, Village 2, Large Lot 47, El Dorado Hills (part of subject), CA	Lennar, et al. Centex Homes Graded Lots	12/04 $6,831,262	14.02 47 3.4 6,240	$487,182 $145,346 $1,300 $59,500 $27,200 **$172,500** $232,000	Buyer also receives 50% of any lot premiums. Sale is closed, but master developer has to rough grade.

Sale No.	Location/APN or ID	Grantor/ Grantee/ Status at Delivery	Close Date Sales Price	Size (Acres, No. of Lots, Lots/Acre, Ave. Lot Size SF)	Price per Acre Price Per Lot Sp. Tax Per Lot/Yr. Fees Per Lot Cost to Finish Lots Finished Lot Cost FLC + Fees	Comments
8.	Whitney Ranch, Lot 23, East of Highway 65 Rocklin, CA APN# 017-176-002	Whitney Ranch Rocklin, LLC Standard Pacific Whitney Village 10, LLC Graded Lots	10/04 $11,473,759	25.81 92 3.6 7,700	$444,547 $124,715 $1,700 $45,000 $25,000 **$149,700** $194,700	Sale is closed, but master developer has to rough grade.
9.	Whitney Ranch, Lot 25, East of Highway 65 Rocklin, CA APN# 017-176-004	Whitney Ranch Rocklin, LLC Shea Homes, LP Graded Lots	10/04 $15,974,870	30.21 134 4.4 6,050	$528,794 $119,215 $1,600 $36,000 $25,000 **$144,200** $180,200	Sale is closed, but master developer has to rough grade.
10.	Whitney Ranch, Lot 26, East of Highway 65 Rocklin, CA APN# 017-177-001	Whitney Ranch Rocklin, LLC Centex Homes Graded Lots	10/04 $13,173,304	27.98 78 2.8 11,040	$470,811 $168,889 $1,800 $45,000 $25,000 **$193,900** $238,900	Sale is closed, but master developer has to rough grade.
11.	Whitney Ranch, Lot 27, East of Highway 65 Rocklin, CA APN# 017-176-005	Whitney Ranch Rocklin, LLC William Lyon Homes, Inc. Graded Lots	10/04 $12,771,048	26.56 92 3.5 7,800	$480,838 $138,816 $1,700 $45,000 $25,000 **$163,800** $208,800	Sale is closed, but master developer has to rough grade.

Sale No.	Location/APN or ID	Grantor/ Grantee/ Status at Delivery	Close Date Sales Price	Size (Acres, No. of Lots, Lots/Acre, Ave. Lot Size SF)	Price per Acre Price Per Lot Sp. Tax Per Lot/Yr. Fees Per Lot Cost to Finish Lots Finished Lot Cost FLC + Fees	Comments
4.	Whitney Ranch, Lot 16, East of Highway 65 Rocklin, CA APN# 017-174-009	Whitney Ranch Rocklin, LLC Christopherson Homes Graded Lots	12/04 $9,100,360	22.46 60 2.7 9,100	$405,181 $151,673 $1,700 $45,000 $25,000 **$176,700** $221,700	Sale is closed, but master developer has to rough grade.
5.	Whitney Ranch, Lots 11 & 12, East of Highway 65 Rocklin, CA APN# 017-174-002 & 003	Whitney Ranch Rocklin, LLC Grupe Investment Co., Inc. Graded Lots	10/04 $12,417,544	30.29 144 4.8 6,050	$409,955 $86,233 $1,600 $36,000 $25,000 **$111,200** $147,200	Sale is closed, but master developer has to rough grade.
6.	Whitney Ranch, Lots 13 A & B, East of Highway 65 Rocklin, CA APN#017-174-004 & 005	Whitney Ranch Rocklin, LLC Standard Pacific Whitney Village 8, LLC Graded Lots	10/04 $15,513,296	29.03 137 4.7 6,050	$534,388 $113,236 $1,600 $36,000 $25,000 **$138,200** $174,200	Sale is closed, but master developer has to rough grade.
7.	Whitney Ranch, Lot 20, East of Highway 65 Rocklin, CA APN# 017-174-011	Whitney Ranch Rocklin, LLC Standard Pacific Whitney Village 13, LLC Graded Lots	10/04 $8,570,041	23.49 59 2.5 9,100	$364,838 $145,255 $1,700 $45,000 $25,000 **$170,300** $215,300	Sale is closed, but master developer has to rough grade.

Sale No.	Location/APN or ID	Grantor/ Grantee/ Status at Delivery	Close Date Sales Price	Size (Acres, No. of Lots, Lots/Acre, Ave. Lot Size SF)	Price per Acre Price Per Lot Sp. Tax Per Lot/Yr. Fees Per Lot Cost to Finish Lots Finished Lot Cost FLC + Fees	Comments
16.	Pulte Lots - Serrano, El Dorado Hills, CA	Serrano Associates LLC Pulte Homes Corp.	11/04 $19,470,000	23+ 118 5.07 7,150 Min.	$837,490 $168,100 $1,700 $23,500 $12,000 $180,100 $203,600	Not all lots finished, but had to be finished by seller. Buyer anticipated additional finishing cots of $12,000 lot.

Sale No.	Location/APN or ID	Grantor/ Grantee/ Status at Delivery	Close Date Sales Price	Size (Acres, No. of Lots, Lots/Acre, Ave. Lot Size SF)	Price per Acre Price Per Lot Sp. Tax Per Lot/Yr. Fees Per Lot Cost to Finish Lots Finished Lot Cost FLC + Fees	Comments
12.	Whitney Ranch, Lot 28, East of Highway 65 Rocklin, CA APN# 017-177-002	Whitney Ranch Rocklin, LLC Whitney Ranch Village 5, LLC Graded Lots	10/04 $9,504,432	15.42 96 6.2 4,000	$616,370 $99,005 $1,600 $36,000 $25,000 $124,000 $160,000	Sale is closed, but master developer has to rough grade.
13.	East Bidwell, East of Woodsmoke Way, Folsom, CA	Schumacher/Folsom East Bidwell, LP Beazer Homes Holdings Corp.	7/04 $12,000,000	23.86 89 3.7 11,678	$502,934 $134,831 $1,800 $40,000 $25,000 $159,800 $199,800	Sold with approved tentative map. This sale consists of vacant land with no grading or offsites at the time of sale.
14.	3100 to 3169 Green Valley Road, Shingle Springs, CA	M/M Collet Warmington Travois Associates, LP	6/04 $2,730,000	37.87 26 0.69 N/A	$72,089 $105,000 $1,800 $40,000 $25,000 $130,000 $170,000	The property sold with an approved final map. The site did have several old buildings on-site; however no contributory value was given for them.
15.	Yankee Hill Road, Rocklin, CA	M/M Tsakopoulos, Tr. K. Hovanian Forecast Homes, Inc.	9/03 $4,588,000	8.0 76 9.5 4,000 to 5,000	$573,500 $60,368 $1,300 $45,000 $25,000 $85,400 $130,400	The property consisted of a paper lot sale, with development out several years. Finishing costs are estimated.

3. LARGER LOT TABLE

COMPARABLE SALES ADJUSTMENTS - LARGER LOTS											
Comparable Sale	1G	1H	1K	1L	1J	1N	3A	3B	3C	10	13
Lot Size	12,150	12,150	12,150	12,150	12,150	12,150	12,150	12,150	12,150	11,040	11,678
Finished Lot Price or Estimate	$ 209,000	$ 209,000	$ 225,400	$ 225,400	$ 225,400	$ 225,400	$ 211,500	$ 211,500	$ 211,500	$ 193,900	$ 159,800
Adjust for premiums	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000		
Adjusted Price	$ 214,000	$ 214,000	$ 230,400	$ 230,400	$ 230,400	$ 230,400	$ 216,500	$ 216,500	$ 216,500	$ 193,900	$ 159,800
Qualitative, Judgmental Adjustments:											
Size										5%	
Special Tax Adjustment										5%	
Building Fee Differential											
Rights Conveyed											
Financing Terms											
Conditions of Sale											10%
Market Conditions											
Location										10%	10%
Total Qualitative Adjustments	0%	0%	0%	0%	0%	0%	0%	0%	0%	20%	20%
Resulting Value Estimate	$ 214,000	$ 214,000	$ 230,400	$ 230,400	$ 230,400	$ 230,400	$ 216,500	$ 216,500	$ 216,500	$ 232,680	$ 191,760
Blended Value Opinion for Subject:		$ 230,000									

1. SMALL LOT TABLE

COMPARABLE SALES ADJUSTMENTS - SMALLER LOTS														
Comparable Sale	1A	1B	1F	1I	1J	1O	2A	2B	5	6	9	12	15	16
Lot Size	6,240	6,240	6,600	6,600	6,600	5,460	6,240	6,240	6,050	6,050	6,050	4,000	4,500	7,150
Finished Lot Price or Estimate	$ 175,000	$ 175,000	$ 175,000	$ 175,000	$ 175,000	$ 177,500	$ 172,500	$ 172,500	$ 111,200	$ 136,200	$ 144,200	$ 124,000	$ 85,400	$ 177,000
Adjust for premiums	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000						$ 3,100
Adjusted Price	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 182,500	$ 177,500	$ 177,500	$ 111,200	$ 136,200	$ 144,200	$ 124,000	$ 85,400	$ 180,100
Qualitative, Judgmental Adjustments:														
Size												10%	15%	
Special Tax Adjustment									5%	5%	5%	5%		
Building Fee Differential														
Rights Conveyed														
Financing Terms														
Conditions of Sale									20%					
Market Conditions													25%	5%
Location									10%	10%	10%	10%	10%	-5%
Total Qualitative Adjustments	0%	0%	0%	0%	0%	0%	0%	0%	35%	15%	15%	25%	50%	0%
Resulting Value Estimate	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 182,500	$ 177,500	$ 177,500	$ 150,120	$ 156,630	$ 165,830	$ 155,000	$ 128,100	$ 180,100
Blended Value Opinion for Subject:		$ 180,000												

2. MEDIUM LOT TABLE

COMPARABLE SALES ADJUSTMENTS - MEDIUM LOTS						
Comparable Sale	1C	1D	1E	4	8	11
Lot Size	9,450	9,450	9,450	9,100	7,700	7,800
Finished Lot Price or Estimate	$ 206,700	$ 206,700	$ 206,700	$ 176,700	$ 149,700	$ 163,800
Adjust for premiums	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000
Adjusted Price	$ 211,700	$ 211,700	$ 211,700	$ 181,700	$ 154,700	$ 168,800
Qualitative, Judgmental Adjustments:						
Size					10%	10%
Special Tax Adjustment				5%	5%	5%
Building Fee Differential				-5%	-5%	-5%
Rights Conveyed						
Financing Terms						
Conditions of Sale						
Market Conditions						
Location				15%	15%	15%
Total Qualitative Adjustments	0%	0%	0%	15%	25%	25%
Resulting Value Estimate	$ 211,700	$ 211,700	$ 211,700	$ 208,955	$ 193,375	$ 211,000
Blended Value Opinion for Subject:		$ 212,000				

LAND SALE NO. 1A.

Property Identification	
Record ID	146
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 1 (Lot 25), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar, et al.
Grantee	Lennar Homes
Sale Date	February 1, 2005
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$10,802,759
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 6,240 sf
Shape	Irregular
Landscaping	Finished Lots
Land Size Information	
Gross Land Size	17.850 Acres or 777,546 SF
Planned Units	73
Indicators	
Sale Price/Gross Acre	$605,197
Sale Price/Gross SF	$13.89
Sale Price/Unit	$147,983

Remarks
This comparable sale was purchased for $10,802,759, or $147,983 per lot in February of 2005. The property consisted of 73 single family residential finished lots, with an average lot size of 6,240 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 1B.

Property Identification	
Record ID	147
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 1 (Lot 26), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar, et al.
Grantee	Lennar Homes
Sale Date	February 1, 2005
Financing	?
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$15,242,249
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical Lot size 6,240
Shape	Irregular
Landscaping	Finished Lots
Land Size Information	
Gross Land Size	26.610 Acres or 1,159,132 SF
Planned Units	103
Indicators	
Sale Price/Gross Acre	$572,802
Sale Price/Gross SF	$13.15
Sale Price/Unit	$147,983

Remarks
This comparable sale was purchased for $15,242,249, or $147,983 per lot in February of 2005. The property consisted of 103 single family residential finished lots, with an average lot size of 6,240 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 1C.

Property Identification	
Record ID	148
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 3 (Lot 43), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar, et al.
Grantee	Lennar Homes
Sale Date	February 1, 2005
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$5,573,106
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 9,450 sf
Shape	Irregular
Landscaping	Finished Lots
Land Size Information	
Gross Land Size	19.490 Acres or 848,984 SF
Planned Units	33
Indicators	
Sale Price/Gross Acre	$285,947
Sale Price/Gross SF	$6.56
Sale Price/Unit	$168,882

Remarks
This comparable sale was purchased for $5,573,106, or $168,882 per lot in February of 2005. The property consisted of 33 single family residential finished lots, with an average lot size of 9,450 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 1D.

Property Identification	
Record ID	149
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 3 (Lot 44), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar, et al.
Grantee	Lennar Homes
Sale Date	February 1, 2005
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$4,559,814
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 9,450 sf
Shape	Irregular
Landscaping	Finished lots
Land Size Information	
Gross Land Size	11.030 Acres or 480,467 SF
Planned Units	27
Indicators	
Sale Price/Gross Acre	$413,401
Sale Price/Gross SF	$9.49
Sale Price/Unit	$168,882

Remarks
This comparable sale was purchased for $4,559,814, or $168,882 per lot in February of 2005. The property consisted of 27 single family residential finished lots, with an average lot size of 9,450 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 1E.

Property Identification	
Record ID	150
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 3 (Lot 46), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar, et al.
Grantee	Lennar Homes
Sale Date	February 1, 2005
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$9,119,628
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 9,450 sf
Shape	Irregular
Landscaping	Finished Lots
Land Size Information	
Gross Land Size	29.800 Acres or 1,298,088 SF
Planned Units	54
Indicators	
Sale Price/Gross Acre	$306,028
Sale Price/Gross SF	$7.03
Sale Price/Unit	$168,882

Remarks

This comparable sale was purchased for $9,119,628, or $168,882 per lot in February of 2005. The property consisted of 54 single family residential finished lots, with an average lot size of 9,450 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 1F.

Property Identification	
Record ID	154
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 4 (Lot 39), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar, et al.
Grantee	Lennar Homes
Sale Date	February 1, 2005
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$7,740,144
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 6,600 sf
Shape	Irregular
Landscaping	Finished Lots
Land Size Information	
Gross Land Size	16.370 Acres or 713,077 SF
Planned Units	54
Indicators	
Sale Price/Gross Acre	$472,825
Sale Price/Gross SF	$10.85
Sale Price/Unit	$143,336

Remarks

This comparable sale was purchased for $7,740,144, or $143,336 per lot in February of 2005. The property consisted of 54 single family residential finished lots, with an average lot size of 6,600 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 1G.

Property Identification	
Record ID	155
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 5A (Gated, lot 30), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar, et al.
Grantee	Lennar Homes
Sale Date	February 1, 2005
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$3,997,700
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 12,150 sf
Shape	Irregular
Landscaping	Finished Lots
Land Size Information	
Gross Land Size	14.750 Acres or 642,510 SF
Planned Units	25
Indicators	
Sale Price/Gross Acre	$271,031
Sale Price/Gross SF	$6.22
Sale Price/Unit	$159,908

Remarks
This comparable sale was purchased for $3,997,700, or $159,908 per lot in February of 2005. The property consisted of 25 single family residential finished lots, with an average lot size of 12,150 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 1H.

Property Identification	
Record ID	156
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 5A (Gated, lot 31), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Tax ID	?
Sale Data	
Grantor	Lennar, et al.
Grantee	Lennar Homes
Sale Date	February 1, 2005
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$11,883,192
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 12,150 sf
Shape	Irregular
Landscaping	Finished Lots
Land Size Information	
Gross Land Size	34.500 Acres or 1,502,820 SF
Planned Units	74
Indicators	
Sale Price/Gross Acre	$344,440
Sale Price/Gross SF	$7.91
Sale Price/Unit	$160,584

Remarks
This comparable sale was purchased for $11,833,192, or $159,908 per lot in February of 2005. The property consisted of 74 single family residential finished lots, with an average lot size of 12,150 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 1I.

Property Identification	
Record ID	181
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 6 (Lot 38), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar, et al.
Grantee	Lennar Homes
Sale Date	February 1, 2005
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$16,222,910
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 6,600 sf
Shape	Irregular
Landscaping	Finished Lots
Land Size Information	
Gross Land Size	31.700 Acres or 1,380,852 SF
Planned Units	110
Indicators	
Sale Price/Gross Acre	$511,764
Sale Price/Gross SF	$11.75
Sale Price/Unit	$147,481

Remarks

This comparable sale was purchased for $16,222,910, or $511,748 per lot in February of 2005. The property consisted of 110 single family residential finished lots, with an average lot size of 6,600 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 1 J.

