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

(see **"CONCLUDING INFORMATION - NO RATINGS ON THE BONDS"** herein)

In the opinion of McFarlin & Anderson LLP, Laguna Hills, California ("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 and agreements, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, Bond Counsel observes that such interest (and original issue discount) is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liabilities. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income taxation. 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 ***"LEGAL MATTERS – TAX EXEMPTION"*** *herein.*

COUNTY OF RIVERSIDE **STATE OF CALIFORNIA**

$12,145,000
BEAUMONT FINANCING AUTHORITY
2011 LOCAL AGENCY REVENUE BONDS, SERIES A
(IMPROVEMENT AREA NO. 17B)

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

This cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the Bonds (as defined herein) involves risks. See "BONDOWNERS' RISKS" herein for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

Interest on the Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2012, until maturity or earlier redemption thereof (see "**THE BONDS - GENERAL PROVISIONS**" and "**THE BONDS - REDEMPTION**" herein).

The information contained within this Official Statement was prepared under the direction of the Beaumont Financing Authority (the "Authority") by the following firm serving as Financing Consultant to the Authority.

ROD GUNN ASSOCIATES, INC.

MATURITY SCHEDULE

(see inside cover)

Proceeds from the Bonds will be used, in part, to acquire on the delivery date of the Bonds, the District Bonds (as defined herein) to be issued under the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq*. of the Government Code of the State of California). The Bonds are special obligations of the Authority payable solely from and secured by revenues from repayment of the District Bonds, the Reserve Fund held by the Trustee and under certain circumstances by any available surplus revenues with respect to other series of bonds issued by the Authority as described herein. Repayment of the District Bonds will be from the Special Taxes (as defined herein) to be levied against taxable real property within the City of Beaumont Community Facilities District No. 93-1 Improvement Area No. 17B, as described herein (see **"SOURCES OF PAYMENT FOR THE BONDS"** and **"BONDOWNERS' RISKS"** herein).

It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company on or about December 22, 2011 (see **"APPENDIX G - BOOK-ENTRY SYSTEM"**).

The date of the Official Statement is December 15, 2011.

O'CONNOR & COMPANY SECURITIES
PUBLIC FINANCE

MATURITY SCHEDULE

(Base CUSIP* 074406:)

$1,405,000 Serial Bonds

Maturity Date September 1	Principal Amount	Interest Rate	Reoffering Rate	CUSIP Suffix*
2015	$10,000	3.500%	3.500%	MK2
2016	25,000	4.000%	4.000%	ML0
2017	40,000	4.250%	4.250%	MM8
2018	60,000	4.500%	4.650%	MN6
2019	80,000	4.500%	4.850%	MP1
2020	100,000	5.000%	5.100%	MQ9
2021	120,000	5.000%	5.180%	MR7
2022	140,000	5.000%	5.280%	MS5
2023	165,000	5.000%	5.350%	MT3
2024	195,000	5.250%	5.450%	MU0
2025	220,000	5.375%	5.600%	MV8
2026	250,000	5.500%	5.700%	MW6

$1,820,000 6.125% Term Bonds due September 1, 2031, Price 100% CUSIP Suffix* MX4

$8,920,000 6.375% Term Bond due September 1, 2042, Price 100% CUSIP Suffix* MY2

BEAUMONT FINANCING AUTHORITY
BEAUMONT, CALIFORNIA

AUTHORITY BOARD AND CITY COUNCIL

Brian De Forge, *Chairperson and Mayor*
Roger Berg, *Vice Chairperson and Mayor Pro Tem*
David J. Castaldo, *Board Member and Council Member*
Jeffery Fox, *Board Member and Council Member*
Nancy C. Gall, *Board Member and Council Member*

AUTHORITY AND CITY STAFF

Alan C. Kapanicas, *City Manager, Authority Executive Director and Special Tax Consultant*
Bill Aylward, *Finance Director*
Karen Thompson, *City Clerk*

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Huntington Beach, California

Project Engineer
Urban Logic Consultants, Inc.
Temecula, California

Appraiser
Harris Realty Appraisal
Newport Beach, California

Trustee
Union Bank, N.A.
Los Angeles, California

Underwriter
O'Connor & Company Securities, Inc.
Newport Beach, California

FOR ADDITIONAL INFORMATION

Alan C. Kapanicas, City of Beaumont, California (951) 769-8520
O'Connor & Company Securities, Inc. (949) 706-0444

GENERAL INFORMATION ABOUT THE OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the offer and 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 to be construed as a contract with the purchasers of the Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the District, in any press release and in any oral statement made with the approval of an authorized officer of the City, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend," and similar expressions identify "forward-looking statements" within the meaning of the 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 subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof. Neither the Authority nor the District plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

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

Involvement of Underwriter. The Underwriter has submitted the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City, the District or any other entity described or referenced herein since the date hereof. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions.

Stabilization of Prices. In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

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

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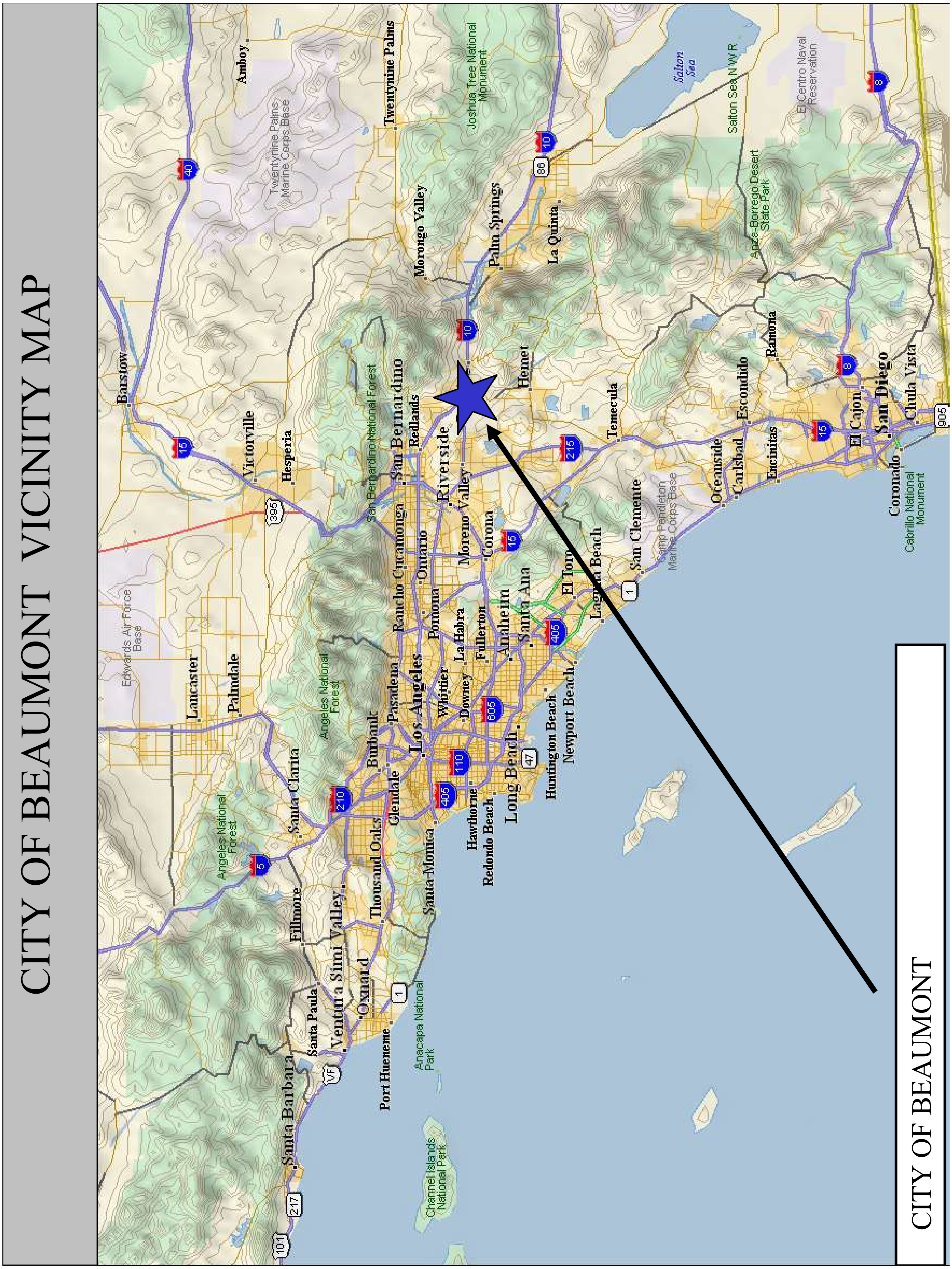
Vicinity Map



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OFFICIAL STATEMENT
$12,145,000
BEAUMONT FINANCING AUTHORITY
2011 LOCAL AGENCY REVENUE BONDS,
SERIES A (IMPROVEMENT AREA NO. 17B)

This Official Statement, which includes the cover page and appendices (the "Official Statement"), is provided to furnish certain information concerning the sale of the Beaumont Financing Authority 2011 Local Agency Revenue Bonds, Series A (Improvement Area No. 17B) (the "Bonds"), in the aggregate principal amount of $12,145,000.

INTRODUCTORY STATEMENT

This Introductory Statement contains only a brief description of this issue and does not purport to be complete. This Introductory Statement is subject in all respects to more complete information in the entire Official Statement including the appendixes and the offering of the Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Investment in the Bonds involves risks. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds.

THE AUTHORITY

Authorization and Formation

The Beaumont Financing Authority (the "Authority") is a joint exercise of powers authority organized and existing under and by virtue of the Joint Exercise of Powers Act, constituting Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "Joint Powers Act"). The City of Beaumont (the "City"), pursuant to Resolution No. 1993-20, adopted on April 12, 1993, and the Beaumont Redevelopment Agency (the "Agency"), pursuant to Resolution No. BRA 93-01, adopted on April 12, 1993, formed the Authority by the execution of a joint exercise of powers agreement (the "Joint Powers Agreement") (see **"THE AUTHORITY"** herein).

Bond Authorization and Issuance

Pursuant to the Joint Powers Act, the Authority is authorized, among other things, to issue revenue bonds to provide funds to acquire local obligations issued to finance or refinance public capital improvements, such revenue bonds to be repaid from the repayment of the local obligations so acquired by the Authority. The Bonds are being issued pursuant to the Indenture, as defined herein, approved by the Authority pursuant to the Authority Resolution, adopted on November 1, 2011 (the "Authority Resolution") (see "**APPENDIX A – SUMMARY OF THE INDENTURE**"). The Bonds are being sold to the Underwriter pursuant to, and subject to the terms and conditions of, the Purchase Contract, by and among the Underwriter, the Authority and the City of Beaumont Community Facilities District No. 93-1 (the "District") (the "Purchase Contract"). The Indenture and the Purchase Contract were approved by the Authority pursuant to the Authority Resolution. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company on or about December 22, 2011 (see **"APPENDIX G - BOOK-ENTRY SYSTEM"**).

Repayment of the Bonds

The Bonds are secured under an Indenture of Trust, dated as of January 15, 1994 (the "Original Indenture"), as previously amended, and a Twenty-First Supplemental Indenture of Trust, dated as of

December 1, 2011 (the "Supplemental Indenture"), both between the Authority and Union Bank, N.A., Los Angeles, California (successor to the previous trustee), as trustee (the "Trustee") (see **"APPENDIX A - SUMMARY OF THE INDENTURE"**). The Original Indenture, as heretofore amended and supplemented and as supplemented by the Supplemental Indenture, is referred to herein as the "Indenture."

The Bonds are special obligations of the Authority payable solely from and secured by the proceeds of:

(i) Payment of the local obligations to be acquired by the Authority with the proceeds of the Bonds;

(ii) The Reserve Fund (as defined in the Indenture) established with the proceeds of the Bonds and held pursuant to the Indenture (see **"SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE BONDS - Reserve Fund"** herein);

(iii) Any investment earnings with respect to such monies except to the extent transferred to or held in the Residual Fund (see **"SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE BONDS - Residual Fund"** herein); and

(iv) Any monies that may be available from the Cash Flow Management Fund established and held pursuant to the Supplemental Indenture (see **"SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE BONDS – Cash Flow Management Fund"** herein)

(collectively, the "Revenues").

In addition, the Bonds may be payable from any available surplus revenues with respect to other series of local agency revenue bonds issued pursuant to the Indenture to the extent such surplus revenues are available to replenish the Reserve Fund to its requirement and to fund the Cash Flow Management Fund to its requirement (see **"SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE BONDS"** and **"BONDOWNERS' RISKS"** herein).

Special Obligation

The Bonds are special obligations of the Authority. The Bonds do not constitute a debt or liability of the City, State of California (the "State") or of any political subdivision thereof, other than the Authority. The Authority shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the District (except to the limited extent described herein), the City, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Authority has no taxing power.

Local Obligations

On the delivery date of the Bonds, the Authority will acquire the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2011 Series A (Improvement Area No. 17B) (the "Series A District Bonds") and the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2011 Series B (Improvement Area No. 17B) (the "Series B District Bonds") (collectively, the Series A District Bonds and the Series B District Bonds, are referred to herein as the "District Bonds") to be issued by the District, as described herein, for the benefit of Improvement Area No. 17B ("Improvement Area No. 17B"). The District Bonds are secured and payable on a parity basis from Special Taxes levied within Improvement Area No. 17B (the "Special Taxes") (see **"SOURCES OF PAYMENT FOR THE BONDS"** herein).

The Authority has issued other series of bonds. Each series is separately secured under the terms of the supplemental indenture for such other series of bonds. The Authority is not authorized to issue any additional bonds under the Indenture secured by repayment of the District Bonds except for refunding purposes (see **"THE BONDS – ADDITIONAL OBLIGATIONS – The Authority"** herein). The District also is not authorized to issue additional bonds secured by the Special Taxes on a parity with the District Bonds (see "**THE BONDS - ADDITIONAL OBLIGATIONS - The District**" herein).

Financing Purpose of the Bonds

The Bonds are being issued for the following purposes:

(i) To provide funds to acquire the District Bonds on the date of delivery of the Bonds;

(ii) To fund the Reserve Fund (as defined in the Indenture). The amount of Bond proceeds deposited into the Reserve Fund will be $1,214,500 (an amount equal to the Reserve Requirement as defined in the Indenture) (see **"SOURCES OF PAYMENT FOR THE BONDS - REPAYMENT OF THE BONDS - Reserve Fund"** herein); and

(iii) To pay the expenses of the Authority in connection with the issuance of the Bonds.

(see **"ESTIMATED SOURCES AND USES OF FUNDS – THE BONDS"** and **"SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE BONDS"** herein).

THE DISTRICT

Authorization

The Mello-Roos Community Facilities Act of 1982, as amended, constituting Section 53311 et seq. of the Government Code of the State of California (the "Act"), was enacted by the California Legislature to provide an alternative method of financing certain public facilities, improvements and services. The Act authorizes local governmental entities to establish community facilities districts as legally constituted governmental entities within defined boundaries, with the legislative body of the local applicable governmental entity acting on behalf of such district. Subject to approval by at least a two-thirds vote of the votes cast by qualified electors within such district and compliance with the provisions of the Act, the legislative body may issue bonds for such community facilities district established by it and may levy and collect a special tax within such district to repay such bonds.

Formation

The City formed the District by the adoption of a resolution on June 29, 1993, as part of a master program to finance public improvements within the City. Pursuant to the Act, the City may designate a portion or portions of a community facilities district as one or more improvement areas. After the designation of an improvement area, all proceedings for purposes of a bond election and for the purpose of levying special taxes for payment of the bonds shall apply only to such improvement area.

The District at the time of formation consisted of 13 improvement areas. The City has periodically annexed additional improvement areas to the District (see **"Map of Improvement Areas"**). Each improvement area has a separate rate and method of apportionment approved by the qualified electors within such improvement area. The qualified electors within each improvement area voted in favor of the incurrence of bonded indebtedness and each improvement area has a separate bond authorization.

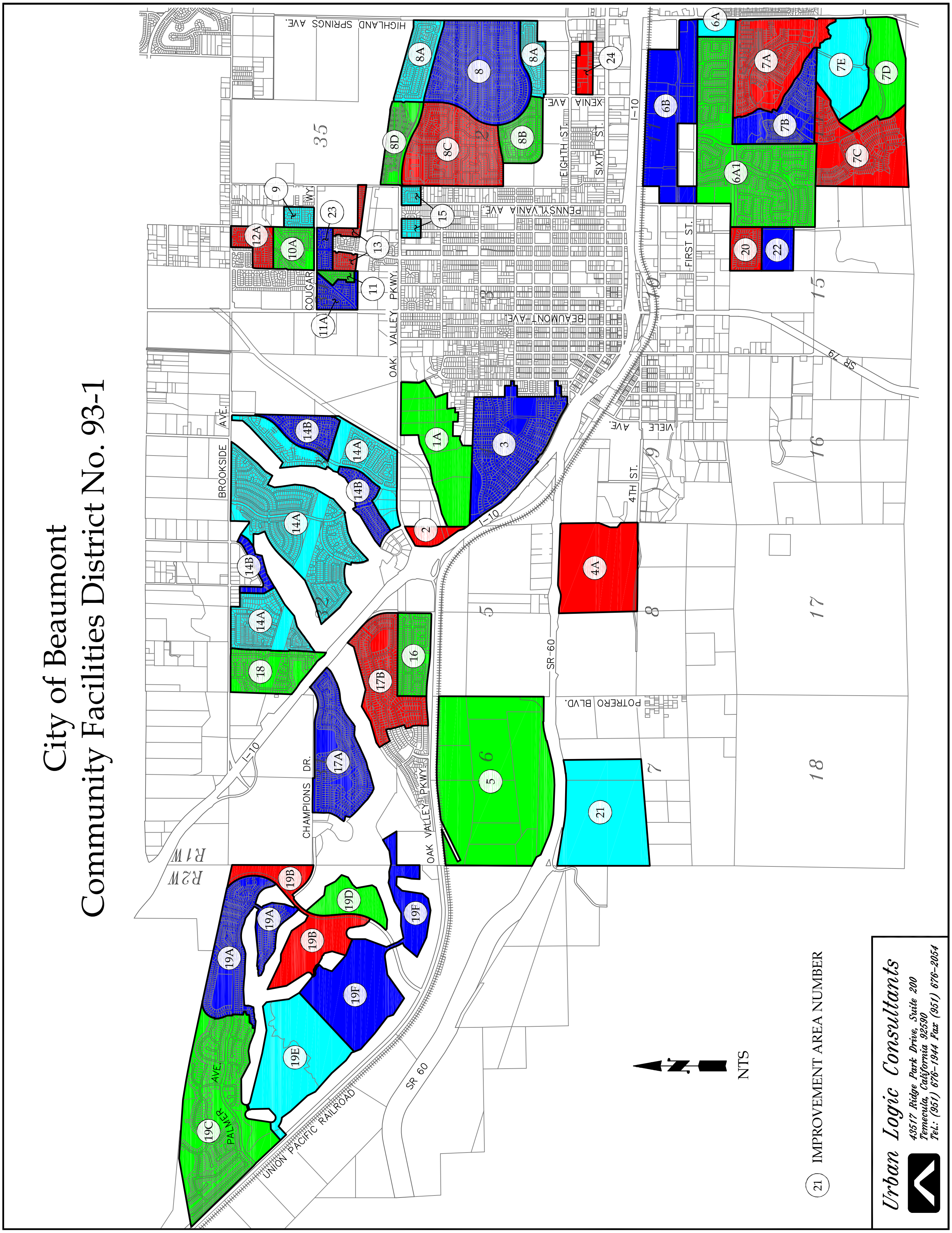
The District is issuing the District Bonds on behalf of and for the benefit of Improvement Area No. 17B as discussed herein.

IMPROVEMENT AREA NO. 17B

Formation

Improvement Area No. 17B was designated as an Improvement Area by the adoption of a resolution on November 21, 2006. The qualified electors within Improvement Area No. 17B approved on November 21, 2006, the levy of the Special Tax in accordance with the Rate and Method of Apportionment for Improvement Area No. 17B of Community Facilities District 93-1 (the "Rate and Method of Apportionment") (see **"APPENDIX D – RATE AND METHOD OF APPORTIONMENT"**) and approved issuance of bonds by the District for the benefit of Improvement Area No. 17B.

Map of Improvement Areas



Authorization and Issuance of the District Bonds

The City, on behalf of the District, pursuant to a resolution adopted on November 1, 2011 (the "District Resolution"), approved the issuance of the District Bonds and the Purchase Contract for Purchase and Sale of the District Bonds selling to the Authority the District Bonds. The Board of Directors of the Authority, pursuant to the Authority Resolution, authorized the Authority to acquire the District Bonds. The District Bonds are being issued pursuant to the District Indenture, as defined herein, approved by the City pursuant to the District Resolution (see "**APPENDIX B– SUMMARY OF THE DISTRICT INDENTURE**").

The amount of bonds authorized for Improvement Area No. 17B, approved by the qualified electors, is $25,000,000. On the date of delivery of the Bonds, the District will issue the District Bonds in the aggregate principal amount of $12,145,000. The Series A District Bonds will be issued in the principal amount of $2,235,000 and the Series B District Bonds will be issued in the principal amount of $9,910,000. The District Indenture does not authorize any additional bonds to be issued by the District on behalf of Improvement Area No. 17B on a parity with the District Bonds.

Repayment of the District Bonds

The District Bonds are secured under the Original District Indenture, dated as of January 15, 1994 (the "Original District Indenture"), and a Twenty-Third Supplemental Indenture between the District and Union Bank, N.A., Los Angeles, California, as district trustee (the "District Trustee"), dated as of December 1, 2011 (the "Supplemental District Indenture") (collectively, the Original District Indenture as heretofore amended and supplemented, and as further supplemented by the Supplemental District Indenture, is referred to herein as the "District Indenture") (see **"APPENDIX B - SUMMARY OF THE DISTRICT INDENTURE"**).

The District has covenanted in the District Indenture to levy in each fiscal year the Special Taxes on parcels of land within Improvement Area No. 17B pledged to the repayment of the District Bonds in an amount sufficient to pay the aggregate Annual Debt Service on the District Bonds, including an allowance for delinquencies, and the administrative expenses related to Improvement Area No. 17B, subject to the limitation on the Maximum Special Tax, as defined herein, that may be levied on such land within Improvement Area No. 17B (see **"SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE DISTRICT BONDS"** and **"BONDOWNERS' RISKS"** herein) (see **"SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE"** for a description of the Special Tax within Improvement Area No. 17B). The Series A District Bonds are being issued on parity with the Series B District Bonds. The Series A District Bonds and the Series B District Bonds will be repaid on a parity basis with Special Taxes collected within Improvement Area No. 17B.

The District Bonds are special obligations of the District. The District Bonds do not constitute a debt or liability of the City, the State or of any political subdivision thereof, other than the District. The District shall only be obligated to pay the principal of the District Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the District Bonds. The District does not have any *ad valorem* taxing power (see **"SOURCES OF PAYMENT FOR THE BONDS"** and **"BONDOWNERS' RISKS"** herein**).**

Financing Purpose of the District Bonds

Series A District Bonds. Pursuant to a resolution, adopted by the Authority on May 19, 2009 (the "2009 Authority Resolution"), the Authority issued its 2009 Local Agency Revenue Bonds, Series B (Improvement Area Nos. 8D and 17B) (the "Authority 2009 Bonds") in the principal amount of $2,640,000, all of which remain outstanding. A portion of the proceeds from the 2009 Authority Bonds was used to acquire bonds issued by the District on behalf of Improvement Area No. 17B (the "2009 Improvement Area No. 17B Bonds"). A portion of the proceeds of the Series A District Bonds will be transferred to the Trustee for the 2009 Authority Bonds and deposited in the redemption fund under the 2009 Indenture for the redemption, in part, of the 2009 Authority Bonds relating to the 2009 Improvement Area No. 17B Bonds (see "**PARTIAL REDEMPTION OF 2009 AUTHORITY BONDS**" below).

Series B District Bonds. The Series B District Bonds are being issued to provide the District with funds to finance public infrastructure related to Improvement Area No. 17B (see "**FACILITIES AND FEES ELIGIBLE TO BE FINANCED BY THE DISTRICT**" herein), to fund interest on the Series B District Bonds relative to Final Map Property, as defined herein, and to pay the expenses of the District in connection with the issuance of the Series B District Bonds (see "**ESTIMATED SOURCES AND USES OF FUNDS – THE DISTRICT BONDS**" herein).

The Special Taxes

The principal of, premium, if any, and the interest on the District Bonds and the Administrative Expenses of the District related to Improvement Area No. 17B, are payable from the Special Taxes collected on real property within Improvement Area No. 17B. The Special Taxes are to be levied and collected according to the Rate and Method of Apportionment as briefly summarized below (see **"SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE"** herein and **APPENDIX D – RATE AND METHOD OF APPORTIONMENT)."**

Special Tax Requirement. The District is required pursuant to the Rate and Method of Apportionment to annually determine the Special Tax Requirement (as defined herein) (see **"SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE – SPECIAL TAX REQUIREMENT**" herein), for Improvement Area No. 17B and apportion such amount subject to the Maximum Special Tax, as defined herein, until the Special Taxes equal the Special Tax Requirement for Improvement Area No. 17B. Generally, the "Special Tax Requirement" is the amount necessary to pay debt service on the District Bonds and the Administrative Expenses of the District related to Improvement Area No. 17B.

Apportionment of the Special Tax. The Rate and Method of Apportionment requires the Special Tax levy to be apportioned between 3 classes of property ("Developed Property," "Final Map Property" and "Undeveloped Property," all as defined in the Rate and Method of Apportionment). Generally, the Special Tax is levied proportionately first on each Assessor's Parcel of Developed Property at up to 100% of the applicable Special Tax rates as needed to satisfy the Special Tax Requirement. Secondly, if additional monies are needed to satisfy the Special Tax Requirement, after the levy on Developed Property, the Special Tax is levied proportionately on each Assessor's Parcel of Final Map Property (all the remaining parcels in Improvement Area No. 17B), at up to 100% of the Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement (see "**SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE – METHOD OF APPORTIONMENT**" herein).

Developed Property and Final Map Property. Developed Property, as defined in the Rate and Method of Apportionment, generally consists of all residential lots created by a recorded final map and for which a building permit for a dwelling unit has been issued. "Final Map Property," as defined in the Rate and Method of Apportionment, generally consists of all residential lots created by a recorded final map. All of the taxable parcels in Improvement Area No. 17B are currently classified as either Developed Property or Final Map Property. The Rate and Method of Apportionment does not differentiate between completed homes and Finished Lots with a building permit, each as defined in the Appraisal Report (see **"APPENDIX C – APPRAISAL REPORT**").