Property Identification	
Record ID	182
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 6 (Lot 40), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar, et al.
Grantee	Lennar Homes
Sale Date	February 1, 2005
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$11,208,556
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 6,600 sf
Shape	Irregular
Landscaping	Finished Lots
Land Size Information	
Gross Land Size	21.480 Acres or 935,669 SF
Planned Units	76
Indicators	
Sale Price/Gross Acre	$521,814
Sale Price/Gross SF	$11.98
Sale Price/Unit	$147,481

Remarks

This comparable sale was purchased for $11,208,556, or $521,765 per lot in February of 2005. The property consisted of 76 single family residential finished lots, with an average lot size of 6,600 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 1K.

Property Identification	
Record ID	157
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 7 (Lot 35), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar, et al.
Grantee	Lennar Homes
Sale Date	February 1, 2005
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$2,413,404
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 12,150 sf
Shape	Irregular
Landscaping	Finished Lots
Land Size Information	
Gross Land Size	10.700 Acres or 466,092 SF
Planned Units	14
Indicators	
Sale Price/Gross Acre	$225,552
Sale Price/Gross SF	$5.18
Sale Price/Unit	$172,386

Remarks
This comparable sale was purchased for $2,413,404, or $172,386 per lot in February of 2005. The property consisted of 14 single family residential finished lots, with an average lot size of 12,150 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 1L.

Property Identification	
Record ID	158
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 7 (Lot 36), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar, et al.
Grantee	Lennar Homes
Sale Date	February 1, 2005
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$4,826,808
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 12,150 sf
Shape	Irregular
Landscaping	Finished Lots
Land Size Information	
Gross Land Size	18.290 Acres or 796,712 SF
Planned Units	28
Indicators	
Sale Price/Gross Acre	$263,904
Sale Price/Gross SF	$6.06
Sale Price/Unit	$172,386

Remarks
This comparable sale was purchased for $4,826,808, or $172,386 per lot in February of 2005. The property consisted of 28 single family residential finished lots, with an average lot size of 12,150 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 1M.

Property Identification	
Record ID	159
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 7 (Lot 37), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar, et al.
Grantee	Lennar Homes
Sale Date	February 1, 2005
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$3,275,334
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 12,150 sf
Shape	Irregular
Landscaping	Finished Lots
Land Size Information	
Gross Land Size	13.790 Acres or 600,692 SF
Planned Units	19
Indicators	
Sale Price/Gross Acre	$237,515
Sale Price/Gross SF	$5.45
Sale Price/Unit	$172,386

Remarks

This comparable sale was purchased for $3,275,334, or $172,386 per lot in February of 2005. The property consisted of 19 single family residential finished lots, with an average lot size of 12,150 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 1N.

Property Identification	
Record ID	160
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 7 (Lot 42), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar, et al.
Grantee	Lennar Homes
Sale Date	February 1, 2005
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$9,653,616
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 12,150 sf
Shape	Irregular
Landscaping	Finished Lots
Land Size Information	
Gross Land Size	28.490 Acres or 1,241,024 SF
Planned Units	56
Indicators	
Sale Price/Gross Acre	$338,842
Sale Price/Gross SF	$7.78
Sale Price/Unit	$172,386

Remarks

This comparable sale was purchased for $9,653,616, or $172,386 per lot in February of 2005. The property consisted of 56 single family residential finished lots, with an average lot size of 12,150 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 1O.

Property Identification	
Record ID	183
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 18 (Gated, Lot 23), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar, et al.
Grantee	Lennar Homes
Sale Date	February 1, 2005
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$16,456,707
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 5,460 sf
Shape	Irregular
Landscaping	Finished Lots
Land Size Information	
Gross Land Size	24.740 Acres or 1,077,674 SF
Planned Units	107
Indicators	
Sale Price/Gross Acre	$665,186
Sale Price/Gross SF	$15.27
Sale Price/Unit	$153,801

Remarks
This comparable sale was purchased for $16,456,707, or $665,186 per lot in February of 2005. The property consisted of 107 single family residential finished lots, with an average lot size of 5,460 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 2A.

Property Identification	
Record ID	144
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 2 (Lot 47), El Dorado Hills, El Dorado Hills, El Dorado County
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar Communities
Grantee	Centex Homes
Sale Date	December 1, 2004
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$6,831,262
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 6,240 sf
Shape	Irregular
Landscaping	Finished Lots
Land Size Information	
Gross Land Size	14.020 Acres or 610,711 SF
Planned Units	47
Indicators	
Sale Price/Gross Acre	$487,251
Sale Price/Gross SF	$11.19
Sale Price/Unit	$145,346

Remarks
This comparable sale was purchased for $6,831,262, or $145,346 per lot in December of 2004. The property consisted of 47 single family residential finished lots, with an average lot size of 6,240 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 2B.

Property Identification	
Record ID	145
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 2 (Lot 48), El Dorado Hills, El Dorado Hills, El Dorado County
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar Communities
Grantee	Centex Homes
Sale Date	December 1, 2004
Verification	Lennar, internal report; Confirmed by Steve Rosenthal
Sale Price	$8,430,068
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 6,240 sf
Shape	Irregular
Landscaping	Finished Lots
Land Size Information	
Gross Land Size	15.810 Acres or 688,684 SF
Planned Units	58
Indicators	
Sale Price/Gross Acre	$533,211
Sale Price/Gross SF	$12.24
Sale Price/Unit	$145,346

Remarks
This comparable sale was purchased for $8,430,068, or $145,346 per lot in December of 2004. The property consisted of 58 single family residential finished lots, with an average lot size of 6,240 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 3A.

Property Identification	
Record ID	67
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 5B (Lot 22), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar Communities
Grantee	Cambridge
Sale Date	December 1, 2004
Verification	Lennar, internal report, February 10, 2005; Confirmed by Steve Rosenthal
Sale Price	$4,323,550
Land Data	
Zoning	ER-2
Topography	Level, graded pads when closed
Utilities	At the site
Dimensions	Typical lot size of 12,150 sf
Shape	Typical lot is 90 x 135
Landscaping	Graded Village
Land Size Information	
Gross Land Size	15.370 Acres or 669,517 SF
Planned Units	25
Indicators	
Sale Price/Gross Acre	$281,298
Sale Price/Gross SF	$6.46
Sale Price/Unit	$172,942

Remarks
This comparable sale was purchased for $4,323,550, or $172,942 per lot in December of 2004. The property consisted of 25 single family residential finished lots that are located in a gated subdivision, with an average lot size of 12,150 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 3B.

Property Identification	
Record ID	71
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 5B (Gated lot 32), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar Communities
Grantee	Cambridge
Sale Date	December 1, 2004
Verification	Lennar, internal report, February 10, 2005; Confirmed by Steve Rosenthal
Sale Price	$10,203,578
Land Data	
Zoning	ER-2
Topography	Level, graded pads when closed
Utilities	At the site
Dimensions	Typical lot size of 12,150 sf
Shape	Typical lot is 90 x 135
Landscaping	Graded Village
Land Size Information	
Gross Land Size	20.430 Acres or 889,931 SF
Planned Units	59
Indicators	
Sale Price/Gross Acre	$499,441
Sale Price/Gross SF	$11.47
Sale Price/Unit	$172,942

Remarks

This comparable sale was purchased for $10,203,578, or $172,942 per lot in December of 2004. The property consisted of 59 single family residential finished lots that are located in a gated subdivision, with an average lot size of 12,150 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 3C

Property Identification	
Record ID	72
Property Type	Residential, Residential
Property Name	Blackstone
Address	Blackstone, Village 5B (Gated, lot 34), El Dorado Hills, El Dorado Hills, El Dorado County, California
Location	South of Highway 50, just East of Latrobe Road
Sale Data	
Grantor	Lennar Communities
Grantee	Cambridge
Sale Date	December 1, 2004
Verification	Lennar, internal report, February 10, 2005; Confirmed by Steve Rosenthal
Sale Price	$4,496,492
Land Data	
Zoning	ER-2
Topography	Level, graded pads when closed
Utilities	At the site
Dimensions	Typical lot size of 12,150 sf
Shape	Irregular
Landscaping	Graded Village
Land Size Information	
Gross Land Size	16.400 Acres or 714,384 SF
Planned Units	26
Indicators	
Sale Price/Gross Acre	$274,176
Sale Price/Gross SF	$6.29
Sale Price/Unit	$172,942

Remarks

This comparable sale was purchased for $4,496,492, or $172,942 per lot in December of 2004. The property consisted of 26 single family residential finished lots that are located in a gated subdivision, with an average lot size of 12,150 square feet. The site is located south of Highway 50 off Latrobe Road in El Dorado Hills and situated within the proposed Blackstone residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated CFD Special tax payments are $1,300 per lot. Anticipated development fees are estimated to be $59,000 per lot according to Lennar Communities.

LAND SALE NO. 4

Property Identification	
Record ID	168
Property Type	Residential, Residential
Property Name	Whitney Ranch
Address	Whitney Ranch (Lot 16), Rocklin, Placer County, California
Location	Whitney Ranch (Lot 16)
Tax ID	017-174-009
Sale Data	
Grantor	Whitney Ranch Rocklin, LLC
Grantee	Christopherson Homes
Sale Date	December 10, 2004
Verification	Gale Wild, Newland Properties; Confirmed by Steve Rosenthal
Sale Price	$9,100,360
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 9,100 sf
Shape	Irregular
Landscaping	Graded Lots
Land Size Information	
Gross Land Size	22.460 Acres or 978,358 SF
Planned Units	60
Indicators	
Sale Price/Gross Acre	$405,181
Sale Price/Gross SF	$9.30
Sale Price/Unit	$151,673

Remarks
This comparable sale was purchased for $9,100,360, or $151,673 per lot in December of 2004. The property consisted of 60 single family residential finished lots, with an average lot size of 9,100 square feet . The site is located east of Highway 65 in the City of Rocklin and situated within the proposed Whitney Ranch residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated development fees are estimated to be $45,000 per lot according to Whitney Ranch, LLC.

LAND SALE NO. 5

Property Identification	
Record ID	169
Property Type	Residential, Residential
Property Name	Whitney Ranch
Address	Whitney Ranch (Lots 11 & 12), Rocklin, Placer County, California
Location	Whitney Ranch (Lots 11 & 12), east of Highway 65
Tax ID	017-174-002 & 003
Sale Data	
Grantor	Whitney Ranch Rocklin, LLC
Grantee	Grupe Investment Co., Inc.
Sale Date	October 1, 2004
Verification	Gale Wild, Newland Properties; Confirmed by Steve Rosenthal
Sale Price	$12,417,544
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 6,050 sf
Shape	Irregular
Landscaping	Graded Lots
Land Size Information	
Gross Land Size	30.290 Acres or 1,319,432 SF
Planned Units	144
Indicators	
Sale Price/Gross Acre	$409,955
Sale Price/Gross SF	$9.41
Sale Price/Unit	$86,233

Remarks
This comparable sale was purchased for $12,417,544, or $86,233 per lot in December of 2004. The property consisted of144 single family residential finished lots, with an average lot size of 6,050 square feet. The site is located east of Highway 65 in the City of Rocklin and situated within the proposed Whitney Ranch residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated development fees are estimated to be $36,000 per lot according to Whitney Ranch, LLC.

LAND SALE NO. 6

Property Identification	
Record ID	170
Property Type	Residential, Residential
Property Name	Whitney Ranch
Address	Whitney Ranch (Lots 13 A & B), Rocklin, Placer County, California
Location	Whitney Ranch (Lots 13 A & B), east of Highway 65
Tax ID	017-174-004 & 005
Sale Data	
Grantor	Whitney Ranch Rocklin, LLC
Grantee	Standard Pacific Whitney Village 8, LLC
Sale Date	October 1, 2004
Verification	Gale Wild, Newland Properties; Confirmed by Steve Rosenthal
Sale Price	$15,513,296
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 6,050 sf
Shape	Irregular
Landscaping	Graded Lots
Land Size Information	
Gross Land Size	29.030 Acres or 1,264,547 SF
Planned Units	137
Indicators	
Sale Price/Gross Acre	$534,388
Sale Price/Gross SF	$12.27
Sale Price/Unit	$113,236

Remarks

This comparable sale was purchased for $15,513,296, or $113,236 per lot in December of 2004. The property consisted of 137 single family residential finished lots, with an average lot size of 6,050 square feet. The site is located east of Highway 65 in the City of Rocklin and situated within the proposed Whitney Ranch residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated development fees are estimated to be $36,000 per lot according to Whitney Ranch, LLC.

LAND SALE NO. 7

Property Identification	
Record ID	171
Property Type	Residential, Residential
Property Name	Whitney Ranch
Address	Whitney Ranch (Lot 20), Rocklin, Placer County, California
Location	Whitney Ranch (Lot 20), east of Highway 65
Tax ID	017-174-011
Sale Data	
Grantor	Whitney Ranch Rocklin, LLC
Grantee	Standard Pacific Whitney Village 13, LLC
Sale Date	October 1, 2004
Verification	Gale Wild, Newland Properties
Sale Price	$8,570,041
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 9,100 sf
Shape	Irregular
Landscaping	Graded Lots
Land Size Information	
Gross Land Size	23.490 Acres or 1,023,224 SF
Planned Units	59
Indicators	
Sale Price/Gross Acre	$364,838
Sale Price/Gross SF	$8.38
Sale Price/Unit	$145,255

Remarks

This comparable sale was purchased for $8,570,041, or $145,255 per lot in December of 2004. The property consisted of 59 single family residential finished lots, with an average lot size of 9,100 square feet. The site is located east of Highway 65 in the City of Rocklin and situated within the proposed Whitney Ranch residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated development fees are estimated to be $45,000 per lot according to Whitney Ranch, LLC.

LAND SALE NO. 8

Property Identification	
Record ID	172
Property Type	Residential, Residential
Property Name	Whitney Ranch
Address	Whitney Ranch (Lot 23), Rocklin, Placer County, California
Location	Whitney Ranch (Lot 23), east of Highway 65
Tax ID	017-176-002
Sale Data	
Grantor	Whitney Ranch Rocklin, LLC
Grantee	Standard Pacific Whitney Village 10, LLC
Sale Date	October 1, 2004
Verification	Gale Wild, Newland Properties; Confirmed by Steve Rosenthal
Sale Price	$11,473,759
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 7,700 sf
Shape	Irregular
Landscaping	Graded Lots
Land Size Information	
Gross Land Size	25.810 Acres or 1,124,284 SF
Planned Units	92
Indicators	
Sale Price/Gross Acre	$444,547
Sale Price/Gross SF	$10.21
Sale Price/Unit	$124,715

Remarks

This comparable sale was purchased for $11,473,759, or $124,715 per lot in December of 2004. The property consisted of 92 single family residential finished lots, with an average lot size of 7,700 square feet. The site is located east of Highway 65 in the City of Rocklin and situated within the proposed Whitney Ranch residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated development fees are estimated to be $45,000 per lot according to Whitney Ranch, LLC.

LAND SALE NO. 9

Property Identification	
Record ID	173
Property Type	Residential, Residential
Property Name	Whitney Ranch
Address	Whitney Ranch (Lot 25), Rocklin, Placer County, California
Location	Whitney Ranch (Lot 25), east of Highway 65
Tax ID	017-176-004
Sale Data	
Grantor	Whitney Ranch Rocklin, LLC
Grantee	Shea Homes, LP
Sale Date	October 1, 2004
Verification	Gale Wild, Newland Properties; Confirmed by Steve Rosenthal
Sale Price	$15,974,870
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 6,050 sf
Shape	Irregular
Landscaping	Graded Lots
Land Size Information	
Gross Land Size	30.210 Acres or 1,315,948 SF
Planned Units	134
Indicators	
Sale Price/Gross Acre	$528,794
Sale Price/Gross SF	$12.14
Sale Price/Unit	$119,215

Remarks

This comparable sale was purchased for $15,974,870, or $119,215 per lot in December of 2004. The property consisted of 134 single family residential finished lots, with an average lot size of 6,050 square feet. The site is located east of Highway 65 in the City of Rocklin and situated within the proposed Whitney Ranch residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated development fees are estimated to be $36,000 per lot according to Whitney Ranch, LLC.