Special Escrow Fund. Upon delivery of the Series B District Bonds, only a portion of the proceeds deposited into the Improvement Fund will be released and the balance will be held in a "Special Escrow Fund" established and maintained by the District Trustee pursuant to the District Indenture (the "Special Escrow Fund") (see "**SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE DISTRICT BONDS – Special Escrow Fund"** herein). **The District Bonds have been structured such that the levy of Special Taxes on the lots currently classified as Developed Property within Improvement Area No. 17B are expected to be sufficient to pay debt service on the non-escrowed amount of District Bonds.** The amount initially deposited into the Special Escrow Fund ($5,510,000) will be supported by capitalized interest until it is exhausted (see "Capitalized Interest" below) and then by the levy of Special Taxes on Developed Property and Final Map Property, if any still remains.

Moneys on deposit in the Special Escrow Fund will be released upon the satisfaction of certain conditions set forth in the District Indenture primarily relating to the receipt of a "Final Inspection" by the City for a completed home within Improvement Area No. 17B. The amount released from the Special Escrow Fund upon the receipt of a Final Inspection for a completed home will be $1/177^{th}$ of the original amount deposited in the Special Escrow Fund ($31,129.94).

If the developer of any Final Map Property within Improvement Area 17B has any delinquent Special Taxes that are at least 90 days past due, all the funds held in the Special Escrow Fund with respect to such delinquent parcels may be used to redeem the Series B District Bonds to the maximum extent possible at the written direction of the District.

Capitalized Interest. The District has capitalized interest on the escrowed amount of the Series B District Bonds (the amount of debt service related to Final Map Property). The District expects the amount of capitalized interest to be sufficient to pay debt service on the escrowed amount of the Series B District Bonds until all Final Map Property meets the test for release from the Special Escrow Fund as described above. If Final Map Property remains after the exhaustion of capitalized interest, the Special Tax will be levied on Final Map Property (see "**SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE – METHOD OF APPORTIONMENT**" herein).

Lien of the Special Tax. Payment of the Special Taxes is secured by the parcels assessed. In the event an annual installment of the Special Taxes included in the County tax bill of an assessed parcel is not paid when due, the District can institute foreclosure proceedings in court to cause the parcel to be sold in order to recover the delinquent amount from the sale of proceeds (see **"SOURCES OF PAYMENT FOR THE BONDS - REPAYMENT OF THE DISTRICT BONDS"** herein). Although the Special Taxes will constitute a lien on parcels of real property within Improvement Area No. 17B, they do not constitute a personal indebtedness of the owner(s) of real property within Improvement Area No. 17B.

Foreclosure and sale may not always result in the recovery of any or the full amount of delinquent Special Taxes. No assurance can be given that should a parcel or lot with delinquent annual installments be foreclosed, that any bid will be received for such property or, if a bid is received, that such bid will be sufficient to pay such delinquent annual installments. However, since a property is sold only for the amount delinquent and not for the entire outstanding special taxes, it is anticipated that the current value of Developed Property, as estimated should be sufficient to secure any delinquent special taxes (see **"BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to Land Values"** herein). However, delinquencies in the payment of property taxes and the Special Taxes may result from any of a number of factors affecting individual property owners. See **"BONDOWNERS' RISKS – THE DISTRICT BONDS**" for discussions of certain potential causes of property tax and Special Tax delinquencies. If the developer of any Final Map Property within Improvement Area 17B has any delinquent Special Taxes that are at least 90 days past due, all funds held in the Special Escrow Fund with respect to such delinquent parcels may be used to redeem the Series B District Bonds.

The payment of Special Taxes by a property owner depends in part upon the market for and the value of the parcel (see discussion under "**- Description of Developed Property**" and "**Description of Final Map Property**" below and **"BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to Land Values"** herein). In particular, property owners with negative equity may default on their mortgage payments and not pay their Special Taxes. Any holder of a mortgage or deed of trust could, but would not be required to, advance the amount of delinquent Special Taxes to protect its security interest.

The table below shows the ratio between the value of a Final Map Property and the average home price of a completed home to the average Assigned Special Tax (see **"SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE"** herein and "**APPENDIX C –APPRAISAL REPORT**" and "**APPENDIX D – RATE AND METHOD OF APPORTIONMENT**").

COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 17B
RATIO OF THE AVERAGE RETAIL PRICE OF HOME
AND FINAL MAP PROPERTY TO ASSIGNED SPECIAL TAX
AS OF NOVEMBER 15, 2011

Product Line	Average Base Home Price	Average Assigned Special Tax	Ratio of Average Home Price to Average Annual Assigned Special Tax	Average Market Value of Final Map Property	Average Assigned Special Tax (1)	Ratio of Finished Lot Value to Assigned Special Tax
Living Smart	$222,884	$1,971	113 to 1	$65,000	$1,971	32.98 to 1
Kensington	$246,550	$2,181	113 to 1	$65,000	$1,971	32.98 to 1

(1) Assumed to be in the lowest Special Tax rate category.

Delinquencies.

The levy and the amounts of Special Taxes collected for Fiscal Years 2008/09 thru 2011/12 are shown below.

COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 17B
DELINQUENCIES

Fiscal Year	Number of Parcels Levied	Amount Levied	Amount Paid	Percentage Paid
FY 2008/09	83	$202,198.00	$192,034.63	94.97%
FY 2009/10	93	$234,445.00	$234,445	100.00%
FY 2010/11	119	$299,429.00	$299,429	100.00%
FY 2011/12	179	$450,057.13	n/a	n/a

Source: City of Beaumont.

The District and the Authority have taken several actions to assist in mitigating against future delinquencies (see "**DISTRICT ADMINISTRATION – DELINQUENCIES**" herein).

Location

Improvement Area No. 17B is one of several improvement areas formed within the master planned community designated as "Oak Valley" in the City ("Oak Valley"). Oak Valley encompasses 1,750 acres and is planned for 4,355 homes. Oak Valley features two 18-hole golf courses known as "The Legends" and "The Champions."

Improvement Area No. 17B is the second of four planned improvement areas (Improvement Area Nos. 17A-17D), two of which have been formed, within the master planned community designated as "Tournament Hills" located within Oak Valley ("Tournament Hills"). The District previously issued bonds for the benefit of Improvement Area No. 17A which consists of 488 completed single family homes.

Tournament Hills and Improvement Area No. 17B are generally located north of Oak Valley Parkway and westerly of Desert Lawn Drive (see "**Map of Improvement Area No. 17B**" on the following page). Improvement Area No. 17B is the second phase of development within Tournament Hills and is comprised of 173.07 acres.

Property Ownership

The property owners within Improvement Area No. 17B, as of November 1, 2011, consist of 163 individual owners, Richmond American Homes of Maryland, Inc., a Maryland corporation ("Richmond American") (94 parcels) and Pardee Homes ("Pardee Homes") (127 parcels).

Subsequent to circulation of the Preliminary Official Statement (the "POS"), Richmond American notified the City that they closed escrow on one additional home prior to the dated date of POS and the Appraisal Report, as defined below. As a consequence, all references in this Official Statement to the number of individual homeowners increase by one and all references to completed dwellings owned by Richmond American decreases by one.

Pardee Homes is the master developer of all the property within Tournament Hills and Improvement Area No. 17B. Richmond American and Pardee Homes currently are the merchant builders for the remaining undeveloped portions of Improvement Area No. 17B as discussed below.

Pardee Homes. Pardee Homes is completely responsible for the acquisition, planning, engineering, financing, construction, marketing, sales and management of each of its communities. Pardee Homes is centrally managed with regional and project management for development, coordination, construction and sales. Pardee Homes is a California corporation based in Los Angeles, California. Established in 1921, Pardee Homes brings more than 80 years of experience to building homes and communities. Pardee Homes is a developer of new-home neighborhoods, master-planned communities, multi-family developments and business parks throughout southern California. In 1969, Pardee Homes became a wholly-owned subsidiary of Weyerhaeuser Real Estate Company. Weyerhaeuser Real Estate Company (WRECO) is a wholly-owned subsidiary of Weyerhaeuser Company. Weyerhaeuser Company is listed on the New York Stock Exchange under the symbol "WY."

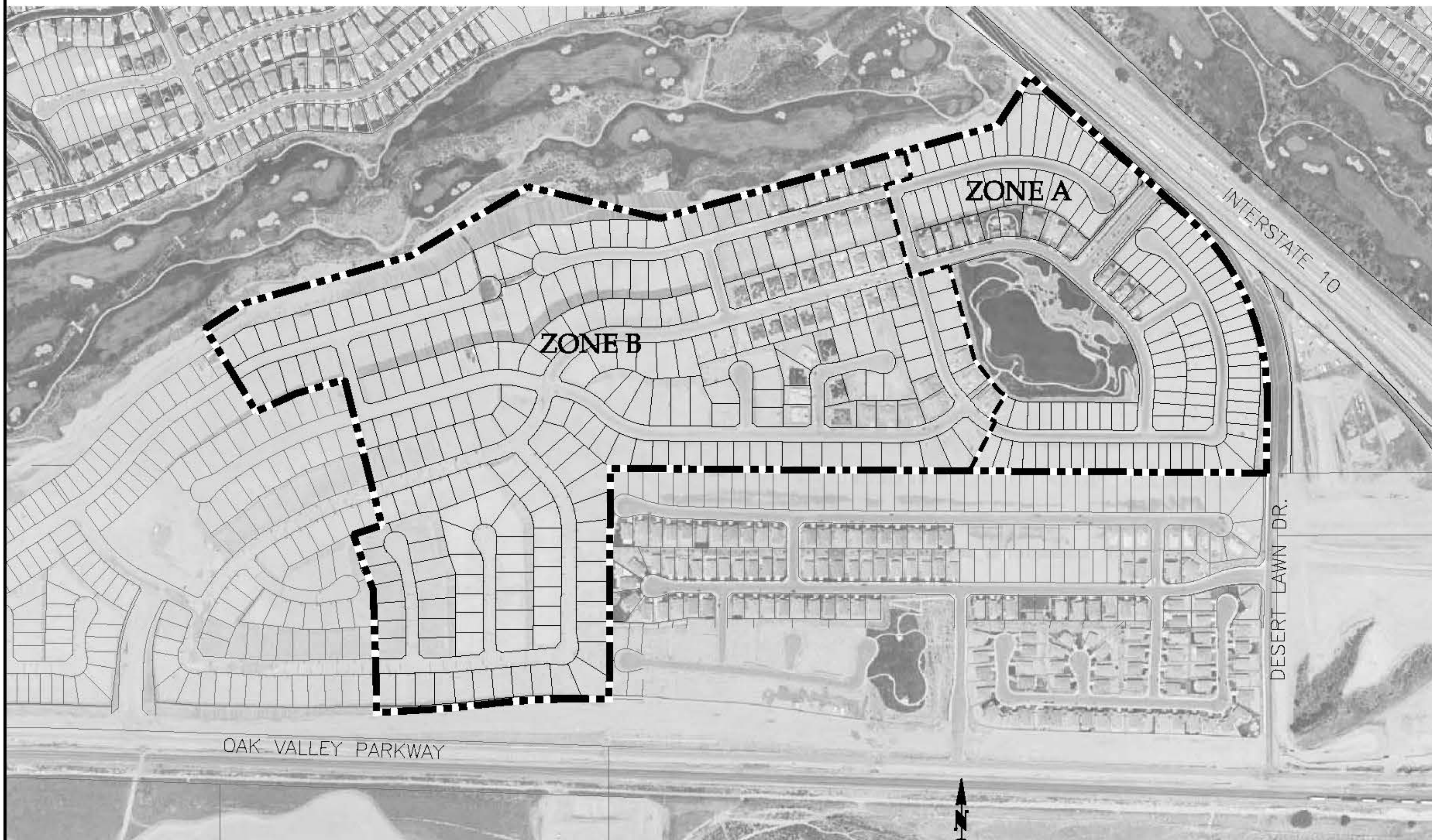
The internet website address for Pardee Homes is www.pardeehomes.com. This internet address is included for reference only and the information on this internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement.

Richmond American. Richmond American is a wholly-owned subsidiary of M.D.C. Holdings, Inc., a Delaware corporation ("MDC"). MDC has two primary operations: homebuilding and financial services. MDC's homebuilding operations consist of wholly-owned subsidiary companies that build and sell homes under the name "Richmond American Homes" ("RAH"). MDC's subsidiaries have operations in certain markets within the United States, including Arizona, California, Colorado, Delaware, Florida, Maryland, Nevada, Pennsylvania, Utah, Virginia, and Washington.

MDC's financial services operations include Home American Mortgage Corporation, which originates mortgage loans primarily for RAH's homebuyers, American Home Insurance Agency, Inc., which offers third party insurance products to RAH's homebuyers and American Home Title and Escrow Company, which provides title agency services to MDC and RAH's homebuyers in select markets. MDC's common stock is listed on the New York Stock Exchange under the symbol "MDC."

MDC is subject to the informational reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Such filings, particularly MDC's Annual Report on Form 10-K for the Fiscal Year ended December 31, 2010 and its Quarterly Report on Form 10-Q for the nine months ended September 30, 2011, set forth certain data relative to the consolidated results of operations and financial position of MDC and its subsidiaries as of such dates. The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of such Internet web site is *www.sec.gov*. The Internet addresses and references to filings with the SEC are included for reference only, and the information on these Internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement.]

City of Beaumont
Community Facilities District No. 93-1
Pardee Tournament Hills Improvement Area No. 17B



Improvement Area Boundary

0 300' 600'
1" = 600'

Urban Logic Consultants
43517 Ridge Park Drive, Suite 200
Temecula, California 92590
Tel.: (951) 676-1944 Fax (951) 676-2054

The internet site for MDC and Richmond American's website is located at www.richmondamerican.com. This internet address is included for reference only and the information on the internet site is not part of this Official Statement or incorporated by reference herein. There can be no assurances that information on this website is current or accurate.