LAND SALE NO. 10

Property Identification	
Record ID	177
Property Type	Residential, Residential
Property Name	Whitney Ranch
Address	Whitney Ranch (Lot 26), Rocklin, Placer County, California
Location	Whitney Ranch (Lot 26), east of Highway 65
Tax ID	017-177-001
Sale Data	
Grantor	Whitney Ranch Rocklin, LLC
Grantee	Centex Homes
Sale Date	October 1, 2004
Verification	Gale Wild, Newland Properties; Confirmed by Steve Rosenthal
Sale Price	$13,173,304
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 11,040 sf
Shape	Irregular
Landscaping	Graded Lots
Land Size Information	
Gross Land Size	27.980 Acres or 1,218,809 SF
Planned Units	78
Indicators	
Sale Price/Gross Acre	$470,811
Sale Price/Gross SF	$10.81
Sale Price/Unit	$168,889

Remarks
This comparable sale was purchased for $13,173,304, or $168,889 per lot in December of 2004. The property consisted of 78 single family residential finished lots, with an average lot size of 11,040 square feet. The site is located east of Highway 65 in the City of Rocklin and situated within the proposed Whitney Ranch residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated development fees are estimated to be $45,000 per lot according to Whitney Ranch, LLC.

LAND SALE NO. 11

Property Identification	
Record ID	178
Property Type	Residential, Residential
Property Name	Whitney Ranch
Address	Whitney Ranch (Lot 27), Rocklin, Placer County, California
Location	Whitney Ranch (Lot 27), east of Highway 65
Tax ID	017-176-005
Sale Data	
Grantor	Whitney Ranch Rocklin, LLC
Grantee	William Lyon Homes, Inc.
Sale Date	October 1, 2004
Verification	Gale Wild, Newland Properties; Confirmed by Steve Rosenthal
Sale Price	$12,771,048
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 7,800 sf
Shape	Irregular
Landscaping	Graded Lots
Land Size Information	
Gross Land Size	26.560 Acres or 1,156,954 SF
Planned Units	92
Indicators	
Sale Price/Gross Acre	$480,838
Sale Price/Gross SF	$11.04
Sale Price/Unit	$138,816

Remarks
This comparable sale was purchased for $12,771,048, or $138,816 per lot in December of 2004. The property consisted of 92 single family residential finished lots, with an average lot size of 7,800 square feet. The site is located east of Highway 65 in the City of Rocklin and situated within the proposed Whitney Ranch residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated development fees are estimated to be $45,000 per lot according to Whitney Ranch, LLC.

LAND SALE NO. 12

Property Identification	
Record ID	179
Property Type	Residential, Residential
Property Name	Whitney Ranch
Address	Whitney Ranch (Lot 28), Rocklin, Placer County, California
Location	Whitney Ranch (Lot 28), east of Highway 65
Tax ID	017-177-002
Sale Data	
Grantor	Whitney Ranch Rocklin, LLC
Grantee	Whitney Ranch Village 5, LLC
Sale Date	October 10, 2004
Verification	Gale Wild, Newland Properties; Confirmed by Steve Rosenthal
Sale Price	$9,504,432
Land Data	
Topography	Level
Utilities	At the site
Dimensions	Typical lot size of 4,000 sf
Shape	Irregular
Landscaping	Graded Lots
Land Size Information	
Gross Land Size	15.420 Acres or 671,695 SF
Planned Units	96
Indicators	
Sale Price/Gross Acre	$616,370
Sale Price/Gross SF	$14.15
Sale Price/Unit	$99,005

Remarks

This comparable sale was purchased for $9,504,432, or $99,005 per lot in December of 2004. The property consisted of 96 single family residential finished lots, with an average lot size of 4,000 square feet. The site is located east of Highway 65 in the City of Rocklin and situated within the proposed Whitney Ranch residential, commercial and retail subdivision. The village will be delivered with all lots graded and interior roads cut in. Spine streets throughout the development will be finished. Anticipated development fees are estimated to be $36,000 per lot according to Whitney Ranch, LLC.

LAND SALE NO. 13

Property Identification	
Record ID	184
Property Type	Residential, Residential
Property Name	Fieldstone Meadows
Address	East Bidwell Street, east of Woodsmoke Way, Folsom, Sacramento County, California
Location	East Bidwell Street, east of Woodsmoke Way
Tax ID	072-0032-004
Sale Data	
Grantor	Schumacher/Folsom East Bidwell, LP
Grantee	Beazer Homes Holdings Corporation
Sale Date	July 30, 2004
Verification	Marlayna Harney, (916) 773-8888, February 14, 2005; Confirmed by Natalie Hawley
Sale Price	$12,000,000
Land Data	
Topography	Level to gently sloping
Utilities	At the street frontage
Dimensions	Typical lot size of 11,678 sf
Shape	Irregular
Landscaping	Paper Lots
Land Size Information	
Gross Land Size	23.860 Acres or 1,039,342 SF
Planned Units	89
Indicators	
Sale Price/Gross Acre	$502,934
Sale Price/Gross SF	$11.55
Sale Price/Unit	$134,831

Remarks

This comparable sale was purchased for approximately $12,000,000 , or $134,831 per lot in July of 2004. The property consisted raw land at the time of sale and Beazer Homes intends to develop 89 single family residential lots, with an average lot size of11,678 square feet . The property sold with an approved tentative map and has a good location in central Folsom, with good exposure and access from East Bidwell Street.

LAND SALE NO. 14

Property Identification

Record ID	73
Property Type	Residential, Residential
Property Name	Travois
Address	3100-3169 Green Valley Road, Shingle Springs, El Dorado County, California
Location	3100-3169 Green Valley Road, Shingle Springs

Sale Data

Grantor	Robert & Bette Collet
Grantee	Warmington Travois Associates, LP
Sale Date	June 11, 2004
Deed Book/Page	1796
Financing	Unspecified amount down; construction loan for $13,733,000 from Residential funding
Verification	Amelia Gilbert, (714) 557-5511, February 14, 2005; Confirmed by Natalie Hawley
Sale Price	$2,730,000

Land Data

Zoning	?
Topography	Level, gently sloping
Utilities	At the site
Dimensions	Typical lot size varies
Shape	Rectangular
Landscaping	Finished Lots

Land Size Information

Gross Land Size	37.867 Acres or 1,649,487 SF
Planned Units	26

Indicators

Sale Price/Gross Acre	$72,094
Sale Price/Gross SF	$1.66
Sale Price/Unit	$105,000

Remarks
This comparable consists of a sale of 26 finished lots for $2,730,000, or $105,000 per lot. The property sold with a final map at the time of sale with no assessment bonds. The site was improved with three buildings that had little contributory value at the time of sale. In addition, this property is located on the outskirts of Cameron Park in a developing residential area.

LAND SALE NO. 15

Property Identification

Record ID	180
Property Type	Residential, Residential
Address	Yankee Hill Road, Rocklin, Placer County, California
Location	Yankee Hill Road
Tax ID	045-010-024, 025, & 026

Sale Data

Grantor	M/M Tsakopoulos, Trust
Grantee	K. Hovnanian Forecast Homes, Inc.
Sale Date	September 10, 2004
Deed Book/Page	155587
Financing	All cash
Verification	Tom Harry, listing broker, (916) 929-0262, February 10, 2004; Confirmed by Natalie Hawley
Sale Price	$4,588,000

Land Data

Topography	Level
Utilities	At the street frontage
Dimensions	Typical lot sizes range from 4,000 to 5,000 sf
Shape	Irregular
Landscaping	Paper Lot

Land Size Information

Gross Land Size	8.000 Acres or 348,480 SF
Planned Units	76

Indicators

Sale Price/Gross Acre	$573,500
Sale Price/Gross SF	$13.17
Sale Price/Unit	$60,368

Remarks
This comparable sale was purchased for $4,588,000, or $60,368 per lot in September of 2004. The property consisted of 76 single family residential paper lots, with an average lot size ranging from 4,000 to 5,000 square feet. The site is located on Yankee Hill Road in an older portion of the City of Rocklin. According to the listing broker Forecast Homes purchased another site on Taylor Road, near the subject property, for development of three model homes for this project. They purchased the model home site in September of 2003 for $324,000, or $108,000 per lot.

LAND SALE NO. 16

Property Identification	
Record ID	241
Property Type	Bulk Finished, Residential
Property Name	Pulte Lots, Serrano
Address	Various; in Units A, C, G and J, El Dorado Hills, El Dorado County, California 95762
Location	Serrano El Dorado Hills
Sale Data	
Grantor	Serrano Associates LLC
Grantee	Pulte Homes Corporation
Sale Date	June 11, 2004 Initial takedown
Deed Book/Page	2004-0047332
Property Rights	Fee
Marketing Time	Short
Conditions of Sale	All lots had to be finished as delivered
Financing	Internal
Verification	Pulte Source, April 17, 2005; Other sources: Deeds; Confirmed by Steve Rosenthal
Sale Price	$19,470,000
Land Data	
Zoning	Residential
Topography	Somewhat rolling
Utilities	All available to lots
Dimensions	Various
Shape	Various
Landscaping	Finished lots as delivered
Land Size Information	
Gross Land Size	23.250 Acres or 1,012,770 SF
Useable Land Size	19.369 Acres or 843,700 SF
Planned Units	118
Indicators	
Sale Price/Gross Acre	$837,419
Sale Price/Gross SF	$19.22
Sale Price/Useable Acre	$1,005,231
Sale Price/Useable SF	$23.08
Sale Price/Unit	$165,000

Remarks

Acreage cited is approximate. There were actually 2 closings as follows: 6/11/04: Parcel 1, Village A, 23 finished; Parcel 2, Village C 23 finished; and Parcel 3, Villages G9 and G10 lots, 15 lots with large lot final map with tentative small lot maps approved.
6/22/04: Village J, 53 lots with large lot final and tentative small lot map approved.

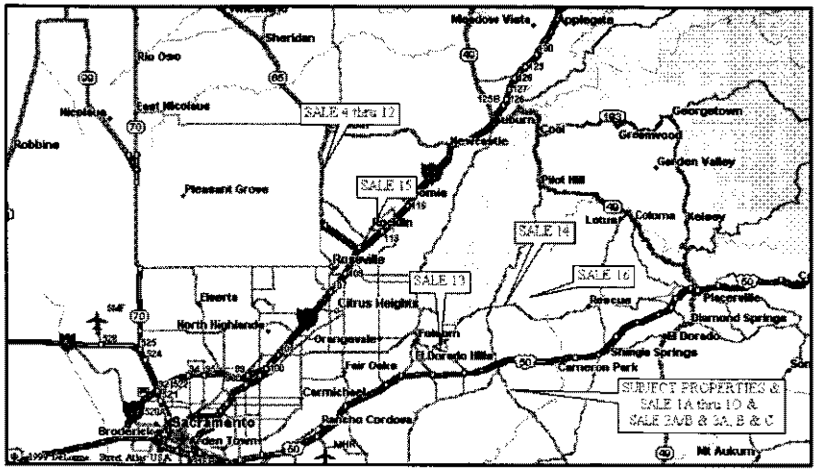
Remarks, continued

Pricing was based on finished: $165,000 per lot, with lots to be 65' x 110' minimum. Also seller to participate in 1/2 lot premiums at $6200 per lot average total premium. Also, Pulte anticipated additional finishing costs of $12,000 per lot.

There is an outstanding option for 35 more lots at market. Permit fees fixed at $23,000 - $24,000 per lot.
One Pulte contact feels that Serrano is down to its somewhat lesser desired production lots. Also, one Pulte person (hearsay) remarked that lots probably worth $100,000 /lot more today, based on house price increases from closing to now.

Total finished lot price	$165,000
Additional for lot premium	$ 3,100
Additional finishing	$ 12,000
Equals total equiv lot cost	$180,100
Fee Load	$ 23,500
Grand total	$203,600

COMPARABLE LAND SALES MAP



COMMERCIAL LAND ATTACHMENTS
Data Sheets
Locator Map(s)

LAND SALE NO. 1

Property Identification	
Record ID	79
Property Type	Commercial, Commercial Site
Address	SE corner of Auto Plaza Drive & Natoma Station Drive, Folsom, Sacramento County, California
Location	SW corner of Auto Plaza Drive & Natoma Station Drive
Tax ID	072-1020-024
Sale Data	
Grantor	WinCo Holdings, Inc.
Grantee	Novasource California, LLC
Sale Date	August 18, 2004
Deed Book/Page	20040818-0620
Financing	Construction loan for $3,200,000 from a private financier
Verification	Connelly Woody, buyer, (801) 484-3440, February 16, 2005; Confirmed by Natalie Hawley
Sale Price	$1,500,000
Land Data	
Zoning	C3
Topography	Level
Utilities	At the site
Shape	Slightly Irregular
Land Size Information	
Gross Land Size	1.238 Acres or 53,927 SF
Front Footage	239 ft Auto Plaza Drive; 220 ft Natoma Station Drive
Indicators	
Sale Price/Gross Acre	$1,211,632
Sale Price/Gross SF	$27.82

Remarks
This comparable consists of a commercial site that was purchased for development of a 14,000 square foot retail center in the City of Folsom with all offsites in place at the time of sale. The buyer indicated that the property sold with all entitlements, with the exception of building permits. In addition, the buyer stated the property is currently under construction and has an estimated completion date of April of 2005.

LAND SALE NO. 2

Property Identification	
Record ID	77
Property Type	Commercial, Commercial Site
Address	Folsom Auburn Road, South of Folsom Dam Road, Folsom, Sacramento County, California
Location	Folsom Auburn Road, South of Folsom Dam Road
Tax ID	227-0190-031
Sale Data	
Grantor	Folsom Gold Rush Plaza, LLC (et al.)
Grantee	Affordable Home Funding, Inc.
Sale Date	June 15, 2004
Deed Book/Page	20040615-1274
Financing	All cash
Verification	Ken Reiff, listing and selling broker, (916) 375-1500, February 15, 2005; Confirmed by Natalie Hawley
Sale Price	$886,500
Land Data	
Topography	Level
Utilities	At the site
Shape	Slightly Irregular
Land Size Information	
Gross Land Size	1.390 Acres or 60,548 SF
Indicators	
Sale Price/Gross Acre	$637,770
Sale Price/Gross SF	$14.64

Remarks
This comparable was purchased for development of a 13,000 square foot retail center on Folsom Auburn Road in the City of Folsom. The site sold for $886,500, or $14.64 per square feet; however, the broker indicated that the property sold with full building approvals and permits. Given the full approvals he indicated that the property actually sold for $1,170,000.

LAND SALE NO. 3

Property Identification	
Record ID	121
Property Type	Commercial, Office and Professional,
Address	Northeast corner of Gabbert and Palmer Drive, Cameron Park, El Dorado County, California
Location	Northeast corner of Gabbert and Palmer Drive
Tax ID	083-453-04
Sale Data	
Grantor	Smith & Gabbert, Inc.
Grantee	Pacific Oak Development
Sale Date	April 27, 2004
Deed Book/Page	33913
Financing	38% down; 1st loan to Mechanics Bank for $936,000. 2nd loan to be seller for $250,000. 5 year note, not to exceed 5% interest
Verification	Eric Pilegaard, buyer (Pacific Oak Development), (916) 425-5858, September 10, 2004; Confirmed by David Wraa
Sale Price	$1,500,000
Land Data	
Topography	Level
Utilities	At the street
Shape	Irregular
Land Size Information	
Gross Land Size	4.223 Acres or 183,954 SF
Indicators	
Sale Price/Gross Acre	$355,198
Sale Price/Gross SF	$8.15

Remarks
This comparable sale consists of a commercial site that sold in April of 2004 for $1,500,000. The property had an original contract price of $1,250,000 as of March of 2003. The price was re-negotiated in October 2003 for an additional $250,000 to insure the purchase of the adjoining parcel (APN# 083-350-43) which consists of a 68 acre parcel at the end of Gabbert Drive. The property was originally purchased for development of an assisted living facility; however, the buyer is now planning to develop the site with a five unit office complex consisting of three, 8,400 square foot, one, 6,000 square foot, and one, 20,000 square foot office buildings. The buyer intends to develop the assisted living facility on the 68 acre parcel which was recently purchased.