The owners of property within Improvement Area No. 17B will not be personally liable for payments of the Special Taxes to be applied to pay the principal of and interest on the District Bonds

Description of Developed Property

As defined in the Rate and Method of Apportionment, Developed Property can include completed homes, homes under construction and Final Map Property for which a building permit has been issued but vertical construction has not commenced. The Special Taxes levied on Developed Property are estimated to be sufficient to pay debt service on the non-escrowed amount of the District Bonds. Shown below is the status of Developed Property as of November 15, 2011.

COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 17B
DEVELOPED PROPERTY
(AS OF NOVEMBER 15, 2011)

Merchant Builder	Completed / Owner Occupied	Homes Completed / Nearly Completed	Model Homes	Building Permits Issued / Under Construction	Total
Pardee Homes	157	26	4	0	187
Richmond American	6	7	2	11	26
Total	**163**	**33**	**6**	**11**	**213**

Source: Pardee Homes, Richmond American and the Appraisal.

The District expects the ratio of Special Taxes levied on Developed Property in any fiscal year less administrative expenses to the corresponding annual debt service on the non-escrowed amount of District Bonds to be not less than 1.10 to 1 (see "**SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE – DEBT SERVICE COVERAGE ON THE DISTRICT BONDS**" herein for a discussion of the District's assumptions in making such projections).

The completed homes in Improvement Area No. 17B represent the conclusion of the initial development plan in Improvement Area No. 17B and the beginning of the implementation of a revised development plan. Initially, Pardee Homes offered 4 product lines ranging in price from approximately $371,000 to $488,000. The first home closing occurred in June 2007 (see "**BONDOWNERS' RISKS – THE DISTRICT BONDS**" herein). Beginning in 2009, Pardee homes started re-evaluating its development plan and discontinued the product lines offered prior to that time. In 2010, Pardee Homes introduced the Living Smart product line and sold 111 lots to Richmond American who introduced the Kensington product line (see "**– Description of Final Map Property**" below).

COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 17B
SALES HISTORY
(AS OF NOVEMBER 15, 2011)

Calendar Year	Number of Escrows Closed	Average Price	Average Size (Square Feet)	Average Cost / SF
2007	37 (1)	$447,145	2,720	$165.62
2008	28	$339,054	2,818	$122.42
2009	17	$280,765	2,726	$103.21
2010	42	$249,988	2,198	$119.33
2011 (2)	39 (2)	$243,051	2,162	$118.96

(1) First closing was in June 2007.

(2) As of November 15, 2011.

Source: the Appraisal Report.

The District had an appraisal (the "Appraisal Report") prepared by Harris Realty Appraisal, Newport Beach, California, in order to estimate the value of the undeveloped land and improvements and the retail value of completed dwellings within Improvement Area No. 17B in their "as is" condition (which assumes sale of the District Bonds and funding of publicly-financed improvements) (see **"APPENDIX C – APPRAISAL REPORT"**).

On the basis of the assumptions and limitations described in the Appraisal, the Appraiser has estimated the "As is" Market Value of the land and improvements in Improvement Area No. 17B, as of November 15, 2011 to be as shown below.

Improvement Area No. 17B: $53,650,000

163 Individual Homeowners: $38,000,000

Pardee Homes: $7,510,000

Richmond American: $8,140,000

The value of the land and improvements within Improvement Area No. 17B is a major factor in determining the investment quality of any series of bonds issued by or for Improvement Area No. 17B. Reductions in property values within Improvement Area No. 17B due to a downturn in the economy or the real estate market, events such as earthquakes, droughts or floods, stricter land use regulations or other events may adversely impact the value of the security underlying the Special Tax. To account for such uncertainties, investors typically require the value of the property upon which the Special Tax is levied to be several times the principal amount of District Bonds. Such value-to-lien ratios are derived by dividing the value of the property by the principal amount of the District Bonds. For example, a 3:1 ratio means that the value is three times the total bond amount. **The value-to-lien ratio of individual parcels may be less or more than the aggregate value-to-lien ratio shown below.** Pursuant to the act and the Rate and Method of Apportionment, the principal amount of the District Bonds is not allocable among the parcels in Improvement Area No. 17B (see "**BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to Land Values**" herein and "**APPENDIX C – APPRAISAL REPORT**")..

Shown below is the estimated value-to- lien ratio for Developed Property, as of November 15, 2011.

COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 17B
VALUE-TO-LIEN RATIO OF DEVELOPED PROPERTY
(AS OF NOVEMBER 15, 2011)

	Number of Parcels	Total Estimated Value
Developed Property		
Completed / Owner Occupied	163	$38,000,000 (1)
Completed / Nearly Completed	39	7,400,000 (1)
Finished Lots w/ Bldg. Permit	11	715,000 (2)
Total	213	$46,115,000
Principal Amount of Bonds Released at Closing		$6,635,000
Value to Lien (excluding escrowed funds)		6.95 to 1

(1) Appraisal Report

(2) Assumed to be finished lot value ($65,000/lot) as estimated in the Appraisal Report

Description of Final Map Property

As defined in the Rate and Method of Apportionment, Final Map Property includes finished lots where a building permit has not been issued and blue top lots as defined in the Appraisal (see **"APPENDIX C – APPRAISAL REPORT"**).

COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 17B
FINAL MAP PROPERTY
(AS OF NOVEMBER 15, 2011)

Merchant Builder	Total Finished Lots	Total Blue Top Lots	Total
Pardee Homes	31	61	92
Richmond American	85	0	85
Total	116	61	177

Source: Pardee Homes, Richmond American, the Appraisal Report and the City.

Pardee Homes recently commenced work to complete the improvements necessary to bring the remaining 61 blue top lots to a finished condition.

In June 2010, Richmond American acquired 111 finished lots from Pardee Homes in Improvement Area No. 17B and later that year commenced building the Kensington product line. In the Kensington product line, homes range in size from 1,663 square feet to 2,654 square feet (average home size of 2,212 square feet). As of November 15, 2011, home prices ranged from $230,950 to $269,950 (with an average home price of $246,550).

In addition, Pardee Homes responded to the current downturn in the real estate market by introducing a new single family detached home product line, "Living Smart," which is generally smaller and lower priced than the product lines previously offered by Pardee Homes in Improvement Area No. 17B.

The Living Smart product line homes range in size from 1,132 square feet to 3,062 square feet (with an average home size of 1,955 square feet). As of November 15, 2011, home prices ranged from $177,500 to $274,632 (with an average home price of $222,884) in the in the Living Smart product line.

The table below describes the Living Smart and Kensington product lines currently being offered by Pardee Homes and Richmond American, respectively, in terms of number of floor plans, square footage of homes and current base pricing.

The home prices, product and product mix may be changed by Pardee Homes and/or Richmond American for their respective developments at any time.

COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 17B
EXPECTED MIX OF PRODUCT LINES
(AS OF NOVEMBER 15, 2011)

	Kensington			Living Smart	
	Current Base Price (1)	Home Square Footage		Current Base Price	Home Square Footage
Blake Plan	$230,950	1,663	**Plan 1**	$177,500	1,132
Alan Plan	239,950	2,022	**Plan 2**	190,643	1,303
Brandon Plan	241,950	2,298	**Plan 3**	208,906	1,597
Geneva Plan	249,950	2,422	**Plan 4**	230,659	1,900
Topaz Plan	269,950	2,654	**Plan 5**	235,208	2,030
			Plan 6	242,643	2,664
			Plan 7	274,632	3,062
Average	**$246,550**	**2,212**		**$222,884**	**1,955**

(1) Base prices include options, premiums, upgrades, as well as any incentives and concessions currently being offered.

Source: Pardee Homes and Richmond American.

There can be no assurance that the development plan described herein will be completed, or that the development and financing plans will not be modified in the future. In changing market conditions builders will often revise their product lines. Pardee Homes and Richmond American are continuously evaluating their product lines in light of the then current market conditions.

For the purposes of projecting the Special Taxes, the District assumed all the Final Map Property would be built out in the smallest Special Tax rate category. Upon release of all amounts held in the Special Escrow Fund, the District expects the ratio of Special Taxes in any fiscal year less administrative expenses to the corresponding annual debt service on the District Bonds to be not less than 1.10 to 1 (see "**SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE – DEBT SERVICE COVERAGE ON THE DISTRICT BONDS**" herein for a discussion of the District's assumptions in making such projections).

Shown below is the estimated value-to-lien ratio for Final Map Property, as of November 15, 2011.

COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 17B
VALUE TO LIEN RATIO OF FINAL MAP PROPERTY
(AS OF NOVEMBER 15, 2011)

	Number of Parcels	Appraised Value / Parcel	Total Estimated Value
Final Map Property			
Finished Lots	116	$65,000 (1)	$7,540,000
Blue Top Lots	61	-0-(1)	-0-
Total	177	$65,000	$7,540,000
Principal Amount of Bonds escrowed at Closing			$5,510,000
Value to Lien of escrowed funds			1.37 to 1

(1) Source: The Appraisal Report.

PARTIAL REDEMPTION OF 2009 AUTHORITY BONDS

Pursuant to a Twentieth Supplemental Indenture of Trust, dated as of June 1, 2009 (the "Prior Indenture"), between the Authority and Union Bank, N.A., Los Angeles, California, as trustee (the "Prior Trustee"), the Authority issued the 2009 Authority Bonds in the aggregate principal amount of $2,640,000, all of which remain outstanding. A portion of the proceeds from the 2009 Authority Bonds was used to acquire the 2009 Improvement Area No. 17B Bonds issued by the District on behalf of Improvement Area No. 17B in the aggregate principal amount of $1,915,000, all of which remain outstanding. A portion of the proceeds of the Series A District Bonds, together with certain other funds, will be used to redeem, in part, the 2009 Authority Bonds relating to the outstanding principal amount of the 2009 Improvement Area No. 17B Bonds on September 1, 2012. On the date of delivery, a portion of the proceeds of the Series A District Bonds, together with certain other funds, will be deposited in trust with Union Bank, N.A., Los Angeles, California, as escrow holder (the "Escrow Agent") pursuant to an Escrow Agreement, dated as of December 1, 2011, by and between the Authority and the Escrow Agent (the "Escrow Agreement"). Upon such redemption, the 2009 Improvement Area No. 17B Bonds will be canceled.

REDEMPTION OF THE BONDS

Optional Redemption

The Bonds are subject to optional redemption prior to maturity at the option of the Authority, in whole or in part, from such maturities as selected by the Authority and by lot within a maturity, on September 1, 2021 from any available source of funds, and on any date thereafter at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, as described herein (see **"THE BONDS – REDEMPTION - Optional Redemption"** herein).

Special Mandatory Redemption

The Bonds are subject to special mandatory redemption, in whole or in part, from such maturities as selected by the Authority and by lot within a maturity, on any date on or after September 1, 2012, from redemption of District Bonds from amounts constituting prepayments of Special Taxes, any amounts transferred pursuant to the District Indenture for the redemption of District Bonds, and amounts transferred from the Residual Fund under the District Indenture for the redemption of District Bonds at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, plus a premium, as described herein (see **"THE BONDS - REDEMPTION – Special Mandatory Redemption"** herein).

Mandatory Sinking Payment Redemption

The Bonds maturing September 1, 2031, and September 1, 2042, are subject to mandatory sinking payment redemption, without premium, prior to their maturity date, in part by lot on September 1 in each year September 1, 2027, with respect to the Bonds maturing September 1, 2031, and September 1, 2032, with respect to the Bonds maturing September 1, 2042, from Sinking Account payments under the Indenture (see **"THE BONDS - REDEMPTION – Mandatory Sinking Payment Redemption"** herein).

Mandatory Redemption

The Bonds are subject to mandatory redemption, in whole or in part, from such maturities as selected by the Authority and by lot within a maturity, on any date without premium from insurance, condemnation proceeds, unused proceeds or amounts from the Special Escrow Fund (see **"THE BONDS – REDEMPTION – Mandatory Redemption"** herein).

THE BONDS GENERAL PROVISIONS

Denominations

The Bonds will be issued in the minimum denomination of $5,000 each or any integral multiple thereof (see **"THE BONDS - GENERAL PROVISIONS"** herein).

Registration, Transfer and Exchange

The Bonds will be issued in fully-registered form without coupons. Any Bond may, in accordance with its terms, be transferred or exchanged, pursuant to the provisions of the Indenture (see **"THE BONDS - GENERAL PROVISIONS - Transfer or Exchange of Bonds"** herein). When delivered, the Bonds will be registered in the name of The Depository Trust Company, New York, New York (**"**DTC**"**), or its nominee. DTC will act as securities depository for the Bonds. Individual purchases of Bonds will be made in book-entry form only in the principal amount of $5,000 each or any integral thereof. Purchasers of the Bonds will not receive certificates representing their Bonds purchased (see **"APPENDIX G - BOOK-ENTRY SYSTEM"** herein).

Payment

Principal of the Bonds and any premium upon redemption will be payable in each of the years and in the amounts set forth on the cover page hereof upon surrender at the corporate trust office of the Trustee in Los Angeles, California. Interest on the Bonds will be paid by check of the Trustee mailed by first-class mail on the Interest Payment Date (as defined in the Indenture) to the person entitled thereto (except as otherwise described herein for interest paid to an account in the continental United States of America by wire transfer as requested in writing no later than the applicable record date by owners of $1,000,000 or more in aggregate principal amount of Bonds) (see **"THE BONDS - GENERAL PROVISIONS"** herein). Initially, interest on and principal and premium, if any, of the Bonds will be payable when due by wire of the Trustee to DTC which will in turn remit such interest, principal and premium, if any, to DTC Participants (as defined herein), which will in turn remit such interest, principal and premium, if any, to Beneficial Owners (as defined herein) of the Bonds (see **"APPENDIX G - BOOK-ENTRY SYSTEM"** herein).

Notice

Notice of any redemption will be mailed by first-class mail by the Trustee at least thirty (30) but no more than sixty (60) days prior to the date fixed for redemption to the registered owners of any Bonds designated for redemption and to the Securities Depositories and Information Services provided in the Indenture. Neither failure to receive such notice nor any defect in the notice so mailed will affect the sufficiency of the proceedings for redemption of such Bonds or the cessation of accrual of interest on the redemption date (see **"THE BONDS - REDEMPTION - Notice of Redemption"** herein).

LEGAL MATTERS

The legal proceedings in connection with the issuance of the Bonds are subject to the approving opinion of McFarlin & Anderson LLP, Laguna Hills, California, as Bond Counsel. Such opinion, and certain tax consequences incident to the ownership of the Bonds, including certain exceptions to the tax treatment of interest, are described more fully under the heading **"LEGAL MATTERS"** herein. Certain legal matters will be passed on for the Authority and the City by Aklufi & Wysocki, Riverside, California, as Authority Counsel, and by Fulbright & Jaworski L.L.P., Los Angeles, California, as Disclosure Counsel.

PROFESSIONAL SERVICES

Union Bank, N.A., Los Angeles, California, will serve as Trustee under the Indenture. The Trustee will act on behalf of the Bondowners (as defined in the Indenture) for the purpose of receiving all monies required to be paid to the Trustee, to allocate, use and apply the same, to hold, receive and disburse the Revenues and other funds held under the Indenture, and otherwise to hold all the offices and perform all the functions and duties provided in the Indenture to be held and performed by the Trustee.

Rod Gunn Associates, Inc., Huntington Beach, California, Financing Consultant, advised the Authority as to the financial structure and certain other financial matters relating to the Bonds.

Fees payable to Bond Counsel, Disclosure Counsel, and the Financing Consultant are contingent upon the sale and delivery of the Bonds.

CONTINUING DISCLOSURE

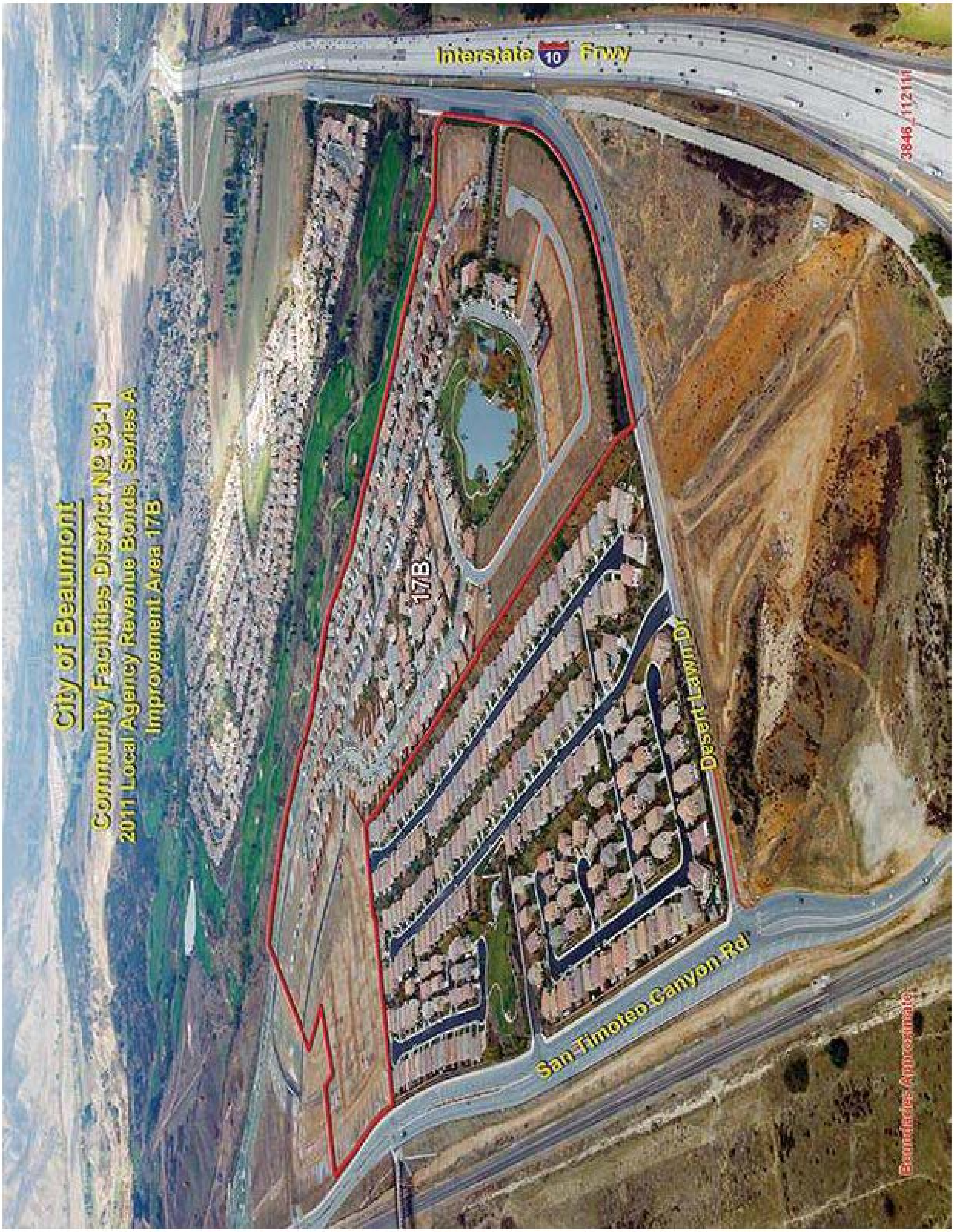
The Authority has determined that, except for information relating to fund balances held by the Trustee with respect to the Bonds, no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Bonds and the Authority will not provide any such information. The District has undertaken all responsibilities for any continuing disclosure to Bondowners as described below, and the Authority shall have no liability to the Owners (as defined in the Indenture) of the Bonds or any other person with respect to such disclosures.

The District has covenanted for the benefit of Owners of the Bonds to provide certain financial information, operating data and development information relating to Improvement Area No. 17B. The District has agreed to make such information available not later than December 31 of each year, commencing with the fiscal year ending December 31, 2012, (the "Annual Report"), and to provide notices of the occurrences of certain enumerated events. Each Annual Report and the notice of certain enumerated events will be filed by the Trustee, acting as dissemination agent, with the Municipal Securities Rulemaking Board ("MSRB") in an electronic format as prescribed by the MSRB. The specific nature of information to be contained in the Annual Report or the notice of certain enumerated events is set forth in **"APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENT."** These covenants have been made by the District in order to assist the Underwriter in complying with the Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "Rule"). The District filed a report due November 1, 2002, with respect to the 2000 District Bonds on December 21, 2002, and has not otherwise failed to meet its continuing disclosure requirement under such rule.

AVAILABILITY OF LEGAL DOCUMENTS

The summaries and references contained herein with respect to the Original Indenture, the Supplemental Indenture, the Bonds, the District Bonds, the Original District Indenture, the Supplemental District Indenture, and other statutes or documents do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute, and references to the Bonds and the District Bonds are qualified in their entirety by reference to the forms thereof included in the Indenture and the District Indenture, respectively. Copies of the documents described herein are available for inspection during the period of initial offering of the Bonds at the offices of the Underwriter, O'Connor & Company Securities, Inc., 250 Newport Center Drive, Suite 303, Newport Beach, California, 92660, telephone (949) 706-0444. Copies of these documents may be obtained after delivery of the Bonds from the Authority at 550 East Sixth Street, Beaumont, California 92223, telephone (951) 769-8520.

Aerial Photo of Improvement Area No. 17B



SELECTED FACTS

*The following summary does not purport to be complete. Reference is hereby made to the complete Official Statement in this regard. Furthermore, the following summary makes certain assumptions regarding valuation of property within Improvement Area No. 17B. Neither the Authority nor the District makes any representation as to the current value of property in Improvement Area No. 17B or provides any assurance as to the estimated values of property being achieved (see "**BONDOWNERS' RISKS**" herein).*

THE BONDS

Principal Amount of Bonds:	$12,145,000
Additional Bonds:	Except for refunding purposes, no additional Bonds are authorized (see **"THE BONDS – ADDITIONAL OBLIGATIONS – The Authority"** herein).
First Optional Redemption Date:	September 1, 2021, at 100% of principal amount (see **"THE BONDS – REDEMPTION – Optional Redemption"** herein).
First Special Mandatory Redemption Date:	On any date on or after September 1, 2012, from the special mandatory redemption of District Bonds at a premium, as described herein (see **"THE BONDS - REDEMPTION – Special Mandatory Redemption"** herein).
Primary Source of Revenues for Repayment:	The Bonds are payable from Revenues (as defined herein) received from the payment of the District Bonds and certain other sources (see **"SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE BONDS"** and **"BONDOWNERS' RISKS"** herein).
Priority:	The Bonds are secured by a first pledge of and lien on the Revenues as described herein (see **"SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE BONDS"** and **"BONDOWNERS' RISKS"** herein).
Debt Service Coverage from Repayment of District Bonds (see "**THE AUTHORITY – DEBT SERVICE COVERAGE ON THE AUTHORITY BONDS**" herein):	100%

THE DISTRICT BONDS

Principal Amount of the Series A District Bonds:	$2,235,000
Principal Amount of the Series B District Bonds:	$9,910,000

Additional District Bonds:	Additional District Bonds on a parity with the District Bonds are not authorized (see **"THE BONDS – ADDITIONAL OBLIGATIONS - The District"** herein).
Average Amount of Bonded Debt per Parcel:	$31,141.03
Primary Sources for Repayment of the District Bonds:	Special Taxes levied within Improvement Area No. 17B (see **"SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE DISTRICT BONDS"** and **"SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE"** herein).
Priority:	The District Bonds are secured by a pledge of and lien on all real property and Special Taxes levied against all taxable real property within Improvement Area No. 17B (see **"SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE DISTRICT BONDS"** and **"BONDOWNERS' RISKS"** herein). The lien of the Special Taxes on the taxable real property in Improvement Area No. 17B is on parity with the lien of all overlapping governmental liens (see "**DISTRICT ADMINISTRATION – TAX BURDEN AND OVERLAPPING LIENS**" herein for a list of the overlapping liens).
First Optional Redemption Date:	September 1, 2021, at 100% of principal amount (see **"THE BONDS - REDEMPTION"** herein).

IMPROVEMENT AREA NO. 17B

Property Owners

Property Owners as of November 15, 2011 (see **"BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to the Levying and Collection of the Special Taxes – Concentration of Ownership"** herein):	6 model homes: Pardee Homes (4) and Richmond American (2). 196 Completed / nearly Completed Production Homes: Individual Homeowners (163), Pardee Homes (26) and Richmond American (7). 11 Finished lots w/ Bldg. Permits: Pardee Homes (0) and Richmond American (11). 116 Finished lots: Pardee Homes (31) and Richmond American (85). 61 Blue Top lots: Pardee Homes (61)

Appraised Value

Appraised Valuation of Property within Improvement Area No. 17B as of November 15, 2011:	$53,650,000 (see "**APPENDIX C – APPRAISAL REPORT"** herein).

Value of Developed Property (as defined in the RMA)	$46,115,000
Principal Amount of District Bonds to be released at Bond Closing	$6,635,000
Ratio of Value of Developed Property to Principal Amount of District Bonds released at Bond Closing [1]:	6.95 to 1 (see "**INTRODUCTORY STATEMENT – IMPROVEMENT AREA NO. 17B – Levy of Special Taxes"** and "**SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE DISTRICT BONDS** – **Special Escrow Fund"** herein).

<u>Special Taxes</u>

Approximate Ratio of the annual Special Taxes in any Fiscal Year after an allowance for Administrative Expenses to the corresponding Annual Debt Service on the District Bonds:	1.10 to 1 (see **"SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE – DEBT SERVICE COVERAGE ON THE DISTRICT BONDS"** herein).
Effective Tax Rate:	Approximately 2.20% to 2.24% based upon current estimated Home Prices (see "**BONDOWNERS' RISKS – Risk Factors Relating to Tax Burden - Effective Tax Rate**" herein)
Special Tax collections in Improvement Area No. 17B Fiscal Year 2010/11:	$299,429 (100%) paid of $299,429 levied (see "**DISTRICT ADMINISTRATION - DELINQUENCIES**" herein).
Ratio of Retail Value of a completed dwelling to the estimated Assigned Annual Special Taxes:	110 to 1 (Living Smart) and 114 to 1 (Kensington) (see **"SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE – MAXIMUM SPECIAL TAX – Assigned Special Tax**).
Ratio of Appraised Value of a Finished Lot to the estimated Assigned Annual Special Tax Allocable to a Finished Lot:	From 32.98 to 1 (see **"SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE – RATE AND METHOD OF APPORTIONMENT – Assigned Special Tax"** and "**APPENDIX C – APPRAISAL REPORT"**).

(1) Bond proceeds in the amount of $5,510,000 will not be released from a special escrow fund until certain conditions specified in the District Indenture are met (see **"SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE DISTRICT BONDS – Special Escrow Fund"** herein).