LAND SALE NO. 4

Property Identification	
Record ID	76
Property Type	Commercial, Office and Professional,
Address	Robin Lane, East of Cameron Park Drive, Cameron Park, El Dorado County, California
Location	Robin Lane, East of Cameron Park Drive
Tax ID	109-212-081, 091, 101, and 111
Sale Data	
Grantor	Grado Equities II, LLC
Grantee	Kevin Woodbury
Sale Date	April 23, 2004
Deed Book/Page	031254
Financing	All cash
Verification	Leonard Grado, seller, (530) 688-5682, February 15, 2005; Confirmed by Natalie Hawley
Sale Price	$900,000
Land Data	
Topography	Level, slightly above street grade
Utilities	At the site
Shape	Irregular
Landscaping	Vacant Lot
Land Size Information	
Gross Land Size	3.430 Acres or 149,411 SF
Indicators	
Sale Price/Gross Acre	$262,391
Sale Price/Gross SF	$6.02

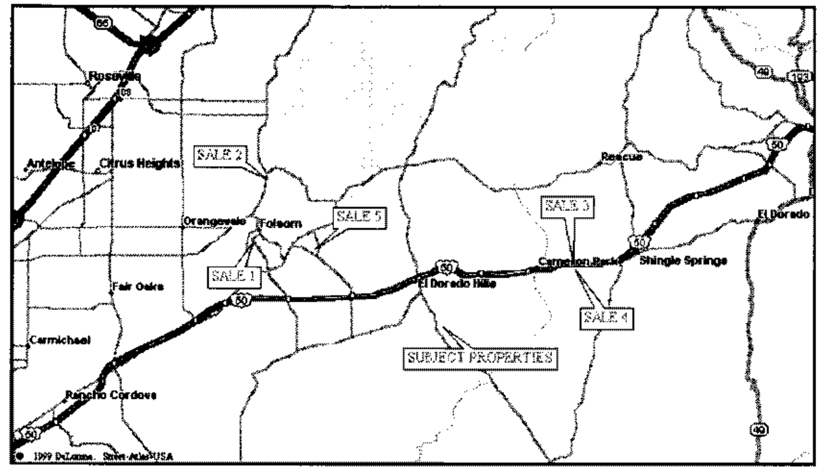
Remarks
This comparable sale consisted of raw land at the time of sale and was purchased in April of 2004 for $900,000, or $6.02 per square foot. The property was purchased for development of a multi-tenant office complex that will total 45,000 square feet and will be called the Cameron Professional Center.

LAND SALE NO. 5

Property Identification	
Record ID	78
Property Type	Commercial, Commercial Site
Property Name	California Family Fitness
Address	Oak Avenue Parkway, just north of East Bidwell Street, Folsom, Sacramento County, California
Location	Oak Avenue Parkway, just north of East Bidwell Street
Tax ID	072-0031-039
Sale Data	
Grantor	William C. Cummings
Grantee	Fite Development, GP
Sale Date	January 6, 2004
Deed Book/Page	20040106-2103
Financing	29% down; loan to Mechanics Bank for $2,500,000
Verification	Heidi Cser, assistant to Larry Gury, buyer, (916) 987-2030, September 30, 2004; Confirmed by Natalie Hawley
Sale Price	$3,500,000
Land Data	
Zoning	
Topography	Gentle northerly slope
Utilities	At the street frontage
Shape	Irregular
Land Size Information	
Gross Land Size	7.621 Acres or 331,971 SF
Indicators	
Sale Price/Gross Acre	$459,257
Sale Price/Gross SF	$10.54

Remarks
This comparable consists of a vacant parcel that was purchased for development of a 65,000 square foot California Family Fitness center. The property is located on Oak Avenue Parkway, one parcel north of East Bidwell Street, which are main thoroughfares in the area. In addition, this comparable has an estimated completion date of Summer 2005.

COMMERCIAL LAND SALE COMPARABLES MAP



ADDENDUM F

DISCOUNTED VALUATION ANALYSES

INSERT DCF PAGE 1 HERE

INSERT DCF PAGE 2 HERE

	Units	Acres	SF/Lot	Average Base Retail per Unit	Aggregate Finished Lots Retail Value	Discounted Present Value
Blackstone Mapped Village Summary:						
VILLAGE 1	176	44.46	6,240	$180,000	$33,264,000	$19,382,677
VILLAGE 2	105	29.84	6,240	$180,000	$19,845,000	$11,563,529
VILLAGE 3	118	68.94	9,450	$212,000	$26,266,800	$15,305,463
VILLAGE 4	54	16.37	6,600	$180,000	$10,206,000	$5,948,958
VILLAGE 5A (Gated)	104	64.56	12,150	$230,000	$25,116,000	$14,634,900
VILLAGE 5B (Gated)	110	52.19	12,150	$230,000	$26,565,000	$15,479,221
VILLAGE 6	186	53.18	6,600	$180,000	$35,154,000	$20,483,966
VILLAGE 7	119	84.88	12,150	$230,000	$28,738,500	$16,745,703
VILLAGE 8 (Gated)	64	38.36	12,150	$230,000	$15,456,000	$9,006,092
VILLAGE 16 (Gated)	107	24.74	5,460	$180,000	$20,223,000	$11,783,787
Sum of All Village Bulk Values:						
	1,143	**477.53**			$240,834,300	**$140,332,296**
Bulk Value of Unmapped Properties and School Site:						
	222	**109.48**			$52,806,000	**$18,381,867**
Sum of All Bulk Values:						
	1,365	**587.01**			$293,640,300	**$158,714,163**

ADDENDUM G

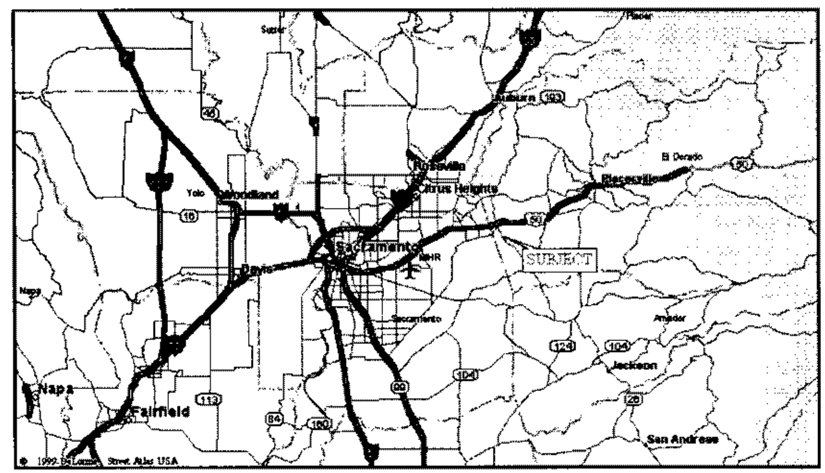
SACRAMENTO REGIONAL DESCRIPTION

GREATER SACRAMENTO AREA REGIONAL OVERVIEW

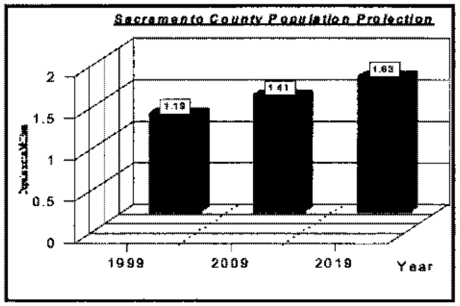
The Blackstone development is located at the western edge of El Dorado County, about 22 miles east of Sacramento city center.

The Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area (MSA), consisting of El Dorado, Placer, Sacramento, and Yolo counties, is located at the northern end of California's great inland Sacramento-San Joaquin Valley, often called the Central Valley. The community's area of influence extends from the Coastal Mountain ranges to the west, across the Sacramento Valley, and up through the foothills of the Sierra Nevada Mountains to the east. Two great rivers, the Sacramento and the American, meander through the area, their confluence being quite close to the Sacramento city center. The area is strategically located adjacent to productive agricultural areas on the north and south, recreational mountain areas on the east, and not far from the metropolitan San Francisco Bay Area 85 miles to the southwest. Also, it is centrally located with respect to the Mexican and Canadian borders. The largest city in the region, Sacramento, is the state capital and the cultural, communications, financial, employment, and transportation hub of the Sacramento Valley and adjacent mountain county regions.

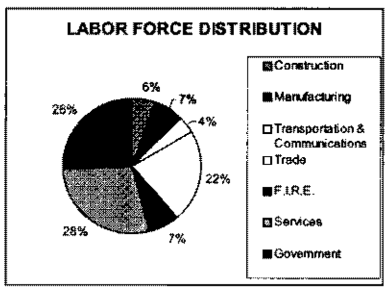
AREA MAP



The metropolitan area benefits from being the capital and center of government for the state of California. The state currently has a population exceeding 35 million and a gross domestic product that, if compared to that of nations of the world, would be among the top ten. According to the Sacramento Area Council of Governments (SACOG)[39], the current area population is 2+ million; this is just under 6 percent of California's total population.



Demographic Trends. The Sacramento region is a definite growth area. A primary contributing factor to past population growth has been in-migration from urbanized coastal regions. The relatively lower cost of living and the perceived good quality of life have contributed to this growth, and experts expect this growth to continue. The state Department of Finance (DOF) predicts a virtual population "boom" for the area within the next decade. Contributing to this increase will be an expected influx of "baby-boomer" retirees. Specifically, the region is expected to grow by almost three-quarters of a million people during the next two decades. The pace of growth will be different in each county, affected by factors ranging from the encouragement of high-tech complexes in Placer County to the protection of orchards in soil-rich Yolo County.



Sacramento County, the population center of the MSA, is expected to grow to 1.63 million by 2019. The population graph, above, shows the growth projected by the DOF.

Employment. The area's population is well educated, relatively young, and used to working at wage scales that are below those found in the larger, coastal California cities. Local employment, which is very dependent on government (25+ percent of jobs, 50+ percent of economic base), was adversely impacted by the national recession in the early 2000s, but less so than many other metropolitan areas of California. Indeed, the economic downturns in this area are never as severe as they are in some other parts of the state.

[39] More precisely, their number for 1/1/2001 times 102%. This population total is for Sacramento, Yolo, Placer, El Dorado, Sutter and Yuba counties, but not including the Tahoe Basin.

Historically, this dependence on government employment has moderated economic growth during high growth eras (such as the San Francisco Bay Area experienced in the late 1990s, for example), but it also has dampened the effects locally of national and regional economic downturns (as that experienced in the San Francisco Bay area in the early 2000s, to use it again as an example). At the present time, however, the state of California government is still battling budget deficits, and this could affect the greater Sacramento area inordinately.

In addition to government, the services and trade sectors are the major employment components of the local labor force. Manufacturing jobs constitute only 7% of the work force. Clearly, the urbanized portions of the region function primarily as a service economy. About 7% of the Sacramento MSA is attributable to "high-tech" kinds of businesses.

Local Economy. The local "story" is that the demand for new housing continues at high levels. Land prices, especially for subdivision land, continue to increase. In-fill projects, including some downtown, are becoming more common. Vacancy rates for office and industrial properties, while moving upward, are still at acceptable levels. The unemployment rate also remains at an acceptable level. The unemployment rate also remains at an acceptable level. Between January 2004 and January 2005, total wage and salary employment was up by 14,400 jobs, or 1.7%, with private sector job increases slightly offsetting public sector cuts. The construction industry added the most jobs (2,500) and manufacturing sector showed a gain of 2,000 jobs. The total number of civilians employed in the MSA, as of January 2005, was 961,000.

UNEMPLOYMENT SUMMARY (January, 2005)	
AREA:	RATE:
United States	5.7%
California	6.2%
Sacramento MSA	**5.4%**
San Francisco MSA	5.0%
San Jose MSA	6.2%
San Diego MSA	4.6%
Orange County MSA	4.0%
Yolo PMSA (Yolo County)	5.1%
Source: California EDD	

Sacramento is a Transportation Hub. There are four major highways converging near Sacramento's Central Business District (CBD): Interstate 80 and U.S. Highway 50, which are east-west freeways, and Interstate 5 and State Highway 99, which run in a north-south direction. Interstate 5 is continuous from the Mexican border to the Canadian border. The confluence of these highways makes the Sacramento area a desired distribution center location. The area is served by regional (Greyhound) and

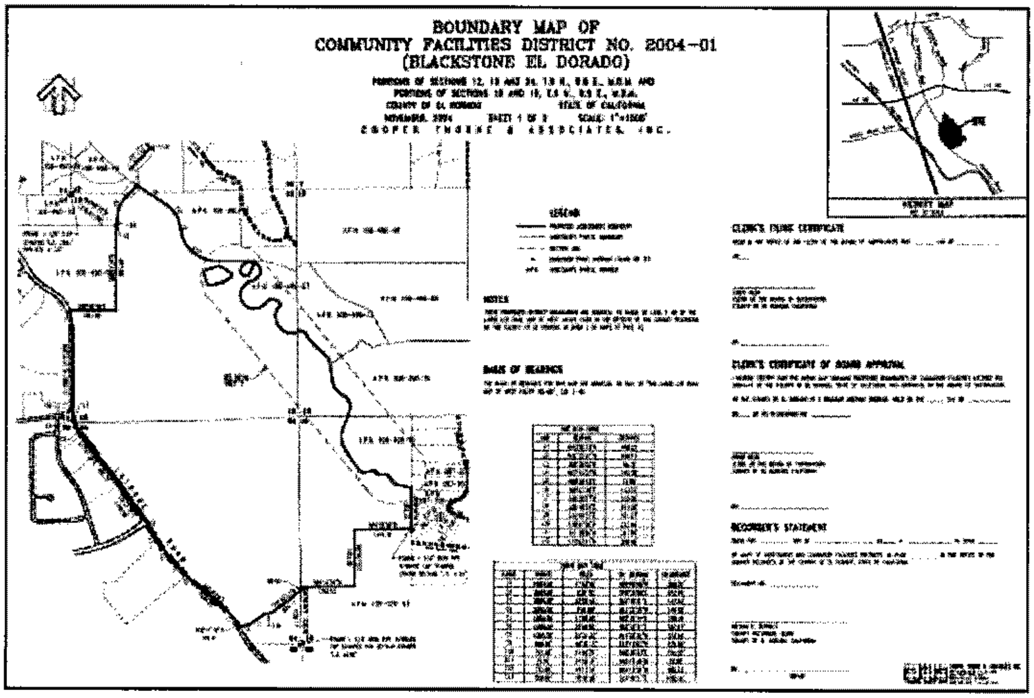
metropolitan bus companies, and a light rail transit service.
Airports. The Sacramento area is served by three airports: Sacramento International, Mather and Executive. Mather Airport, located on a former Air Force base south of Highway 50, supports freight service. Executive Airport serves general aviation operations.

Sacramento International Airport, utilizing two terminals, serves more than 9 million passengers a year and is the dominant airport in the northern portion of the California Central Valley area. It provides passenger service to most American cities. Southwest Airlines operates 70 daily flights out of Sacramento International. Hawaiian, Aloha and Mexicana airlines operate successfully from this location. Once located away from all urban development and surrounded by farmland (the airport's one major negative, as the area is prone to fog in the winter), development is now planned or occurring nearby, including especially Metro Air Park, adjacent to the east. Development at this 1,892-acre, $2 billion project began late last year (2003).

Regional Analysis Conclusion. The Sacramento Metropolitan Area is strategically located with respect to transportation corridors and agricultural production within California's great Central Valley. The metropolitan area benefits from being the capital and center of government for the state of California. Housing and the overall quality of life have been conducive to growth. The economic future for the Sacramento area appears to be good over the long term, as the area continues to be somewhat insulated from state and nation-wide trends. The Sacramento region has shown it can remain resilient against short-term market downturns. The area's forecast growth is anticipated to result in stable to increasing property values over the long run. State budget problems may affect state hiring and may have negative economic effects in the short run. We believe that properties of recognized quality in higher demand areas will experience continuing value appreciation.