ESTIMATED SOURCES AND USES OF FUNDS

THE BONDS

Proceeds from the sale of the Bonds will be used to provide funds to acquire the District Bonds in the aggregate principal amounts indicated below. Under the provisions of the Indenture, the Trustee will receive the proceeds from the sale of the Bonds and will apply them as follows:

Sources of Funds

Principal Amount of the Bonds	$12,145,000.00
Original Issue Discount	(26,036.30)
Underwriter's Discount	(242,900.00)
Net Bond Proceeds	11,876,063.70
Other Available Funds [(1)]	183,496.88
Total Available	$12,059,560.58

Uses of Funds

Program Fund [(2)]	
2011 Series A District Bonds	$1,956,181.22
2011 Series B District Bonds	8,498,382.48
Expense Fund [(3)]	182,000.00
Authority Administrative Expenses	25,000.00
Reserve Fund [(4)]	1,214,500.00
Cash Flow Management Fund [(5)]	183,496.88
Total	$12,059,560.58

(1) To be transferred by the 2009 District Trustee.

(2) To be used to acquire the District Bonds.

(3) Expenses include fees of Bond Counsel, the Financing Consultant, Disclosure Counsel, the Trustee, costs of printing the Official Statement and other costs of issuance of the Bonds.

(4) Equal to the Reserve Requirement (see **"SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE BONDS – Reserve Fund"** herein).

(5) See "**SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE BONDS – Cash Flow Management Fund**" herein.

THE DISTRICT BONDS

The District will deposit the proceeds from the District Bonds and other available funds as follows:

Sources of Funds	Series A District Bonds	Series B District Bonds
Principal Amount of District Bonds	$2,235,000.00	$9,910,000.00
Bond Purchase Discount	(278,818.78)	(1,411,617.52)
Net Bond Proceeds	1,956,181.22	8,498,382.48
Other Available Funds	0.00	584,964.83
Total Available Funds	$1,956,181.22	$9,083,347.31
Uses of Funds		
2009 Authority Bonds Redemption Fund	$1,917,181.22	
Construction Fund (1)		$2,563,861.31
Special Escrow Fund (2)		5,510,000.00
Interest Account (Bond Fund) (3)		858,326.00
Costs of Issuance Fund (4)	39,000.00	126,160.00
Administrative Expense Fund		25,000.00
Total	$1,956,181.22	$9,083,347.31

(1) See **"FACILITIES AND FEES ELIGIBLE TO BE FINANCED BY THE DISTRICT"** herein.

(2) This amount includes escrowed construction funds (see "SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE DISTRICT BONDS – Special Escrow Fund" herein).

(3) Capitalized Interest related to Final Map Property.

(4) Costs of Issuance include fees of Bond Counsel, the Financing Consultant, Disclosure Counsel, Appraiser, Project Engineer, the District Trustee and other costs related to the issuance of the District Bonds.

INVESTMENT OF FUNDS

All monies in any of the funds or accounts established with the Trustee pursuant to the Indenture, or to be held by the District Trustee pursuant to the District Indenture, will be invested solely in Permitted Investments (as defined in the Indenture), as directed pursuant to the Written Request of the Authority or the District filed with the Trustee or the District Trustee at least two (2) Business Days (as defined in the Indenture) in advance of the making of such investments. In the absence of any such Written Request, the Trustee will invest any such monies in money market funds. Obligations purchased as an investment of monies in any fund shall be deemed to be part of such fund or account. For the purpose of determining the amount in any fund, the value of Permitted Investments credited to such fund will be calculated at the market value thereof (excluding any accrued interest).

THE BONDS

GENERAL PROVISIONS

Repayment of the Bonds

Interest is payable on the Bonds at the rates per annum set forth on the cover page hereof. Interest with respect to the Bonds will be computed on the basis of a year consisting of 360 days and twelve 30-day months.

Each Bond will be dated the date of delivery, and interest with respect thereto will be payable from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest with respect thereto will be payable from such Interest Payment Date; (b) it is authenticated on or before February 15, 2012, in which event interest with respect thereto will be payable from the date of delivery; or (c) interest with respect to any Outstanding Bond is in default, in which event interest with respect thereto will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest with respect to the Bonds will be payable by check of the Trustee mailed by first class mail on the applicable Interest Payment Date to the Owners thereof, *provided* that in the case of an Owner of $1,000,000 or greater in principal amount of Outstanding Bonds, such payment may, at such Owner's option, be made by wire transfer of immediately available funds to an account in the continental United States of America in accordance with written instructions provided prior to the applicable Record Date to the Trustee by such Owner. The Owners of the Bonds shown on the registration books on the Record Date for the Interest Payment Date will be deemed to be the Owners of the Bonds on said Interest Payment Date for the purpose of the paying of interest. Principal of the Bonds and any premium upon early redemption is payable upon presentation and surrender thereof, at the corporate trust office of the Trustee in Los Angeles, California.

Transfer or Exchange of Bonds

Any Bond may, in accordance with its terms, be transferred or exchanged, pursuant to the provisions of the Indenture, upon surrender of such Bond for cancellation at the corporate trust office of the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Trustee shall authenticate and deliver a new Bond or Bonds for like aggregate principal amount of authorized denominations. The Trustee may require the payment by the Bondowner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. The Trustee is not required to transfer or exchange (a) any Bonds or portions thereof during the period established by the Trustee for selection of Bonds for redemption, or (b) any Bonds selected for redemption.

Bonds Mutilated, Lost, Destroyed or Stolen

If any Bond becomes mutilated, the Authority, at the expense of the Bondowner, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like series, tenor and authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee will be canceled by it. If any Bond issued under the Indenture is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and the Authority and, if such evidence is satisfactory to them and indemnity satisfactory to them is given, the Authority, at the expense of the Bondowner, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like series and tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Authority may require payment by the Bondowner of a sum not exceeding the actual cost of preparing each new Bond issued under the provisions of the Indenture described in this paragraph and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of the Indenture described in this paragraph in lieu of any Bond alleged to be lost, destroyed or stolen will be equally and proportionately entitled to the benefits of the Indenture with all other Bonds secured by the Indenture.

REDEMPTION

Notwithstanding any provisions in the Indenture to the contrary, upon any optional redemption, special mandatory or mandatory redemption, in part, the Authority shall deliver a Written Certificate (as defined in the Indenture) to the Trustee at least sixty (60) days prior to the proposed redemption date or such later date as shall be acceptable to the Trustee so stating that the remaining payments of principal and interest on the District Bonds, together with other Revenues to be available, will be sufficient on a timely basis to pay debt service on the Bonds.

The Authority is required, in such Written Certificate, to certify to the Trustee that sufficient monies for purposes of such redemption are or will be on deposit in the Redemption Fund and is required to deliver such monies to the Trustee together with other Redemption Revenues, if any, then to be delivered to the Trustee pursuant to the Indenture, which monies are required to be identified to the Trustee in the Written Certificate delivered with the Redemption Revenues.

Optional Redemption

The Bonds are subject to redemption prior to maturity at the option of the Authority on any date on or after September 1, 2021, as a whole or in part, from such maturities as selected by the Authority and by lot within a maturity, from any available source of funds at 100% of the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

Special Mandatory Redemption

The Bonds are subject to redemption prior to maturity on any date on or after September 1, 2012, in whole or in part, from such maturities as selected by the Authority and by lot within a maturity from the redemption of District Bonds from amounts constituting prepayments of Special Taxes, amounts transferred from the Residual Fund and amounts transferred by the Authority to the District from the Residual Fund under the Indenture at the following redemption prices (expressed as a percentage of the principal amount of Bonds to be redeemed), together with accrued interest thereon to the date fixed for redemption.

Redemption Periods	Redemption Prices
September 1, 2012 through August 31, 2021	103.0%
September 1, 2021 and thereafter	100.0%

Mandatory Sinking Payment Redemption

The Bonds maturing September 1, 2031 and September 1, 2042, are subject to mandatory redemption, in part by lot, on September 1 in each year commencing September 1, 2027, with respect to the Bonds maturing September 1, 2031, and September 1, 2032, with respect to the Bonds maturing September 1, 2042, from mandatory sinking payments made by the Authority pursuant to the Indenture at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date of redemption in the aggregate principal amounts and on September 1 in the years as set forth in the following schedule; provided, however, that (i) in lieu of redemption thereof, the Bonds may be purchased by the Authority and tendered to the Trustee, and (ii) if some but not all of the Bonds have been redeemed pursuant to optional redemption, special mandatory or mandatory redemption provisions described herein, the total amount of all future sinking payments will be reduced by the aggregate principal amount of the Bonds so redeemed, to be allocated among such sinking payments on a pro rata basis (as nearly as practicable) in integral multiples of $5,000 as determined by the Authority.

SCHEDULE OF MANDATORY SINKING PAYMENT REDEMPTIONS
BONDS MATURING SEPTEMBER 1, 2031

September 1 Year	Principal Amount	September 1 Year	Principal Amount
2027	$285,000	2030	$405,000
2028	320,000	2031	450,000 (maturity)
2029	360,000		

SCHEDULE OF MANDATORY SINKING PAYMENT REDEMPTIONS
BONDS MATURING SEPTEMBER 1, 2042

September 1 Year	Principal Amount	September 1 Year	Principal Amount
2032	$495,000	2038	$875,000
2033	550,000	2039	955,000
2034	605,000	2040	1,015,000
2035	665,000	2041	1,080,000
2036	730,000	2042	1,150,000 (maturity)
2037	800,000		

Mandatory Redemption

The Bonds are subject to special mandatory redemption on any date to which timely notice of redemption may be given, in integral multiples of $5,000 equal to the principal amount of District Bonds redeemed with unused proceeds of the District Bonds after completion or abandonment of the improvements to be financed with such proceeds, from the deposit of fees with the District by a public agency which has accepted facilities serving an area of Improvement Area No. 17B, from amounts deposited in the Special Escrow Fund and from insurance or condemnation proceeds or other mandatory redemption, without premium, from such maturities as selected by the Authority plus accrued interest to the redemption date, all as determined by the Authority.

Open Market Purchase of Bonds

The Authority may at any time buy Bonds, of any series at public or private sale at a price which, inclusive of brokerage fees, will not exceed the par amount of the Bonds so purchased, plus any applicable premium and any Bonds so purchased shall be tendered to the Trustee for cancellation.

Notice of Redemption

When redemption is authorized or required, the Trustee is required to give written notice of the redemption of Bonds to the Bondowners designated for redemption at their addresses appearing on the bond registration books, to certain Securities Depositories, and to one or more Information Services, all as provided in the Indenture, by first class mail, postage prepaid, no less than thirty (30), nor more than sixty (60), days prior to the date fixed for redemption. Neither failure to receive such notice nor any defect in the notice so mailed will affect the sufficiency of the proceedings for redemption of such Bonds or the cessation of accrual of interest on the redemption date.

Effect of Redemption

The rights of a Bondowner to receive interest will terminate on the date, if any, on which the Bond is to be redeemed pursuant to a call for redemption. The Indenture contains no provisions requiring any publication of notice of redemption, and Bondowners must maintain a current address on file with the Trustee to receive any notices of redemption.

Partial Redemption

In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority will execute and the Trustee will authenticate and deliver to the Bondowner thereof, at the expense of the Authority, a new Bond or Bonds of the same series and maturity date, of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

ADDITIONAL OBLIGATIONS

The Authority

Except for refunding purposes, additional bonds secured by the Revenues are not authorized by the Indenture.

The District

Pursuant to the provisions of the District Indenture, the District is not authorized to issue Additional Bonds for Improvement Area No. 17B on a parity with the District Bonds.

SCHEDULED DEBT SERVICE ON THE BONDS

The following is the scheduled debt service (including mandatory sinking fund redemptions) on the Bonds. See **"THE AUTHORITY - DEBT SERVICE COVERAGE ON THE AUTHORITY BONDS"** for projected debt service coverage provided by repayment of the District Bonds.

Interest Payment Date	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance
March 1, 2012			$144,044.69	$144,044.69		$12,145,000.00
September 1, 2012			375,768.75	375,768.75	$519,813.44	12,145,000.00
March 1, 2013			375,768.75	375,768.75	-	12,145,000.00
September 1, 2013			375,768.75	375,768.75	751,537.50	12,145,000.00
March 1, 2014			375,768.75	375,768.75	-	12,145,000.00
September 1, 2014			375,768.75	375,768.75	751,537.50	12,145,000.00
March 1, 2015			375,768.75	375,768.75	-	12,145,000.00
September 1, 2015	$10,000	3.500%	375,768.75	385,768.75	761,537.50	12,135,000.00
March 1, 2016	-		375,593.75	375,593.75	-	12,135,000.00
September 1, 2016	25,000	4.000%	375,593.75	400,593.75	776,187.50	12,110,000.00
March 1, 2017	-		375,093.75	375,093.75	-	12,110,000.00
September 1, 2017	40,000	4.250%	375,093.75	415,093.75	790,187.50	12,070,000.00
March 1, 2018	-		374,243.75	374,243.75	-	12,070,000.00
September 1, 2018	60,000	4.500%	374,243.75	434,243.75	808,487.50	12,010,000.00
March 1, 2019	-		372,893.75	372,893.75	-	12,010,000.00
September 1, 2019	80,000	4.500%	372,893.75	452,893.75	825,787.50	11,930,000.00
March 1, 2020	-		371,093.75	371,093.75	-	11,930,000.00
September 1, 2020	100,000	5.000%	371,093.75	471,093.75	842,187.50	11,830,000.00
March 1, 2021	-		368,593.75	368,593.75	-	11,830,000.00
September 1, 2021	120,000	5.000%	368,593.75	488,593.75	857,187.50	11,710,000.00
March 1, 2022	-		365,593.75	365,593.75	-	11,710,000.00
September 1, 2022	140,000	5.000%	365,593.75	505,593.75	871,187.50	11,570,000.00
March 1, 2023	-		362,093.75	362,093.75	-	11,570,000.00
September 1, 2023	165,000	5.000%	362,093.75	527,093.75	889,187.50	11,405,000.00
March 1, 2024	-		357,968.75	357,968.75	-	11,405,000.00
September 1, 2024	195,000	5.250%	357,968.75	552,968.75	910,937.50	11,210,000.00
March 1, 2025	-		352,850.00	352,850.00	-	11,210,000.00
September 1, 2025	220,000	5.375%	352,850.00	572,850.00	925,700.00	10,990,000.00
March 1, 2026	-		346,937.50	346,937.50	-	10,990,000.00
September 1, 2026	250,000	5.500%	346,937.50	596,937.50	943,875.00	10,740,000.00
March 1, 2027	-		340,062.50	340,062.50	-	10,740,000.00
September 1, 2027	285,000	6.125%	340,062.50	625,062.50	965,125.00	10,455,000.00
March 1, 2028	-		331,334.38	331,334.38	-	10,455,000.00
September 1, 2028	320,000	6.125%	331,334.38	651,334.38	982,668.76	10,135,000.00
March 1, 2029	-		321,534.38	321,534.38	-	10,135,000.00
September 1, 2029	360,000	6.125%	321,534.38	681,534.38	1,003,068.76	9,775,000.00
March 1, 2030	-		310,509.38	310,509.38	-	9,775,000.00
September 1, 2030	405,000	6.125%	310,509.38	715,509.38	1,026,018.76	9,370,000.00
March 1, 2031	-		298,106.25	298,106.25	-	9,370,000.00
September 1, 2031	450,000	6.125%	298,106.25	748,106.25	1,046,212.50	8,920,000.00
March 1, 2032	-		284,325.00	284,325.00	-	8,920,000.00
September 1, 2032	495,000	6.375%	284,325.00	779,325.00	1,063,650.00	8,425,000.00
March 1, 2033	-		268,546.88	268,546.88	-	8,425,000.00
September 1, 2033	550,000	6.375%	268,546.88	818,546.88	1,087,093.76	7,875,000.00
March 1, 2034	-		251,015.63	251,015.63	-	7,875,000.00
September 1, 2034	605,000	6.375%	251,015.63	856,015.63	1,107,031.26	7,270,000.00

Scheduled Debt Service on the Bonds (Continued)

Interest Payment Date	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance
March 1, 2035			$231,731.25	$231,731.25		$7,270,000.00
September 1, 2035	$665,000	6.375%	231,731.25	896,731.25	$1,128,462.50	6,605,000.00
March 1, 2036	-		210,534.38	210,534.38	-	6,605,000.00
September 1, 2036	730,000	6.375%	210,534.38	940,534.38	1,151,068.76	5,875,000.00
March 1, 2037	-		187,265.63	187,265.63	-	5,875,000.00
September 1, 2037	800,000	6.375%	187,265.63	987,265.63	1,174,531.26	5,075,000.00
March 1, 2038	-		161,765.63	161,765.63	-	5,075,000.00
September 1, 2038	875,000	6.375%	161,765.63	1,036,765.63	1,198,531.26	4,200,000.00
March 1, 2039	-		133,875.00	133,875.00	-	4,200,000.00
September 1, 2039	955,000	6.375%	133,875.00	1,088,875.00	1,222,750.00	3,245,000.00
March 1, 2040	-		103,434.38	103,434.38	-	3,245,000.00
September 1, 2040	1,015,000	6.375%	103,434.38	1,118,434.38	1,221,868.76	2,230,000.00
March 1, 2041	-		71,081.25	71,081.25	-	2,230,000.00
September 1, 2041	1,080,000	6.375%	71,081.25	1,151,081.25	1,222,162.50	1,150,000.00
March 1, 2042	-		36,656.25	36,656.25	-	1,150,000.00
September 1, 2042	1,150,000	6.375%	36,656.25	1,186,656.25	1,223,312.50	

SCHEDULED DEBT SERVICE ON THE SERIES A DISTRICT BONDS

The following is the scheduled debt service on the Series A District Bonds (see **"SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE"** for projected debt service coverage on the Series A District Bonds provided by the Assigned Special Tax).

Interest Payment Date	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance
March 1, 2012			$25,279.64	$25,279.64		$2,235,000.00
September 1, 2012			65,946.88	65,946.88	$91,226.52	2,235,000.00
March 1, 2013			65,946.88	65,946.88	-	2,235,000.00
September 1, 2013			65,946.88	65,946.88	131,893.76	2,235,000.00
March 1, 2014			65,946.88	65,946.88	-	2,235,000.00
September 1, 2014			65,946.88	65,946.88	131,893.76	2,235,000.00
March 1, 2015			65,946.88	65,946.88	-	2,235,000.00
September 1, 2015	$10,000	3.500%	65,946.88	75,946.88	141,893.76	2,225,000.00
March 1, 2016	-		65,771.88	65,771.88	-	2,225,000.00
September 1, 2016	25,000	4.000%	65,771.88	90,771.88	156,543.76	2,200,000.00
March 1, 2017	-		65,271.88	65,271.88	-	2,200,000.00
September 1, 2017	40,000	4.250%	65,271.88	105,271.88	170,543.76	2,160,000.00
March 1, 2018	-		64,421.88	64,421.88	-	2,160,000.00
September 1, 2018	55,000	4.500%	64,421.88	119,421.88	183,843.76	2,105,000.00
March 1, 2019	-		63,184.38	63,184.38	-	2,105,000.00
September 1, 2019	60,000	4.500%	63,184.38	123,184.38	186,368.76	2,045,000.00
March 1, 2020	-		61,834.38	61,834.38	-	2,045,000.00
September 1, 2020	55,000	5.000%	61,834.38	116,834.38	178,668.76	1,990,000.00
March 1, 2021	-		60,459.38	60,459.38	-	1,990,000.00
September 1, 2021	60,000	5.000%	60,459.38	120,459.38	180,918.76	1,930,000.00
March 1, 2022	-		58,959.38	58,959.38	-	1,930,000.00
September 1, 2022	60,000	5.000%	58,959.38	118,959.38	177,918.76	1,870,000.00
March 1, 2023	-		57,459.38	57,459.38	-	1,870,000.00
September 1, 2023	65,000	5.000%	57,459.38	122,459.38	179,918.76	1,805,000.00
March 1, 2024	-		55,834.38	55,834.38	-	1,805,000.00
September 1, 2024	70,000	5.250%	55,834.38	125,834.38	181,668.76	1,735,000.00
March 1, 2025	-		53,996.88	53,996.88	-	1,735,000.00
September 1, 2025	75,000	5.375%	53,996.88	128,996.88	182,993.76	1,660,000.00
March 1, 2026	-		51,981.25	51,981.25	-	1,660,000.00
September 1, 2026	80,000	5.500%	51,981.25	131,981.25	183,962.50	1,580,000.00
March 1, 2027	-		49,781.25	49,781.25	-	1,580,000.00
September 1, 2027	85,000	6.125%	49,781.25	134,781.25	184,562.50	1,495,000.00
March 1, 2028	-		47,178.13	47,178.13	-	1,495,000.00
September 1, 2028	90,000	6.125%	47,178.13	137,178.13	184,356.26	1,405,000.00
March 1, 2029	-		44,421.88	44,421.88	-	1,405,000.00
September 1, 2029	90,000	6.125%	44,421.88	134,421.88	178,843.76	1,315,000.00
March 1, 2030	-		41,665.63	41,665.63	-	1,315,000.00
September 1, 2030	95,000	6.125%	41,665.63	136,665.63	178,331.26	1,220,000.00
March 1, 2031	-		38,756.25	38,756.25	-	1,220,000.00
September 1, 2031	105,000	6.125%	38,756.25	143,756.25	182,512.50	1,115,000.00
March 1, 2032	-		35,540.63	35,540.63	-	1,115,000.00
September 1, 2032	115,000	6.375%	35,540.63	150,540.63	186,081.26	1,000,000.00
March 1, 2033	-		31,875.00	31,875.00	-	1,000,000.00
September 1, 2033	115,000	6.375%	31,875.00	146,875.00	178,750.00	885,000.00
March 1, 2034	-		28,209.38	28,209.38	-	885,000.00
September 1, 2034	125,000	6.375%	28,209.38	153,209.38	181,418.76	760,000.00

Scheduled Debt Service on the Series A District Bonds (Continued)

Interest Payment Date	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance
March 1, 2035			$24,225.00	$24,225.00	-	$760,000
September 1, 2035	$135,000	6.375%	24,225.00	159,225.00	$183,450.00	625,000
March 1, 2036	-		19,921.88	19,921.88	-	625,000
September 1, 2036	140,000	6.375%	19,921.88	159,921.88	179,843.76	485,000
March 1, 2037	-		15,459.38	15,459.38	-	485,000
September 1, 2037	155,000	6.375%	15,459.38	170,459.38	185,918.76	330,000
March 1, 2038	-		10,518.75	10,518.75	-	330,000
September 1, 2038	160,000	6.375%	10,518.75	170,518.75	181,037.50	170,000
March 1, 2039	-		5,418.75	5,418.75	-	170,000
September 1, 2039	170,000	6.375%	5,418.75	175,418.75	180,837.50	

SCHEDULED DEBT SERVICE ON THE SERIES B DISTRICT BONDS

The following is the scheduled debt service on the Series B District Bonds (see **"SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE"** for projected debt service coverage on the Series B District Bonds provided by the Assigned Special Tax).

Interest Payment Date	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance
March 1, 2012	-		$118,765.05	$118,765.05	-	$9,910,000
September 1, 2012	-		309,821.88	309,821.88	$428,586.93	9,910,000
March 1, 2013	-		309,821.88	309,821.88	-	9,910,000
September 1, 2013	-		309,821.88	309,821.88	619,643.76	9,910,000
March 1, 2014	-		309,821.88	309,821.88	-	9,910,000
September 1, 2014	-		309,821.88	309,821.88	619,643.76	9,910,000
March 1, 2015	-		309,821.88	309,821.88	-	9,910,000
September 1, 2015	-	3.500%	309,821.88	309,821.88	619,643.76	9,910,000
March 1, 2016	-		309,821.88	309,821.88	-	9,910,000
September 1, 2016	-	4.000%	309,821.88	309,821.88	619,643.76	9,910,000
March 1, 2017	-		309,821.88	309,821.88	-	9,910,000
September 1, 2017	-	4.250%	309,821.88	309,821.88	619,643.76	9,910,000
March 1, 2018	-		309,821.88	309,821.88	-	9,910,000
September 1, 2018	5,000	4.500%	309,821.88	314,821.88	624,643.76	9,910,000
March 1, 2019	-		309,709.38	309,709.38	-	9,905,000
September 1, 2019	20,000	4.500%	309,709.38	329,709.38	639,418.76	9,905,000
March 1, 2020	-		309,259.38	309,259.38	-	9,885,000
September 1, 2020	45,000	5.000%	309,259.38	354,259.38	663,518.76	9,885,000
March 1, 2021	-		308,134.38	308,134.38	-	9,840,000
September 1, 2021	60,000	5.000%	308,134.38	368,134.38	676,268.76	9,840,000
March 1, 2022	-		306,634.38	306,634.38	-	9,780,000
September 1, 2022	80,000	5.000%	306,634.38	386,634.38	693,268.76	9,780,000
March 1, 2023	-		304,634.38	304,634.38	-	9,700,000
September 1, 2023	100,000	5.000%	304,634.38	404,634.38	709,268.76	9,700,000
March 1, 2024	-		302,134.38	302,134.38	-	9,600,000
September 1, 2024	125,000	5.250%	302,134.38	427,134.38	729,268.76	9,600,000
March 1, 2025	-		298,853.13	298,853.13	-	9,475,000
September 1, 2025	145,000	5.375%	298,853.13	443,853.13	742,706.26	9,475,000
March 1, 2026	-		294,956.25	294,956.25	-	9,330,000
September 1, 2026	170,000	5.500%	294,956.25	464,956.25	759,912.50	9,330,000
March 1, 2027	-		290,281.25	290,281.25	-	9,160,000
September 1, 2027	200,000	6.125%	290,281.25	490,281.25	780,562.50	9,160,000
March 1, 2028	-		284,156.25	284,156.25	-	8,960,000
September 1, 2028	230,000	6.125%	284,156.25	514,156.25	798,312.50	8,960,000
March 1, 2029	-		277,112.50	277,112.50	-	8,730,000
September 1, 2029	270,000	6.125%	277,112.50	547,112.50	824,225.00	8,730,000
March 1, 2030	-		268,843.75	268,843.75	-	8,460,000
September 1, 2030	310,000	6.125%	268,843.75	578,843.75	847,687.50	8,460,000
March 1, 2031	-		259,350.00	259,350.00	-	8,150,000
September 1, 2031	345,000	6.125%	259,350.00	604,350.00	863,700.00	8,150,000
March 1, 2032	-		248,784.38	248,784.38	-	7,805,000
September 1, 2032	380,000	6.375%	248,784.38	628,784.38	877,568.76	7,805,000
March 1, 2033	-		236,671.88	236,671.88	-	7,425,000
September 1, 2033	435,000	6.375%	236,671.88	671,671.88	908,343.76	7,425,000
March 1, 2034	-		222,806.25	222,806.25	-	6,990,000
September 1, 2034	480,000	6.375%	222,806.25	702,806.25	925,612.50	6,990,000