ADDENDUM H

ASSESSOR'S PARCEL NUMBERS, CFD BOUNDARY MAP, AND LEGAL DESCRIPTION – SPECIFIC PLAN AREA



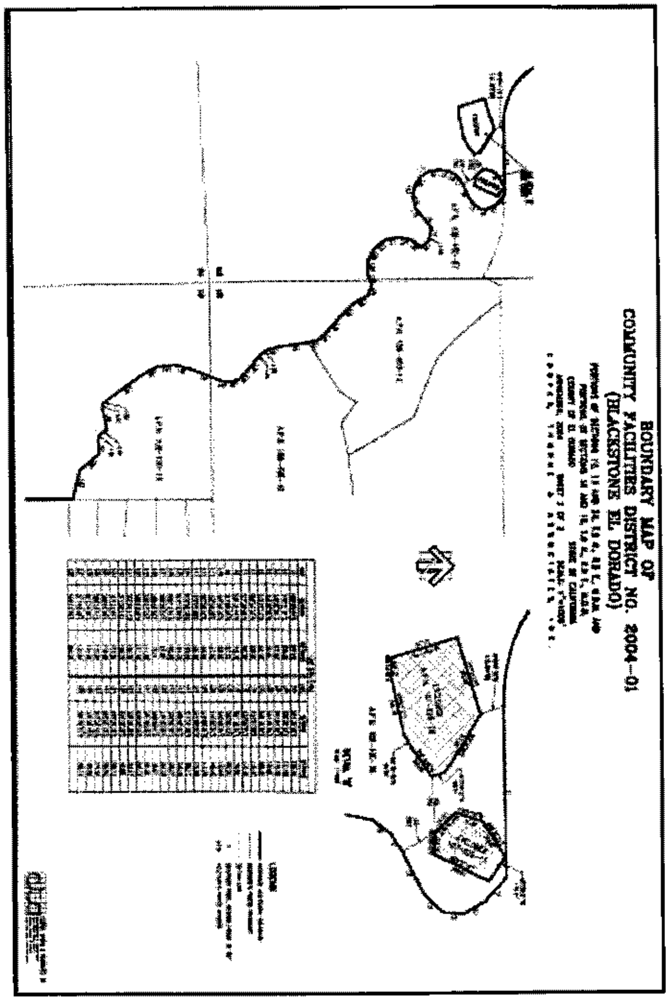
Blackstone
APN Summary

Land Information				
Large Lot #	Zoning	Home Sites	Gross Acres	APN
MAPPED VILLAGES				
VILLAGE 1				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total		[illegible]	[illegible]	
VILLAGE 2				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total		[illegible]	[illegible]	
VILLAGE 3				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sub-Total		[illegible]	[illegible]	
Less Offsite				
Total		[illegible]	[illegible]	
VILLAGE 4				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total		[illegible]	[illegible]	
VILLAGE 5A				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sub-Total		[illegible]	[illegible]	
Less Offsite				
Total		[illegible]	[illegible]	
VILLAGE 5B				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total		[illegible]	[illegible]	
VILLAGE 6				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total		[illegible]	[illegible]	
VILLAGE 7				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Subtotal		[illegible]	[illegible]	
Less Offsite				
Total		[illegible]	[illegible]	
VILLAGE 8				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total		[illegible]	[illegible]	
VILLAGE 9				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total		[illegible]	[illegible]	
TOTAL - MAPPED VILLAGES		[illegible]	[illegible]	

(1) [illegible]

Land Information				
Large Lot #	Zoning	Home Sites	Gross Acres	APN
UNMAPPED VILLAGES (1)				
LOT V				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total		[illegible]	[illegible]	
LOT W				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total		[illegible]	[illegible]	
LOT X				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total		[illegible]	[illegible]	
LOT Y				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total		[illegible]	[illegible]	
LOT Z				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total		[illegible]	[illegible]	
TOTAL - UNMAPPED VILLAGES		[illegible]	[illegible]	
OPEN SPACE				
[illegible]	OS		[illegible]	[illegible]
Total			[illegible]	
PARKS				
[illegible]	Park		[illegible]	[illegible]
Total			[illegible]	
SCHOOL				
18	School		[illegible]	[illegible]
Total			[illegible]	
COMMUNITY CLUB				
[illegible]			[illegible]	[illegible]
Total			[illegible]	
ARTERIAL ROADS				
[illegible]			[illegible]	[illegible]
Total			[illegible]	
TOTAL - PROJECT		[illegible]	[illegible]	

(1) [illegible]



LEGAL DESCRIPTION

All that portion of Sections 11, 12, 13, 14, 24 and 25, Township 9 North, Range 8 East, and Sections 7, 18 and 19, Township 9 North, Range 9 East, M.D.B.&M., described as follows

BEGINNING at a one and one-half inch iron pipe monument tagged "LS 2651" marking the Southwesterly corner of that certain 79.979 acre tract of land designated "E.C. Keables 79.979 acres" as shown on that certain Record of Survey entitled "Section 11 and portion of Sections 13 and 14, Township 9 North, Range 8 East, M.D.B.&M." recorded in the office of the Recorder of El Dorado County in Book 1 of Surveys, page 127; thence from said point of beginning along the Southerly and Easterly boundaries of said 79.979 acre tract of land the following two (2) courses and distances: North 89° 01' 48" East 1318.71 feet to a similar iron pipe monument marking the Southeast corner of said 79.979 acre tract of land; thence North 00° 30' 17" West 2637.28 feet to a similar iron pipe monument marking the Northeast corner of said 79.979 acre tract of land; thence continuing North 00° 41' 17" West 197.69 feet to a point located on the Southerly right of way line of White Rock Road, a public road 60.00 feet in width, as shown on said Record of Survey; thence along the Southerly right of way line of said White Rock Road the following three (3) courses and distances: (1) North 63° 12' 29" East 552.98 feet, (2) curving to the left on an arc of 450.00 feet radius, said arc being subtended by a chord bearing North 49° 15' 51" East 227.22 feet and (3) North 35° 19' 18" East 11.16 feet to a point on the East line of said Section 11; thence Southerly along the East line of said Section 11, South 00° 41' 34" East 579.18 feet to a one and one-half inch iron pipe monument marking the Southeast corner of the North one-half of said Section 11 as shown on said Record of Survey; thence Easterly along the North line of the Southwest one-quarter of said Section 12 to the Northeast corner of the Southwest one-quarter of said Section 12; thence Southerly along the East line of the Southwest one-quarter of said Section 12 to the Southeast corner of the Southwest one-quarter of said Section 12; thence Easterly along the North line of said Section 13 to the Northeast corner of the Northwest one-quarter of the Northeast one-quarter of said Section 13; thence Southerly along the East line of the Northwest one-quarter of the Northeast one-quarter of said Section 13 to the Northeast corner of the Southwest one-quarter of the Northeast one-quarter of said Section 13; thence Easterly along the North line of the Southeast one-quarter of the Northeast one-quarter of said Section 13 to the Northeast corner of the Southeast one-quarter of the Northeast one-quarter of said Section 13; thence Northerly along the West line of said Section 18 to the Northwest corner of said Section 18; thence continuing Northerly along the West line of said Section 7 to the Northwest corner of the South one-half of Lot 2 of the Southwest one-quarter of said Section 7; thence Easterly along the North line of the South one-half of Lots 1 and 2 of the Southwest one-quarter of said Section 7 to the Northwest corner of the South one-half of the Southeast one-quarter of said Section 7; thence Easterly along the North line of the South one-half of the Southeast one-quarter of said Section 7 to the Northeast corner of the South one-half of the Southeast one-quarter of said Section 7; thence Southerly along the East line of said Section 7 to the Southeast corner of said Section 7; thence Westerly along the South line of said Section 7 to the Northeast corner of the Northwest one-quarter of the Northeast one-quarter of said Section 18; thence Southerly along the East line of the West one-half of the Northeast one-quarter of said Section 18 to the Southeast corner of the Southwest one-quarter of the Northeast one-quarter of said Section 18; thence Easterly along the North line of the Southeast one-quarter of the Southeast one-quarter of said Section 18 to the Northeast corner of the Southeast one-quarter of said Section 18; thence Southerly along the East line of said Section 18 to the Southeast corner of said Section 18; thence Westerly along the South line

PAGE 1 OF 4

LEGAL DESCRIPTION, Continued

of said Section 18 to the Northeast corner of the Northwest one-quarter of said Section 19; thence Southerly along the East line of the Northwest one-quarter of said Section 19 to the Southeast corner of the Northwest one-quarter of said Section 19; thence Westerly along the South line of the Northwest one-quarter of said Section 19 to the Northeast corner of the Northwest one-quarter of the Southwest one-quarter of said Section 19; thence Southerly along the East line of the Northwest one-quarter of the Southwest one-quarter of said Section 19 to the Southeast corner of the Northwest one-quarter of the Southwest one-quarter of said Section 19; thence Westerly along the South line of the Northwest one-quarter of the Southwest one-quarter of said Section 19 to the Southwest corner of the Northwest one-quarter of the Southwest one-quarter of said Section 19; thence Southerly along the East line of said Section 24 to the Southeast corner of said Section 24; thence continuing Southerly along the East line of said Section 25 to the point of intersection of the East line of said Section 25 with the centerline of Latrobe Road; thence along the centerline of said Latrobe Road and the meanderings thereof to the point of intersection of the centerline of said Latrobe Road with the North line of said Section 25; thence continuing along the centerline of said Latrobe Road and the meanderings thereof to the point of intersection of centerline of Latrobe Road with the North line of said Section 24; thence along the South line of said Section 13 to the Southwest corner of said Section 13; thence along the West line of said Section 13 to the point of intersection of the centerline of Latrobe Road with the West line of said Section 13; thence along the centerline of Latrobe Road and the meanderings thereof to the most Southerly corner of that certain 16.469 acre tract of land designated "Van Vleck et al, 16.469 Acres" on that certain Record of Survey entitled "Section 11 and portion of Sections 13 and 14, Township 9 North, Range 8 East, M.D.B.&M." recorded in the office of the Recorder of El Dorado County in Book 1 of Surveys at page 127; thence along the boundary of said 16.469 acre tract of land the following eight (8) courses and distances: (1) North 43° 45' 40" East 1001.87 feet; (2) North 41° 14' 20" West 815.00 feet; (3) South 48° 45' 40" West 600.44 feet; (4) South 04° 48' 37" East 132.19 feet; (5) curving to the left on an arc of 215.19 feet radius, said arc being subtended by a chord bearing South 30° 54' 21" East 154.36 feet; (6) South 55° 20' 06" East 155.72 feet; (7) curving to the right on an arc of 121.91 feet radius, said arc being subtended by a chord bearing South 03° 44' 24" East 117.24 feet and (8) South 77° 51' 13" West 13.40 feet to a point located on the centerline of said Latrobe Road; thence along the centerline of said Latrobe Road and the meandering thereof to the point of intersection of the centerline of said Latrobe Road with the South line of said Section 11; thence continuing along the centerline of said Latrobe Road North 32° 05' 13" West 815.90 feet; thence North 57° 54' 45" East 30.00 feet; thence North 18° 02' 59" West 103.07 feet; thence North 30° 42' 20" West 96.12 feet; thence curving to the right on an arc of 150.00 feet radius, said arc being subtended by a chord bearing North 17° 07' 48" West 288.34 feet; thence North 85° 33' 00" West 629.64 feet; thence North 38° 12' 49" East 127.83 feet to a point located on the Southerly right of way line of said White Rock Road; thence Northeasterly along the Southerly right of way line of said White Rock Road to a point on the Westerly boundary of said 79.979 acre tract of land as shown on said Record of Survey; thence Southerly along the Westerly boundary of said 79.979 acre tract of land South 05° 37' 33" East 2132.00 feet to the point of beginning.

EXCEPTING THEREFROM a portion of Sections 13 and 14, Township 9 North, Range 8 East, M.D.M., described as follows:

PAGE 2 OF 4

LEGAL DESCRIPTION, Continued

[illegible] corner of said Sections 13 and 14 bears North 56° 03' 40" West 1476.53 feet; thence from the point of beginning due West 2618.82 feet to the Easterly right of way line of Latrobe Road; thence along said right of way South 12° 04' 20" East 103.70 feet; thence South 31° 04' 10" East 308.75 feet; thence along a curve to the left having a radius of 960.00 feet, the chord of which bears South 45° 01' 55" East 463.27 feet; thence South 58° 59' 40" East 198.39 feet; thence along a curve to the right having a radius of 1040.00 feet, the chord of which bears South 45° 06' 24" East 501.13 feet; thence leaving said right of way due East 1555.22 feet; thence due North 1531.95 feet to the point of beginning.

ALSO EXCEPTING THEREFROM the Southwest 1/4 of the Southeast 1/4 and the Southeast 1/4 of the Southeast 1/4 of Section 7, Township 9 North, Range 9 East, M.D.M., according to the Official Plat of the survey of said land on file in the Bureau of Land Management.

ALSO EXCEPTING THEREFROM all that portion lying within the boundaries of that certain Parcel Map filed for record September 13, 1984 in Book 33 of Parcel Maps at page 12.

ALSO EXCEPTING THEREFROM all that portion lying within the boundaries of that certain Parcel Map filed for record June 8, 1982 in Book 31 of Parcel Maps at page 10.

ALSO EXCEPTING THEREFROM all that property located in Section 13, Township 9 North, Range 8 East, M.D.M., more particularly described as follows:

BEGINNING at a point from which the Southeast corner of Section 13, Township 9 North, Range 8 East bears South 47° 02' 07" West 5531.46 feet; thence from said point of beginning North 58° 35' 25" East 201.83 feet; thence South 55° 56' 51" East 139.21 feet; thence South 26° 22' 13" West 279.61 feet; thence North 82° 08' 46" West 107.28 feet; thence North 45° 48' 55" West 132.97 feet; thence North 18° 07' 22" East 127.84 feet to the point of beginning.

ALSO EXCEPTING THEREFROM all that certain real property situate in Section 13, Township 9 North, Range 8 East, Mount Diablo Meridian more particularly described as follows:

BEGINNING at a point from which the Southwest corner of Section 13, bears South 11° 04' 33" West 4459.47 feet; thence from said point of beginning North 17° 04' 27" West 331.25 feet; thence North 72° 55' 33" East 192.58 feet; thence South 57° 58' 24" East 311.45 feet; thence South 17° 04' 27" East 68.34 feet; thence South 54° 15' 00" West 160.29 feet; thence South 41° 50' 15" West 89.56 feet; thence South 78° 02' 43" West 266.10 feet; thence North 59° 53' 00" West 164.71 feet to the point of beginning.

FURTHER EXCEPTING THEREFROM all that portion of the above described lands lying within Section 25, Township 9 North, Range 8 East.

Assessor Parcel No.: 108-020-01 and 02
107-130-10
107-020-19
108-040-18
107-010-18
108-140-30

EXCEPTING THEREFROM Parcels _A_ and _B_, as shown on that certain Parcel Map filed in the office of the County Recorder of El Dorado County on December 18, 1995 in Book _46_ of Parcel Maps at Page _145_

PAGE 3 OF 4

LEGAL DESCRIPTION, Continued

FURTHER EXCEPTING THEREFROM All of that portion of Section 14 above, lying westerly of the following described line:

Beginning at a point on the Northerly line of said Section 14, from which the Northeast corner of said Section bears N. 89 03' 46" E, 1005.34 feet; thence from said point of beginning S. 01 40'25" E., 695.00 feet more or less to a point on the Southerly boundary of said "Parcel No. #A2", and there terminating.

PARCEL TWO:

Parcel A, as shown on that certain Parcel Map filed in the office of the County Recorder of El Dorado County, on December 17, 1998 in Book __46__ of Parcel Maps, at Page 140__.

PARCEL THREE:

Parcels 1, 2 and 3, as shown on the Parcel Map, filed September 13, 1984 in Book 33, of Parcel maps at Page 39, El Dorado County Records.

Assessors Parcel No.: 107-020-11 thru 13

PAGE 4 OF 4

ADDENDUM I

MEMORANDUM OF LOT PREMIUM PARTICIPATION
(EXAMPLE)

EXHIBIT F
to
Agreement of Purchase and Sale

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Jean Perry
AKT Development
7700 College Town Drive, Suite 101
Sacramento, CA 95826

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MEMORANDUM OF LOT PREMIUM PARTICIPATION
BLACKSTONE EL DORADO
(Centex Homes, Unit 2)

This Memorandum of Lot Premium Participation (**"Memorandum"**) is made as of ______________, 200_, between WEST VALLEY, LLC, a California limited liability company (**"Seller"**), and CENTEX HOMES, a Nevada general partnership (**"Buyer"**), who agree as follows:

1. Purchase Agreement. Buyer and Seller have entered into that certain Agreement of Purchase and Sale (**"Purchase Agreement"**) dated ______________, 2004, with respect to the property (the **"Property"**) described on Exhibit 1 attached hereto and incorporated herein. Capitalized terms not defined in this Memorandum shall have the meaning given to them in the Purchase Agreement.

2. Lot Premium. The Purchase Agreement provides, among other things, that Seller shall be entitled to participate in the Lot Premiums attributable to the Property, and that Seller shall be paid from the escrows through which the Homesites within the Property are sold to purchasers. All of the terms and provisions of the Purchase Agreement which relate to the calculation and payment of Lot Premiums are hereby incorporated in this Memorandum by this reference thereto.

3. Conflict. If the Memorandum and the Purchase Agreement are inconsistent, the Purchase Agreement shall control.

4. Successors and Assigns. The obligation to pay Seller a portion of the Lot Premiums and the terms of the Purchase Agreement with respect thereto shall be binding upon the successors and assigns of Buyer in each and every portion of the Property. Each and every portion of the Property shall be held, conveyed, hypothecated and encumbered subject to the easements, limitations, covenants, conditions and restrictions contained in this Memorandum, all of which shall run with the land, shall constitute equitable servitudes, shall be binding on and inure to the benefit of all parties having or acquiring any right, title or interest in the Property, and each and every portion of the Property, and shall be binding on and inure to the benefit of Seller.

5. Not Applicable to Home Buyer. The obligation to pay Lot Premiums shall not apply to any member of the home-buying public who purchases a single Homesite upon completion of construction of a dwelling unit on such Homesite, or any subsequent sale of such Homesite after such home buyer acquires the completed home. That obligation, and this Memorandum shall automatically terminate on a Homesite-by-Homesite basis upon the conveyance of that Homesite to a member of the home-buying public following completion of construction of a dwelling unit on such Homesite.

DATED:______________, 2004

BUYER:

CENTEX HOMES
a Nevada general partnership

BY: Centex Real Estate Corporation
a Nevada corporation
its Managing General Partner

By:______________________
Jack Hood
Division President

SELLER:

WEST VALLEY LLC
a California limited liability company

BY: AKT Development Corporation
a California corporation
Its Manager

By:______________________
Its:______________________

EXHIBIT 1

That certain property situated in the State of California, County of El Dorado, described as follows:

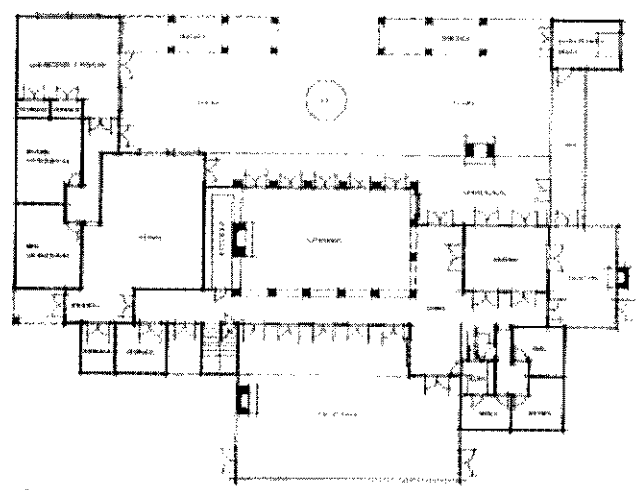
Lots 47 and 48 as shown on the Large Lot Final Map of West Valley Village filed in the office of the Recorder of El Dorado County, on October 26, 2004, in Book J of Maps, Page 42, El Dorado County Records.

EXCEPTING THEREFROM all oil, gas and other hydrocarbon substances, inert gases, minerals, and metals, lying below a depth of 500 feet from the surface of said land and real property, whether now known to exist or hereafter discovered, including, but not limited to, the rights to explore for, develop, and remove such oil, gas, and other hydrocarbon substances, inert gases, minerals, and metals without, however, any right to use the surface of such land and real property or any other portion thereof above a depth of 500 feet from the surface of such land and real property for any purpose whatsoever.

Lot Premium Participation Memorandum — Carson – Unit 3 — Exhibit 1 to Exhibit F — 15Nov04 JRJ 764460v2 35184/0003

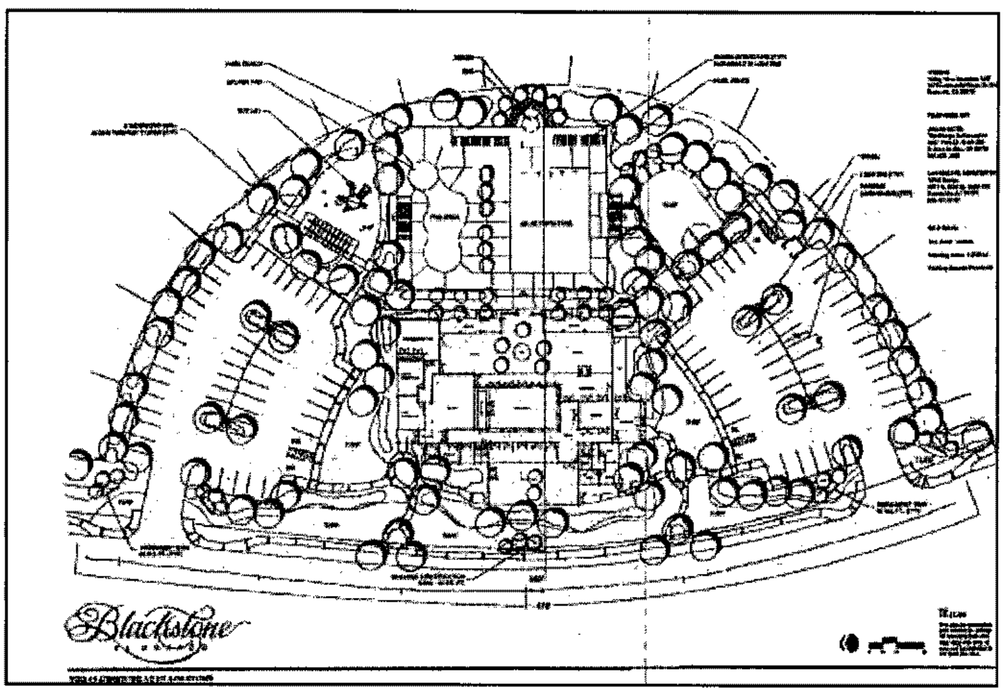
ADDENDUM J

CLUBHOUSE PLANS AND RENDERING



Blackstone El Dorado
Clubhouse
CONCEPTUAL ELEVATION
(Subject to change)

THE DESIGN COLLABORATIVE



ADDENDUM K

APPRAISER'S QUALIFICATIONS

PROFESSIONAL QUALIFICATIONS OF
STEPHEN A. ROSENTHAL, MAI
(Principal, Bender Rosenthal, Inc.)

Professional Experience
Stephen A. Rosenthal has been continuously active in real estate valuation and related fields since 1969. As a senior investment officer for a real estate pension fund advisor (FIA Associates, Inc.) to public pension funds from 1984 to 1991, Mr. Rosenthal valued and acquired fee, leasehold, and mortgage interests in numerous office, industrial, retail, and apartment properties located in various metropolitan areas throughout the United States. Prior to that he was a mortgage loan underwriter/valuator for IDS Life Insurance Company (national accounts; based in Minneapolis) and a commercial property appraiser for Equitable Life Assurance Society (southwestern U.S.; based in Los Angeles). From early 1991 until 1997 Mr. Rosenthal was an independent appraisal contractor in the Sacramento area, performing appraisal services for a variety of clients on both his own company's letterhead and for other appraisal firms. In 1997 he and a partner formed the firm of Bender Rosenthal, now Bender Rosenthal, Inc. Mr. Rosenthal has testified as an expert witness in court sponsored mediation sessions.

Formal Education
University of California Los Angeles (UCLA), Anderson School
MBA degree (Urban Land Economics emphasis)
University of Wisconsin-Madison
BS degree (English major)

Specialized Education
Appraisal Institute Courses:
- Real Estate Principles
- Urban Properties
- Investment Analysis
- Standards of Professional Practice

College-level Courses:
Certificate in Real Estate, UCLA Extension. Curriculum included courses in Real Estate Principles, Law, Finance, and Appraisal.

Major Seminars, Short Courses:
Farm Appraisal, Litigation Practice, Law and Value, Argus Discounted Cash Flow Applications, Financial Calculator Usage, ADA, Electronic Data Interchange (EDI), Eminent Domain, Internet, many others

Professional Affiliations
Member of Appraisal Institute (MAI, Certificate No. 6495)
(And a past President of the Sacramento Sierra Chapter, a member of the national APPRAISAL JOURNAL Review Committee, a member of the Regional Ethics and Counseling Committee, and a writer for the Sacramento Sierra Chapter newsletter.)
Member of the Urban Land Institute (ULI)
Member, Urban and Regional Information Systems Association (URISA)
Captain, U. S. Naval Reserve (Retired)
Former member of ICSC, NAIOP, and PREA

Certifications, Licenses
Licensed as a Certified General Real Estate Appraiser, State of California, #AG002263
California Real Estate Broker License

Publications
Articles have been published in the APPRAISAL JOURNAL, the MORTGAGE BANKER, and APPRAISAL NEWS AND REVIEW (Chapter newsletter)

BLACKSTONE CFD - El Dorado Hills, California

BLACKSTONE CFD - El Dorado Hills, California

SUBJECT TO SPECIAL TAX

ABSORPTION PROJECTION AND DISCOUNTED VALUE ANALYSIS

				0	1	2	3	4	5	6	7	8	9	10	11	
	Projection Quarter:			0	1	2	3	4	5	6	7	8	9	10	11	
	Calender Quarter:			Mar-05	Q2 - 2005	Q3-2005	Q4-2005	Q1-2006	Q2-2006	Q3-2006	Q4-2006	Q1-2007	Q2-2007	Q3-2007	Q4-2007	Check Totals
Absorption Pattern (%)																
5,460 - 6,600 SF LOTS				0.00%	0.00%	0.00%	0.00%	15.75%	15.75%	15.75%	15.75%	10.55%	10.55%	7.95%	7.95%	100.0%
9,450 SF LOTS				0.00%	0.00%	0.00%	0.00%	15.75%	15.75%	15.75%	15.75%	10.55%	10.55%	7.95%	7.95%	100.0%
12,150 SF LOTS				0.00%	0.00%	0.00%	0.00%	15.87%	15.87%	15.87%	15.87%	18.39%	18.14%	0.00%	0.00%	100.0%
Absorption Pattern	Net Acres	Density per Net Acre	Total Units													
5,460 - 6,600 SF LOTS	168.59	3.7	628	0	0	0	0	99	99	99	99	66	66	50	50	628
9,450 SF LOTS	68.94	1.7	118	0	0	0	0	19	19	19	19	12	12	9	9	118
12,150 SF LOTS	239.99	1.7	397	0	0	0	0	63	63	63	63	73	72	0	0	397
Subtotal	477.52		1,143	0	0	0	0	180	180	180	180	152	151	59	59	1,143
Total Acres	477.52															
Residential Unit Absorption Summary:																
TOTAL Resid. Unit Capacity Absorbed per Period				-	-	-	-	180	180	180	180	152	151	59	59	1,143
Cumulative Total Residential Units Absorbed				-	-	-	-	*180*	*361*	*541*	*722*	*874*	*1,024*	*1,084*	*1,143*	
				0%	***0%***	***0%***	***0%***	***16%***	***16%***	***16%***	***16%***	***13%***	***13%***	***5%***	***5%***	*100%*
Acreage Absorption Summary:																
Total Resid. Acres Absorbed per Period				-	-	-	-	75.5	75.5	75.5	75.5	69.19	68.58	18.88	18.88	477.5
Cumulative Total Resid. Acres Absorbed				-	-	-	-	*75.5*	*151.0*	*226.5*	*302.0*	*371.17*	*439.75*	*458.64*	*477.52*	
Resid. Acres Remaining				***477.5***	***477.5***	***477.5***	***477.5***	***402.0***	***326.5***	***251.0***	***175.5***	***106.4***	***37.8***	***18.9***	-	
Sales Analysis, Based on Absorption from Above	Retail Values - Subject to Special Tax:															
	Per Unit	P/Acre	Total													
5,460 - 6,600 SF LOTS	$180,000	$ 670,502	$113,040,000	$ -	$ -	$ -	$ -	$18,693,990	$18,693,990	$18,693,990	$ 18,693,990	$12,522,006	$12,522,006	$ 9,436,014	$ 9,436,014	$ 118,692,000
9,450 SF LOTS	$212,000	$ 362,866	$ 25,016,000	$ -	$ -	$ -	$ -	$ 4,137,021	$ 4,137,021	$ 4,137,021	$ 4,137,021	$ 2,771,147	$ 2,771,147	$ 2,088,211	$ 2,088,211	$ 26,266,800
12,150 SF LOTS	$230,000	$ 380,474	$ 91,310,000	$ -	$ -	$ -	$ -	$15,214,500	$15,214,500	$15,214,500	$ 15,214,500	$17,629,500	$17,388,000	$ 0	$ 0	$ 95,875,500
Sum of Retail Values		$ 480,328	$229,366,000													$ 240,834,300
Total Sales per Period				$ -	$ -	$ -	$ -	$38,045,511	$38,045,511	$38,045,511	$ 38,045,511	$32,922,653	$32,681,153	$11,524,225	$11,524,225	$ 240,834,300
Lot Premium Participation Factor			5%													
Present Value of Sales			**$190,401,034**													
Per Net Acre (Resid & Commer Only):			**$ 398,729**													
Per Net Square Foot of Land:			**$ 9.15**													
Development and Holding Period Expense Analysis																
Marketing Expense as a % of Sales:			1%	$ -	$ -	$ -	$ -	$ 380,455	$ 380,455	$ 380,455	$ 380,455	$ 329,227	$ 326,812	$ 115,242	$ 115,242	$ 2,408,343
Taxes & Direct Levies on Remaining Resid. Inventory:			1.100%	-	385,914	385,914	385,914	355,408	294,395	233,383	172,371	113,907	58,236	22,892	7,631	$ 2,415,963
CFD - Aver. Annual Special Taxes per Acre Remaining Resid. Inventory (2% anni			$ 3,435 /Yr.	-	-	410,070	410,070	377,655	312,823	252,952	186,824	123,458	63,119	25,307	8,436	$ 2,170,713
Lot finishing Improvements (Aver. Per SFR Unit)			$ 35,199 /Yr.	-	-	-	6,353,171	6,353,171	6,353,171	6,353,171	5,339,733	5,304,535	2,087,523	2,087,523	-	$ 40,232,000
Offsite/Onsite Expenses (Public Infrastructure, adjusted for bond proceeds & reir			*as incurred*	-	-	-	-	12,592,980	-	0	0	-	-	-	-	$ 12,592,980
Admin., Ins., Other Holding Costs per Acre of Remaining Inventory:			$ 500 *per Year*	-	59,690	59,690	59,690	54,972	45,535	36,098	26,661	17,618	9,007	3,541	1,180	$ 373,681
Total Development and Holding Expense Per Period				$ -	$ 445,604	$ 855,674	$ 7,208,845	$20,114,640	$ 7,386,380	$ 7,256,059	$ 6,106,044	$ 5,888,744	$ 2,544,696	$ 2,254,505	$ 132,489	$ 60,193,681
Sales Less Expenses				$ -	$ (445,604)	$ (855,674)	$ (7,208,845)	$17,930,871	$30,659,131	$30,789,452	$31,939,467	$27,033,909	$30,136,457	$ 9,269,720	$11,391,736	$ 180,640,619
DISCOUNTED VALUE ANALYSIS																
Discount Rate (Effective Rate per Annum):		*Discount Factor* 0.5827	**15.00%**													
Present Value of All Sales Less Expenses			**$140,332,296**	$ -	$ (430,303)	$ (797,920)	$ (6,491,459)	$15,592,061	$25,744,683	$24,966,358	$ 25,009,683	$20,441,519	$22,005,034	$ 6,536,150	$ 7,756,590	$ 140,332,296
Per Net Acre (Resid.):			**$ 293,877**													
Per Net Square Foot of Land (not including public/open space/etc.):			**$ 6.75**													

BLACKSTONE CFD - El Dorado Hills, California

SUBJECT TO SPECIAL TAX

ABSORPTION PROJECTION AND DISCOUNTED VALUE ANALYSIS

				0	1	2	3	4	5	6	7	8	9	10	11	
Projection Quarter: / Calendar Quarter:				Mar-05	Q2 - 2005	Q3-2005	Q4-2005	Q1-2006	Q2-2006	Q3-2006	Q4-2006	Q1-2007	Q2-2007	Q3-2007	Q4-2007	Check Totals
Absorption Pattern (%)																
12,150 SF LOTS				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	50.89%	49.11%	100.0%
HIGH DENSITY (Small lot, possibly attached)				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.00%	25.00%	25.00%	25.00%	100.0%
COMMERCIAL - VC				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	57.37%	42.63%	0.00%	0.00%	100.0%
SCHOOL SITE				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	100.0%
Absorption Pattern	Net Acres	Density per Net Acre	Total Units													
12,150 SF LOTS	57.45	1.9	112	0	0	0	0	0	0	0	0	0	0	57	55	112
HIGH DENSITY (Small lot, possibly attached)	12.81	8.6	110	0	0	0	0	0	0	0	0	28	28	28	28	110
Subtotal	70.26		222	0	0	0	0	0	0	0	0	28	28	85	83	222
COMMERCIAL - VC	20.62	N/A	N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.63	8.79	0.00	0.00	20.62
SCHOOL SITE	18.60	N/A	N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18.60	0.00	0.00	0.00	18.60
Subtotal	39.22		N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.43	8.79	0.00	0.00	39.22
Total Resid., Commer., & School Acres	109.48															
PUBLIC/OPEN SPACE/ETC.	403.17	N/A	N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
Subtotal	403.17		N/A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
Total Acres - Resid., Commer., Public/Open Space/etc.	512.65															
Residential Unit Absorption Summary:																
TOTAL Resid. Unit Capacity Absorbed per Period				-	-	-	-	-	-	-	-	28	28	85	83	222
Cumulative Total Residential Units Absorbed				-	-	-	-	-	-	-	-	28	55	140	222	
				0%	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*12%*	*12%*	*38%*	*37%*	*100%*
Acreage Absorption Summary:																
Total Resid., Commer. & School Acres Absorbed per Period				-	-	-	-	-	-	-	-	33.63	11.99	32.44	31.41	109.5
Cumulative Total Resid., Commer., & School Acres Absorbed				-	-	-	-	-	-	-	-	33.63	45.63	78.07	109.48	
Resid., Commer., & School Acres Remaining				*109.5*	*109.5*	*109.5*	*109.5*	*109.5*	*109.5*	*109.5*	*109.5*	*75.8*	*63.9*	*31.4*	-	
Sales Analysis, Based on Absorption from Above	Retail Values - Subject to Special Tax:															
	Per Unit	P/Acre	Total													
12,150 SF LOTS	$230,000	$ 448,390	$ 25,760,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$13,765,500	$13,262,500	$ 27,048,000
HIGH DENSITY (Small lot, possibly attached)	$100,000	$ 858,704	$ 11,000,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,750,000	$ 2,750,000	$ 2,750,000	$ 2,750,000	$ 11,000,000
COMMERCIAL - VC		$ 400,000	$ 8,248,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,732,000	$ 3,516,000	$ -	$ -	$ 8,248,000
SCHOOL SITE		$ 350,000	$ 6,510,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,510,000	$ -	$ -	$ -	$ 6,510,000
Sum of Retail Values		$ 470,570	$ 51,518,000													$ 52,806,000
Total Sales per Period				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$13,992,000	$ 6,266,000	$16,515,500	$16,032,500	$ 52,806,000
Lot Premium Participation Factor			**5%**													
Present Value of Sales			**$ 37,716,943**													
Per Net Acre (Resid & Commer Only):			**$ 344,510**													
Per Net Square Foot of Land:			**$ 7.91**													
Development and Holding Period Expense Analysis																
Marketing Expense as a % of Sales:			1%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 139,920	$ 62,660	$ 165,155	$ 160,325	$ 528,060
Taxes & Direct Levies on Remaining Resid., Commer., & School Site Inventory:			1.100%	-	50,550	50,550	50,550	50,550	50,550	50,550	50,550	42,786	32,252	21,994	7,253	$ 458,136
CFD - Aver. Annual Special Taxes per Acre Remaining Res. & Commer. Inventor			$ 4,115 /Yr.	-	-	93,493	93,493	93,493	93,493	95,363	95,363	87,476	73,297	50,984	16,812	$ 793,265
Interior Improvements (including mass grading, some walls, etc.)			*as incurred*	-	-	-	17,000,000	-	-	-	-	-	-	-	-	$ 17,000,000
Offsite/Onsite Expenses (Public Infrastructure, adjusted for bond proceeds & reir			*as incurred*	-	-	-	-	2,887,020	-	0	0	-	-	-	-	$ 2,887,020
Admin., Ins., Other Holding Costs per Acre of Remaining Inventory:			$ 500 *per Year*	-	13,685	13,685	13,685	13,685	13,685	13,685	13,685	11,583	8,731	5,954	1,963	$ 124,027
Total Development and Holding Expense Per Period				$ -	$ 64,235	$ 157,728	$ 17,157,728	$ 3,044,748	$ 157,728	$ 159,598	$ 159,598	$ 281,764	$ 176,940	$ 244,088	$ 186,353	$ 21,790,507
Sales Less Expenses				$ -	$ (64,235)	$ (157,728)	$(17,157,728)	$ (3,044,748)	$ (157,728)	$ (159,598)	$ (159,598)	$13,710,236	$ 6,089,060	$16,271,412	$15,846,147	$ 31,015,493
DISCOUNTED VALUE ANALYSIS																
Discount Rate (Effective Rate per Annum):		Discount Factor 0.3481	**15.00%**													
Present Value of All Sales Less Expenses			**$ 18,381,867**	$ -	$ (62,029)	$ (147,082)	$(15,450,282)	$ (2,647,807)	$ (132,445)	$ (129,414)	$ (124,970)	$10,366,908	$ 4,446,109	$11,473,097	$10,789,582	$ 18,381,867
Per Net Acre (Resid., Commer. & School Site):			**$ 167,902**													
Per Net Square Foot of Land (not including public/open space/etc.):			**$ 3.85**													

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APPENDIX C

EL DORADO COUNTY
GENERAL DEMOGRAPHIC INFORMATION

The District is located within El Dorado County. The financial and economic data for the County are presented for information purposes only. The Bonds are not a debt or obligation of the County, but are a limited obligation of the County secured solely by the funds held pursuant to the Fiscal Agent Agreement.

General and Location

The County of El Dorado (the "**County**") was incorporated as a general law county in 1850, with the City of Placerville as the county seat. In 1994 County voters adopted a county charter by majority vote under Article XI, Section 4 of the California Constitution, and the County has been organized and operating as a charter county since that time. The legislative body is a five-member Board of Supervisors, each supervisor being elected by voters within his or her supervisorial district. Because much of the County is comprised of unincorporated areas, the County provides a wide range of services through its departments and by special districts for these areas.

The County is comprised of 1,711.5 square miles encompassing a portion of Lake Tahoe on the east and reaching to the west within 25 miles of Sacramento, California, the State capitol. More than half of the land in the County is owned by the federal, state or local governments. 150 miles west of the County is San Francisco, while 400 miles south is Los Angeles. Placerville is located 44 miles east of Sacramento. The City of Lake Tahoe, sixty miles east of Placerville, is the hub of the Tahoe recreation area.

Population

As of January 1, 2005 the County's population was approximately 173,400, which represents a 3.2% increase above the January 1, 2003 population estimate. The historic population estimates for the County as of January 1 of the years 2001 through 2005 are listed below.

County of El Dorado
Population Estimates
As of January 1

Calendar Year	Placerville	South Lake Tahoe	Balance of County	El Dorado County	State of California
2001	9,900	23,850	125,800	159,600	34,367,000
2002	10,200	23,850	128,800	162,800	35,000,000
2003	10,200	23,850	131,800	165,900	35,612,000
2004	10,150	23,600	134,400	168,100	36,144,000
2005	10,350	24,100	139,000	173,400	36,810,000

Source: California State Department of Finance

Personal Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the County of El Dorado, the State and the United States for the period 1999 through 2003. Annual averages for 2004 are not yet available.

County of El Dorado
Effective Buying Income
1999 through 2003

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
1999	El Dorado County	$ 2,782,495	$41,653
	California	590,376,663	39,492
	United States	4,877,786,658	37,233
2000	El Dorado County	$ 3,198,060	$47,050
	California	652,190,282	44,464
	United States	5,230,824,904	39,129
2001	El Dorado County	$ 2,945,521	$41,548
	California	650,521,407	43,532
	United States	5,303,481,498	38,365
2002	El Dorado County	$ 3,644,575	$46,768
	California	647,379,427	42,484
	United States	5,340,682,818	38,035
2003	El Dorado County	$ 3,758,338	$47,000
	California	674,721,020	42,924
	United States	5,466,880,008	38,201

Source: Sales & Marketing Management Survey of Buying Power.

Taxable Transactions

Total taxable sales during the first quarter of 2004 in the County were reported to be \$372,255, a 7.5% increase over the total taxable sales of \$346,271 reported during the first quarter of 2003. A summary of historic taxable sales within the County during the past five years is shown in the following table. Itemized figures are not yet available for 2004.

EL DORADO COUNTY
Taxable Transactions
(figures in thousands)

Business	1999	2000	2001	2002	2003
Apparel stores group	\$ 22,915	\$ 24,568	\$ 24,107	\$ 24,189	\$ 24,990
General merchandise group	83,816	91,195	93,183	93,402	124,774
Food stores group	91,560	98,384	109,620	116,104	120,593
Eating & drinking group	108,289	118,906	124,010	132,498	130,779
Household group	130,146	140,900	141,032	144,583	150,850
Building material group	23,782	26,256	24,630	25,241	25,324
Automotive group	70,714	84,612	89,602	100,154	105,046
Service stations	234,773	265,328	313,004	313,122	343,650
Other retail stores	37,862	41,817	45,116	45,000	45,090
Retail Stores Total	803,857	891,966	964,304	994,293	1,071,096
Business and personal Services	75,006	79,745	87,090	84,379	80,325
All Other Outlets	314,814	352,705	370,704	372,662	387,650
TOTAL ALL OUTLETS	\$1,193,677	\$1,324,416	\$1,422,098	\$1,451,334	\$1,539,071

Source: California State Board of Equalization

Industry and Employment

According to the 2003 annual average employment statistics, leisure and hospitality, and retail trade are the largest industries in El Dorado County. The following chart presents the major employers in the County as of January 1, 2005.

County of El Dorado
Major Employers
As of January 1, 2005

Employer	Location	Product/Service
Barton Memorial Hospital	South Lake Tahoe	Hospital
Camp Richardson Resort	South Lake Tahoe	Resort
Doug Veerkamp Gen. Engineering	Placerville	Contractor-Engineering
DST Innovis	El Dorado Hills	Publisher- Computer Software
DST Output	El Dorado Hills	Customer Communications
El Dorado County Transportation	Placerville	Gov. Transportation Program
El Dorado County Sheriff	Placerville	Sheriff
El Dorado Irrigation District	Placerville	Water & Sewer Company
El Dorado County Social Services	Placerville	County Government
Embassy Suites Hotel	South Lake Tahoe	Hotel
Endwave Corp.	Diamond Springs	Telephone Equipment
Fortune 800	El Dorado Hills	Telemarketing Service
Heavenly Ski Resort	South Lake Tahoe	Resort
K Mart	Placerville	Retail Department Store
Lake Tahoe Community College	South Lake Tahoe	Community College
Lake Tahoe Cruises	South Lake Tahoe	Charter & Rental Boats
Marriott's Timber Lodge	South Lake Tahoe	Hotel
Marshall Hospital	Placerville	Hospital
McClone Construction Co.	Placerville	Building Contractor
More Recycling Center	South Lake Tahoe	Recycling Center
Raley's Supermarket & Drug Store	Placerville	Retail Grocer
Safeway	South Lake Tahoe	Retail Grocer
Serrano County Club	El Dorado Hills	Club
Sierra-At-Tahoe	Twin Bridges	Skiing Center/Resort
U-Stor-It Warehouses	South Lake Tahoe	Storage

Source: California Employment Development Department.

The table below summarizes the labor force, employment and unemployment figures from 2000 through 2004 for El Dorado County and compares the unemployment rates for the County and the State of California for such period.

EL DORADO COUNTY
Labor Force, Employment and Unemployment Rates
Yearly Averages for Years 1999 to 2003

	2000	2001	2002	2003	2004
Civilian Labor Force	77,100	78,500	80,800	82,600	88,900
Employment	73,900	75,300	76,700	78,200	84,600
Unemployment	3,200	3,200	4,100	4,400	4,300
County Unemployment Rate	4.1%	4.0%	5.0%	5.4%	5.8%
State Unemployment Rate	4.9%	5.4%	6.7%	6.7%	6.2%

Source: California Employment Development Department.

Industry

The table below lists employment by industry group for El Dorado County for the years 1999 through 2003. Itemized figures are not yet available for 2004.

EL DORADO COUNTY
Annual Average Labor Force
Employment by Industry Group

Type of Employment	1999	2000	2001	2002	2003
Total Farm	400	500	400	400	300
Natural Resources & Mining	200	200	200	200	200
Construction	3,700	4,300	4,700	4,600	4,700
Manufacturing	2,200	2,300	2,400	2,300	2,400
Transportation & Public Utilities	6,900	7,200	7,400	7,800	7,700
Wholesale Trade	800	800	800	1,000	1,000
Retail Trade	5,500	5,900	5,900	6,000	6,100
Information	600	600	600	600	600
Financial Activities	1,700	1,900	2,300	3,000	3,200
Real Estate Renting & Leasing	900	900	1,000	900	900
Professional & Business Services	5,000	5,600	5,700	5,700	5,700
Educational & Health Services	4,200	4,400	4,600	4,900	5,300
Leisure & Hospitality	6,600	6,900	7,000	7,300	7,800
Other Services	1,300	1,300	1,300	1,200	1,300
Federal Government	800	900	800	900	800
State & Local Government	8,100	8,000	8,300	8,400	8,300
Total All Industries [1]	41,600	44,200	45,600	47,200	48,200

[1] Totals may not add due to independent rounding.
Source: State of California, Employment Development Department.

Construction Trends

Provided below are the building permits and valuations for the County of El Dorado for calendar years 2000 through 2004.

EL DORADO COUNTY
Construction Permits

	2000	2001	2002	2003	2004
Permit Valuation					
New Single-family	$347,610.1	$350,214.9	$437,738.5	$507,968.8	$558,216.3
New Multi-family	6,512.6	56,506.3	16,483.4	3,523.8	13,380.6
Res. Alterations/Additions	24,350.0	24,299.6	25,825.8	33,497.0	33,014.3
Total Residential	378,472.6	431,020.8	480,047.6	544,989.7	604,611.2
New Commercial	36,637.7	75,409.0	29,743.5	22,708.5	36,419.4
New Industrial	463.7	0.0	0.0	1,098.4	0.0
New Other	18,324.1	27,014.3	27,051.5	29,294.9	37,808.0
Com. Alterations/Additions	11,108.9	30,534.1	13,490.7	15,528.0	19,252.3
Total Nonresidential	66,534.4	132,957.5	70,285.7	68,629.8	93,479.7
New Dwelling Units					
Single Family	1,475	1,470	1,741	1,911	2,055
Multiple Family	87	704	206	28	141
TOTAL	1,562	2,174	1,947	1,939	2,196

Source: Construction Industry Research Board, Building Permit Summary

Tourism

Tourism has long been a major component of the County's economy. Lake Tahoe on the County's eastern edge is a world-class destination attraction with a varied offering of both winter and summer sports. Marshall State park Gold Discovery Site, Folsom Lake, Apple Hill (a ranch marketing area) and other attractions in the western part of the County provide another range of diversity to visitors. Much of the central part of the County lies in the El Dorado and Tahoe National Forests which provide hiking, camping, fishing, hunting and other outdoor recreation.

Transportation

Two major highways (U.S. 50 and U.S. 49) intersect the County while Interstate 5 and Interstate 80 are within 45 minutes of the City of Placerville. Commercial air service is provided to the western portion of the County by the Sacramento Metropolitan Airport, 50 miles west of the City of Placerville. More than 200 trucking firms serve the County area, with interstate, local and special hauling. The County is also served by Greyhound Bus Lines.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

Closing Date, 2005

Board of Supervisors
County of El Dorado
330 Fair Lane
Placerville, CA 95667

County of El Dorado
Community Facilities District No. 2005-1
(Blackstone)
Special Tax Bonds, Series 2005
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the County of El Dorado (the "**Issuer**") of $32,655,000 aggregate principal amount of its Community Facilities District No. 2005-1 (Blackstone), Series 2005 Special Tax Bonds (the "**Bonds**") pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 of the State of California (being Sections 53311 et seq. of the Government Code of the State of California, as amended) and the Fiscal Agent Agreement, between the Issuer and The Bank of New York Trust Company, N.A., as Fiscal Agent (the "**Fiscal Agent**"), dated as of August 1, 2005 (the "**Fiscal Agent Agreement**"), approved by Resolution No. ___-2005, adopted by the Board of Supervisors of the Issuer on __________, 2005. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Fiscal Agent Agreement.

In such connection, we have reviewed the Fiscal Agent Agreement, the Tax Certificate of the Issuer dated the date hereof (the "**Tax Certificate**"), an opinion of counsel to the Issuer, certifications of the Issuer and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Fiscal Agent Agreement, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Fiscal Agent Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Fiscal Agent Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against counties in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the plans, specifications, maps, financial report or other engineering or financial details of the proceedings, or upon the Rate and Method of Apportionment of the Special Tax or the validity of the Special Tax levied upon any individual parcel. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding special tax obligations of the Issuer, payable solely from the proceeds of the Special Tax (as that term is defined in the Fiscal Agent Agreement) and certain funds held under the Fiscal Agent Agreement.

2. The Fiscal Agent Agreement has been duly adopted and constitutes a valid and binding obligation of the Issuer.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

Per

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKINGS

CONTINUING DISCLOSURE CERTIFICATE
(Issuer)

THIS CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is dated as of ________________, 2005, and is executed and delivered by the County of El Dorado, a local governmental agency and political subdivision duly organized and existing under and by virtue of the laws of the State of California (the "Issuer" or the "County") pursuant to a Fiscal Agent Agreement dated as of August 1, 2005 (the "Fiscal Agent Agreement") by and between the County and The Bank of New York Trust Company, N.A., as the Fiscal Agent, in connection with the issuance by the County of its Community Facilities District No. 2005-1 (Blackstone) Special Tax Bonds (the "Bonds"), in the aggregate principal amount of $32,655,000.

This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). In connection therewith, the County covenants and agrees as follows:

SECTION 1. <u>Definitions</u>. In addition to the definitions set forth in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 2 and 3 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Disclosure Representative" shall mean the designees of the County to act as the disclosure representative.

"Dissemination Agent" shall mean NBS Local Government Solutions, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the County.

"Listed Events" shall mean any of the events listed in Section 4(a) of this Disclosure Certificate and any other event legally required to be reported pursuant to the Rule.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, as they may be designated from time to time pursuant to the Rule. Any filing under this Disclosure Certificate with a National Repository may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

"Official Statement" means the Official Statement, dated July 20, 2005, relating to the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean 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.

"State" shall mean the State of California.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 2. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than the same date on which the County is required to deliver to the California Debt and Investment Advisory Commission the report described in Section 3(a)(iii) hereof (currently October 30) (the "Report Date"), commencing on October 30, 2005, with the report for the 2004-2005 Fiscal Year, to provide to each Repository an Annual Report which is consistent with the requirements of Section 3 of this Disclosure Certificate, with a copy to the Fiscal Agent. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Certificate. If either the County's fiscal year or the Report Date changes, the County shall give notice of such change in the same manner as for a Listed Event under Section 4(c). The County's audited financial statements shall be preceded by the following legend in bold, large print, of the type shown below. If the financial statements are submitted separately, the reference to them in the Annual Report shall also contain the same legend, which follows:

NOTE: The County has not obligated itself to incur any liability in the event the special taxes are not adequate to pay principal and interest on the Bonds. Further, the County will under no circumstances advance any of its funds (other than the special taxes and the funds and accounts established under the Fiscal Agent Agreement) to the payment of principal or interest on the Bonds. Therefore, the County believes its audited financial statements are not material to the Bonds and for that reason they were not included in the Official Statement for the Bonds. They are being submitted as part of the continuing disclosure solely due to an interpretation of Rule 15c2-12 by the staff of the Securities and Exchange Commission that it is required under the Rule. Investors and others should not infer from the inclusion of the County's financial statements in any continuing disclosure that the County considers its financial statements to be material to the Bonds, or that the County will, under any circumstances, advance any of its funds (other than

the special taxes and the funds and accounts established under the Fiscal Agent Agreement) for the payment of principal or interest on the Bonds.

(b) Not later than fifteen (15) Business Days prior to the Report Date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If the County is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the County or the Dissemination Agent shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) file a report with the County, which shall, to the extent the County has provided the Dissemination Agent with the Annual Report, certify to the County that the Annual Report has been provided to the Repositories pursuant to this Disclosure Certificate, state the date it was provided, and list all the Repositories to which it was provided.

SECTION3. <u>Content of Annual Reports</u>.(a) The Annual Report shall contain or include by reference the following:

(i) The audited financial statements of the County for the fiscal year most recently ended, 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 County's audited financial statements are not available by the Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the audited financial statements of the County for the preceding fiscal year, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(ii) A copy of any report prepared pursuant to Section 7.06 of the Fiscal Agent Agreement.

(iii) A statement of the number of building permits issued by the County for construction of homes in the District.

(iv) A table showing the number of parcels in each Special Tax category of Rate and Method of Apportionment.

(v) Total Special Tax most recently levied by the County in the District.

(vi) Special Tax delinquency rate for the then most recently ended fiscal year of the District (currently June 30).

(vii) Any additional information required to be provided by the County if and to the extent the County is provided by the Participating Underwriter or the Fiscal Agent with an opinion of nationally recognized bond counsel to the effect that pursuant to subsequent interpretative releases or regulations of the United States Securities and Exchange Commission, applicable case law, or similar authority, such additional information is required to be provided under the Rule.

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 County or related public entities, that have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The County 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 4, the County shall give an Officer's Certificate including notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Modifications to rights of Bondholders.
4. Optional, contingent or unscheduled Bond calls.
5. Defeasances.
6. Rating changes.
7. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
8. Unscheduled draws on the debt service reserves, if any, reflecting financial difficulties.
9. Unscheduled draws on credit enhancements reflecting financial difficulties.
10. Substitution of credit or liquidity providers, or their failure to perform.
11. Release, substitution, or sale of property securing repayment of the Bonds.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall as soon as possible determine if such event would constitute material information for Holders of Bonds, provided, that any event under subsection (a)(6) will always be defined to be material.

(c) If the County determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the County shall, or by written direction cause the Dissemination Agent (if not the County) to, promptly file a notice of such occurrence with (i) each National Repository or the Municipal Securities Rulemaking Board and (ii) each appropriate State Repository with a copy to the Trustee, together with written direction to the Trustee whether or not to notify the Bond holders of the filing of such notice. In the absence of any such direction, the Trustee shall not send such notice to the Bond holders. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and 5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates pursuant to the Indenture.

(d) If in response to a request under subsection (b), the County determines that the Listed Event would not be material under applicable federal securities laws, the County shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (e).

(e) If the Dissemination Agent has been instructed by the County to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Repository. Notwithstanding the foregoing:

SECTION 5. __Termination of Reporting Obligation.__ The obligations of the County and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in the same manner as for a Listed Event under Section 4(e) hereof. If the County's obligations under the Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the County, and the County shall have no further responsibility hereunder.

SECTION 6. __Dissemination Agent__. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time by providing at least 30 days' notice in writing to the Issuer and the County.

SECTION 7. __Amendment; Waiver__. Notwithstanding any other provision of this Disclosure Certificate, the County and the Dissemination Agent may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the Issuer, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of either such party) and any provision of this Disclosure Certificate may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Issuer, the County and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 8. __Additional Information__. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. __Duties, Immunities and Liabilities of Dissemination Agent__. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their respective powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the County for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary County for the Issuer, the Bondholders, or any other party. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 10. Notices. Any notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

To the County:	County of El Dorado 330 Fair Lane Placerville, CA 95667 Attn: CFD Administrator
To the Dissemination Agent:	NBS Local Government Solutions 41661 Enterprise Circle North, Suite 225 Temecula, CA 92590

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Counterparts. This Disclosure Certificate 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, this Certificate is executed and delivered as of the date first above written.

COUNTY OF EL DORADO, for and on behalf of County of El Dorado Community Facilities District No. 2005-1 (Blackstone)

By: ______________________________

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	County of El Dorado
Name of Bond Issue:	$32,655,000 County of El Dorado Community Facilities District No. 2005-1 (Blackstone) Special Tax Bonds
Date of Issuance:	_____________, 2005

NOTICE IS HEREBY GIVEN that the County of El Dorado (the "County") on behalf of County of El Dorado Community Facilities District No. 2005-1 (Blackstone) has not provided an Annual Report with respect to the above-named Bonds as required by the Fiscal Agent Agreement dated as of August 1, 2005 (the "Fiscal Agent Agreement") by and between the County and The Bank of New York Trust Company, N.A., as Fiscal Agent. The County anticipates that the Annual Report will be filed by ____________.

Dated: ______________

_______________, as Dissemination Agent, on behalf of County of El Dorado Community Facilities District No. 2005-1 (Blackstone)

By: ______________________________
Authorized Officer

cc: County of El Dorado

CONTINUING DISCLOSURE CERTIFICATE
(Developer)

THIS CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is dated as of _______________, 2005, and is executed and delivered by West Valley, LLC in connection with the issuance by the County of El Dorado, California of its Community Facilities District No. 2005-1 (Blackstone) Special Tax Bonds (the "Bonds"), in the aggregate principal amount of $32,655,000.

This Disclosure Certificate is being executed and delivered for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). In connection therewith, the West Valley, LLC covenants and agrees as follows:

SECTION 1. **Definitions.** In addition to the definitions set forth in the Fiscal Agent Agreement dated as of August 1, 2005 (the "Fiscal Agent Agreement") by and between the County and The Bank of New York Trust Company, N.A., as the Fiscal Agent, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Quarterly Report" shall mean any Quarterly Report provided by the Developer pursuant to, and as described in, Sections 2 and 3 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Developer" shall mean West Valley, LLC, MW Housing Partners III, L.P., Lennar Corporation and any entity affiliated with Lennar Corporation.

"Dissemination Agent" shall mean NBS Local Government Solutions, acting in its County as Dissemination Agent hereunder, or any successor Dissemination Agent designated by the County.

"Issuer" shall mean the County of El Dorado, California.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, as they may be designated from time to time pursuant to the Rule. Any filing under this Disclosure Certificate with a National Repository may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

"Official Statement" means the Official Statement, dated, July 20, 2005, relating to the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds.

"Project" shall mean the proposed subdivision within the District, as described in the Official Statement.

"Repository" shall mean each National Repository and each State Repository.

"State" shall mean the State of California.

SECTION 2. Provision of Quarterly Reports.

(a) The Developer shall, by not later than February 1, May 1, August 1 and November 1, commencing commencing with the report to be filed on or before February 1, 2006 and continuing until the obligation is terminated pursuant to Section 5, provide to the Dissemination Agent a Quarterly Report which is consistent with the requirements of Section 3 of this Disclosure Certificate with a copy to the Issuer. The Developer shall provide a written certification with each Quarterly Report furnished to the Dissemination Agent and the Issuer to the effect that the Quarterly Report is being provided pursuant to this Disclosure Certificate. The Quarterly Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Quarterly Report to the Repositories, the Dissemination Agent has not received a copy of the Quarterly Report, the Dissemination Agent shall contact the Developer to determine if the Developer is in compliance with subsection (a).

(c) If the Developer is unable to provide to the Dissemination Agent a Quarterly Report by the date required in subsection (a), the Developer shall send a notice to the Dissemination Agent substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Quarterly Report the name and address of each National Repository and the State Repository, if any; and

(ii) (if the Dissemination Agent is other than the Developer), to the extent appropriate information is available to it, file a report with the Developer certifying that the Quarterly Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 3. Content of Quarterly Reports. The Developer's Quarterly Report shall contain or incorporate by reference the following information as to the property in the District owned by the Developer, if material:

(a) Any significant changes in the information contained in the Official Statement under the headings: "THE DISTRICT - Anticipated Development in the District" and the status of completion of the Improvements (as defined in the Official Statement).

(b) A general description of the development status of the parcels owned by the Developer within the District.

(c) A statement of the number of building permits issued by the County for construction of homes located on the Developer's property in the District.

(d) A summary of property within the District sold by the Developer since the date of the Official Statement, showing number of homes sold to homeowners and name and identity of property sold to any developers and merchant builders.

(e) A summary of lots transferred from MW Housing Partners III to any merchant builder.

(f) A description of any change in the legal structure of the Developer which is material to Bond investors.

(g) Material changes in Project costs, status of any construction loans and any permanent financing received by the Developer with respect to the Project that could have a significant impact on the Developer's ability to complete the construction and sale of homes within the District.

(h) Any denial of credit, lines of credit, loans or loss of source of capital that could have a significant impact on the Developer's ability to pay the Special Tax or other taxes or assessments or to comply with its obligations under the Development Agreement.

(i) Any failure by the Developer to pay when due general property taxes, assessments or special taxes with respect to its property in the District.

(j) Any previously undisclosed amendments to the land use entitlements or environmental conditions or other governmental conditions that are necessary to complete the development plan.

(k) A description of any changes to the Development Agreement which materially adversely affect the development of the property within the District as set forth in the Official Statement.

(l) Audited annual financial statements prepared in accordance with generally accepted accounting principles. If the audited financial statements are not available by the time the Quarterly Report is required to be filed pursuant to Section 2(a), the Quarterly Report shall contain unaudited financial statements in a format similar to that used for the audited financial statements, and the audited financial statements shall be filed in the same manner as the Quarterly Report when they become available. The financial statements need only be included in one Quarterly Report per year.

SECTION 4. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 4, the Developer shall give, to the Dissemination Agent, notice of the occurrence of any of the following events with respect to the Bonds, if material:

> (i) failure to pay any real property taxes (including any assessments or special taxes) levied within the District on a parcel owned by the Developer.

(ii) the discovery of toxic material or hazardous waste which will require remediation on any property owned by the Developer subject to the Special Tax.

(iii) default by the Developer on any loan with respect to the construction or permanent financing of public or private improvements with respect to the Project.

(iv) Initiation of Dissemination bankruptcy proceedings (whether voluntary or involuntary) by the Developer or any related entity.

(b) Whenever the Developer obtains knowledge of the occurrence of an event described in section (a), the Developer shall as soon as possible determine if such event would be material to Bond investors under applicable federal securities laws.

(c) If the Developer determines that knowledge of the occurrence of such event would be material under applicable federal securities laws, the Developer shall promptly provide a notice of such occurrence to the Dissemination Agent, with a copy to the Issuer.

SECTION 5. Termination of Reporting Obligation. The obligations of the Developer and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. In addition the Developer shall have no obligations hereunder if the Special Tax of the District on all property within the District owned by the Developer and affiliates or partners thereof is less than twenty percent (20%) of the total Special Tax for the entire District. If such termination occurs prior to the final maturity of the Bonds, the Developer shall give notice of such termination in the manner set forth under Section 4(c).

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Developer and the Dissemination Agent may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the Developer, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of either such party), and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 2(a), 3, or 4(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements or change in law;

(b) The amendment or waiver either (i) is approved by the Bondholders of the Bonds in the same manner as provided in the Agreement for amendments to the Agreement with the consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Developer shall describe such amendment in the next Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of information being presented by the Developer.

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Quarterly Report or notice of occurrence of a material event, in addition to that which is required by this Disclosure Certificate. If the Developer chooses to include any information in any Quarterly Report or notice of occurrence of a material event in addition to that which is specifically required by this Disclosure Certificate, the Developer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Quarterly Report or notice of occurrence of a material event.

SECTION 8. **Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Developer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their respective powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Developer for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary County for the Issuer, the Bondholders, or any other party. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 9. **Subsequent Developers.** The Developer will require, as a condition of sale of any property which the Developer sells within the Project resulting in a new owner who, together with affiliates or partners thereof, owns at least twenty percent (20%) of the total assessments for the entire District, that such purchaser execute a certificate substantially in the form of this Disclosure Certificate, unless this Disclosure Certificate, as it may be amended from time to time, by its own terms would not require the purchaser to provide any disclosure.

SECTION 10. **Notices**. Any notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

To the Developer:	West Valley, LLC Lennar Communities 1075 Creekside Ridge Drive, Suite 110 Roseville, CA 95678
To the Dissemination Agent:	NBS Local Government Solutions 41661 Enterprise Circle North, Suite 225 Temecula, CA 92590
To the Issuer/County:	County of El Dorado 330 Fair Lane Placerville, CA 95667 Attn: CFD Administrator

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 11. **Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. **Counterparts.** This Disclosure Certificate 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 undersigned has executed this Disclosure Certificate as of the date first above written.

West Valley, LLC

By: ______________________________

Its: ______________________________

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE QUARTERLY REPORT

Name of Issuer:	County of El Dorado
Nameof Bond Issue:	$32,655,000 County of El Dorado, Community Facilities District No. 2005-1 (Blackstone), Special Tax Bonds,
Date of Issuance:	___________, 2005

NOTICE IS HEREBY GIVEN that ______________________ (the "Developer") has not provided an Quarterly Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate of the Developer dated as of the date of issuance of such Bonds. The Developer anticipates that the Quarterly Report will be filed by ____________.

Dated: ______________

____
on behalf of the Dissemination Agent

By:
____

Its:
____

cc: Developer

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APPENDIX F

THE BOOK ENTRY SYSTEM

Book-Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. DTC 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 securities that its participants (the "**Participants**") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "**Direct Participants**" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the 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, but Beneficial Owners are 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 Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 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 Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no 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 securities are credited, which may or may not be the Beneficial Owners. The 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.

Redemption notices shall be sent to Cede & Co. 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 issue to be redeemed. Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, mandatory redemption and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the date payable. 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, the Fiscal Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County or the Fiscal Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be responsibility of Direct and Indirect Participants.

The County cannot and does not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium with respect to the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The County is not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

The foregoing description of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Discontinuance of Book-Entry System

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Fiscal Agent and discharging its responsibilities with respect thereto under applicable law or the County may terminate participation in the system of book-entry transfers through DTC or any other securities depository at any time. In the event that the book-entry system is discontinued, the County will execute, and the Fiscal Agent will authenticate and make available for delivery, replacement Bonds in the form of registered bonds. In addition, the principal of and redemption premium, if any, on the Bonds will be payable as set forth in the Fiscal Agent Agreement and summarized above under the caption "Description of the Bonds." Bonds will be transferable and exchangeable on the terms and conditions provided in the Fiscal Agent Agreement. See "Transfer or Exchange of Bonds" above.