Scheduled Debt Service on the Series B District Bonds (Continued)

Interest Payment Date	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance
March 1, 2035			$207,506.25	$207,506.25	-	$6,510,000
September 1, 2035	$530,000	6.375%	207,506.25	737,506.25	$945,012.50	5,980,000
March 1, 2036	-		190,612.50	190,612.50	-	5,980,000
September 1, 2036	590,000	6.375%	190,612.50	780,612.50	971,225.00	5,390,000
March 1, 2037	-		171,806.25	171,806.25	-	5,390,000
September 1, 2037	645,000	6.375%	171,806.25	816,806.25	988,612.50	4,745,000
March 1, 2038	-		151,246.88	151,246.88	-	4,745,000
September 1, 2038	715,000	6.375%	151,246.88	866,246.88	1,017,493.76	4,030,000
March 1, 2039	-		128,456.25	128,456.25	-	4,030,000
September 1, 2039	785,000	6.375%	128,456.25	913,456.25	1,041,912.50	3,245,000
March 1, 2040	-		103,434.38	103,434.38	-	3,245,000
September 1, 2040	1,015,000	6.375%	103,434.38	1,118,434.38	1,221,868.76	2,230,000
March 1, 2041	-		71,081.25	71,081.25	-	2,230,000
September 1, 2041	1,080,000	6.375%	71,081.25	1,151,081.25	1,222,162.50	1,150,000
March 1, 2042	-		36,656.25	36,656.25	-	1,150,000
September 1, 2042	1,150,000	6.375%	36,656.25	1,186,656.25	1,223,312.50	

SOURCES OF PAYMENT FOR THE BONDS

REPAYMENT OF THE BONDS

General

The Bonds are payable solely from and secured by payment of the District Bonds, the Cash Flow Management Fund, the Reserve Fund held pursuant to the Indenture and certain investment earnings on the funds and accounts held under the Indenture and under certain circumstances (for purposes of replenishing any deficiency in the Reserve Fund and to fund the Cash Flow Management Fund to its requirement) by any available surplus revenues with respect to other series of bonds issued pursuant to the Indenture. Only revenues which are surplus revenues (and which would otherwise be retained by the Authority free and clear of the pledge and lien securing repayment of a series of bonds) are pledged by the Authority to meet any deficiency in a reserve fund established for any other series of the bonds. No other revenues or other monies derived with respect to a series of the bonds are available for payment of another series of the bonds.

The Bonds are special obligations of the Authority. The Bonds shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof, other than the Authority. The Authority shall only be obligated to pay the principal of the Bonds and the interest thereon from the funds described herein, and neither the faith and credit nor the taxing power of the City or the District, except to the limited extent described herein, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Authority has no taxing power.

Application of Revenues; Flow of Funds

Revenue Fund. The Trustee will deposit all Revenues with respect to the Bonds, when received from the District Trustee for the District Bonds, into the Revenue Fund. The Trustee, from time to time pursuant to a Written Certificate of the Authority, will transfer to the Expense Fund an amount, together with any other available amounts in the Expense Fund, necessary to pay Program Expenses due prior to the next succeeding Interest Payment Date. At least five (5) Business Days prior to each Interest Payment Date, the Trustee will transfer from the Revenue Fund for deposit into the Bond Fund, which consists of the following accounts, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(i) The Trustee will deposit into the Interest Account an amount which, together with the amount then on deposit therein, including amounts, if any, transferred by the Trustee from the Reserve Fund, is sufficient to cause the aggregate amount on deposit in the Interest Account to equal the amount then required to make any payment of interest on the Bonds.

(ii) The Trustee will deposit into the Principal Account an amount which, together with the amount then on deposit therein, including amounts, if any, transferred by the Trustee from the Reserve Fund, is sufficient to cause the aggregate amount on deposit in the Principal Account to equal the amount of principal or mandatory sinking account payment coming due and payable on such Interest Payment Date on the Outstanding Bonds upon the stated maturity or redemption thereof.

(iii) The Trustee will deposit into the Reserve Fund an amount, if any, sufficient to restore the amount on deposit in the Reserve Fund to the Reserve Requirement.

Reserve Fund

In order to secure further the timely payment of principal of and interest on the Bonds, the Authority is required, upon delivery of the Bonds, to deposit in the Reserve Fund for the Bonds an amount equal to the Reserve Requirement. The Reserve Requirement means with respect to the Bonds the least of (i) 10% of the stated principal amount (within the meaning of Section 148 of the Internal Revenue Code of 1986 (the "Code")) of the Bonds, (ii) maximum annual debt service on the Outstanding Bonds or (iii) 125% of the average annual debt service on the Outstanding Bonds.

The amount of Bond proceeds deposited into the Reserve Fund will be in an amount equal to $1,214,500 (see **"ESTIMATED SOURCES AND USES OF FUNDS"** herein). Thereafter, the Authority is required to deposit from the repayment of the District Bonds and, to the extent necessary, from available surplus revenues with respect to other series of bonds issued pursuant to the Indenture and maintain an amount of money equal to the Reserve Requirement in the Reserve Fund at all times while the Bonds are Outstanding. Amounts in the Reserve Fund will be used to pay debt service on the Bonds to the extent other monies are not available therefore. Amounts in the Reserve Fund in excess of the Reserve Requirement will be deposited into the Interest Account if not allocated to a Reserve Fund which is not at the applicable reserve requirement. Amounts in the Reserve Fund may be used to pay the final year's debt service on the Bonds. Upon mandatory redemption, amounts on deposit in the Reserve Fund shall be reduced (to an amount not less than the Reserve Requirement) and excess money shall be transferred to the Redemption Account and used for the redemption of Bonds.

Surplus. All remaining amounts on September 2 (or the next Business Day to the extent September 2 is not a Business Day) of each year commencing September 2, 2012, on deposit in the Revenue Fund shall be transferred to the Residual Fund.

Residual Fund

Revenues, if any, deposited into the Residual Fund shall be applied for the following purposes in the following order of priority:

(i) The Trustee will transfer into the Cash Flow Management Fund an amount, if any, required to restore the amount on deposit in the Cash Flow Management Fund to the Cash Flow Management Requirement.

(ii) The Trustee shall transfer, at the written direction of the Authority to the trustee of any other series of local agency revenue bonds issued pursuant to the Indenture, an amount required to replenish any Reserve Fund to its requirement with respect to such series of bonds and, at the election of the Authority, an amount to fund any cash flow management fund to its requirement with respect to such series of bonds.

(iii) The Trustee shall transfer all remaining amounts to the District Trustee for the District Bonds for deposit in the District Special Mandatory Redemption Account of the Redemption Fund (in proportion to the outstanding principal amount with respect to each series of District Bonds or such other allocation determined by the Authority) for the redemption of District Bonds unless the Trustee has received written direction from the Authority to expend such remaining funds held in the Residual Fund for any lawful purposes of the Authority including, but not limited to, paying or reimbursing the payment of the costs and expenses incurred by the City or the Authority in administering the Bonds and the District Bonds, paying costs of public capital improvements or reducing the Special Taxes (in proportion to the outstanding principal amount with respect to each series of District Bonds or such other allocation determined by the Authority) which are to be levied in the current or the succeeding fiscal year upon the properties.

Amounts in the Residual Fund are not pledged as security for the Bonds.

Cash Flow Management Fund

The Cash Flow Management Fund Requirement is 15% ($183,496.88) of maximum annual aggregate debt service on the Bonds. On the delivery date of the Bonds, the District will transfer to the Trustee for deposit into the Cash Flow Management Fund an amount equal to $183,496.88. Thereafter, the Cash Flow Management Fund will be funded from surplus Revenues transferred from the Residual Fund and under certain circumstances by any available surplus revenues with respect to other series of local agency revenue bonds issued pursuant to the Indenture. Amounts in the Cash Flow Management Fund will be used, prior to any draw on the Reserve Fund, to pay debt service on the Bonds to the extent Revenues are insufficient for such purpose. Amounts, if any, in the Cash Flow Management Fund in excess of the Cash Flow Management Fund Requirement will be transferred on September 2 of each year to the Residual Fund.

Redemption Account

The Trustee will establish as a separate account, to be called the "Redemption Account," of the Bond Fund to the credit of which the Authority shall deposit, immediately upon receipt, all Redemption Revenues. Monies in the Redemption Account shall be held in trust by the Trustee for the benefit of the Authority and the Owners of the Bonds, and shall be used to redeem Bonds (except for mandatory sinking fund redemption) pursuant to the Indenture.

REPAYMENT OF THE DISTRICT BONDS

General

The principal of, premium, if any, and the interest on the District Bonds, and the Administrative Expenses of the District related to Improvement Area No. 17B, are payable from the Special Taxes collected on real property within Improvement Area No. 17B and funds held by the District Trustee and available for such purposes pursuant to the District Indenture.

The District Bonds are limited obligations of the District payable from the proceeds of Special Taxes levied on certain parcels within Improvement Area No. 17B. The District Bonds shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof, other than the District. Neither the faith and credit nor the taxing power of the City, the District, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the District Bonds except for the limited extent provided herein.

Special Taxes

The Special Taxes are excepted from the tax rate limitation of California Constitution Article XIIIA pursuant to Section 4 thereof as a "special tax" authorized by at least a two-thirds vote of the qualified electors as set forth in the Act. Consequently, the City Council of the City on behalf of the District has the power and is obligated by the District Indenture to cause the levy and collection of the Special Taxes.

The District has covenanted in the District Indenture to levy (subject to the Maximum Special Tax) in each fiscal year the Special Taxes within Improvement Area No. 17B in an amount sufficient to pay the debt service on the District Bonds and the cost of providing certain Administrative Expenses of the District related to Improvement Area No. 17B and the Authority.

The Special Taxes are to be levied and collected according to the Rate and Method of Apportionment described in the section entitled **"SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE"** herein.

Although the Special Taxes will constitute a lien on parcels of real property within Improvement Area No. 17B, they do not constitute a personal indebtedness of the owner(s) of real property within such Improvement Area. There is no assurance that the property owner(s), or any successors and/or assigns thereto or subsequent purchaser(s) of land within Improvement Area No. 17B will be able to pay the annual Special Taxes or if able to pay the Special Taxes that they will do so (see **"BONDOWNERS' RISKS"** herein).

The Special Taxes initially are required to be collected by the County of Riverside Tax Collector (the "Tax Collector") in the same manner and at the same time as regular *ad valorem* property taxes are collected by the Tax Collector of the County. When received, such Special Taxes will be transferred by the City to the District Trustee as soon as possible after receipt. Monies in the Special Tax Fund are held in trust for the benefit of the District and owners of the District Bonds and disbursed pursuant to the District Indenture.

Application of Special Taxes; Flow of Funds

At such time as the County Auditor-Controller of the County of Riverside (the "County") makes an apportionment of tax revenues, including Special Taxes of Improvement Area No. 17B and other amounts constituting Gross Taxes, if any, and such apportionment is transferred to the District Trustee on behalf of the District (any such apportionment being hereinafter referred to as "Apportionment"), the District Trustee shall deposit such Apportionment and any other amounts constituting Gross Taxes in the Special Tax Fund for Improvement Area No. 17B, to be held in trust by the District Trustee and transferred and deposited into the following respective Accounts and Funds (each of which accounts the Trustee shall establish and maintain within the District Bond Fund) the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Special Taxes for Improvement Area No. 17B sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) **Administrative Expense Fund.** The District Trustee will deposit in the Administrative Expense Fund the amount of Administrative Expenses required to be deposited therein pursuant to the District Indenture. The District Trustee shall apply the monies on deposit in the Administrative Expense Fund to the payment of Administrative Expenses, as directed by the District.

(b) **Interest Account.** On February 15 and August 15 preceding each Interest Payment Date, the District Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in such account to equal the amount of interest becoming due and payable on the March 1 and September 1 Interest Payment Dates on all Outstanding District Bonds of Improvement Area No. 17B. All monies in such Interest Account will be used and withdrawn by the District Trustee solely for the purpose of paying the interest on the District Bonds it becomes due and payable (including accrued interest on any District Bonds redeemed prior to maturity).

(c) **Principal Account.** On August 15 of each year the District Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in such account to equal the principal amount of the District Bonds coming due and payable on the following Interest Payment Date. All monies in such Principal Account will be used and withdrawn by the District Trustee solely for the purpose of paying the principal of the District Bonds at their maturity dates.

(d) **Sinking Account.** On August 15 of each year the District Trustee will deposit in the Sinking Account an amount equal to the aggregate principal amount of District Bonds required to be redeemed on the following Interest Payment Date, if any. Amounts on deposit in such Sinking Account are required to be used and withdrawn by the District Trustee for the sole purpose of redeeming or purchasing (in lieu of redemption) District Bonds with respect to Improvement Area No. 17B in accordance with the mandatory sinking account redemption thereof.

District Residual Fund

On or after September 2 of each year the District Trustee shall transfer any amounts remaining in the Special Tax Fund to the District Residual Fund. Special Taxes, if any, deposited into the District Residual Fund shall be applied for the following purposes in the following order of priority:

(i) The District Trustee shall transfer, at the written election of the District, to the Administrative Expense Fund an amount determined by the District to be applied to pay or reimburse the payment of the costs and expenses incurred by the District on behalf of Improvement Area No. 17B or the Authority to administer the Bonds and the District Bonds and to the extent amounts in the Administrative Expense Fund are insufficient therefore.

(ii) The District Trustee shall transfer all remaining amounts to Construction Fund to be expended for the benefit of Improvement Area No. 17B to pay the costs of public improvements until the District Trustee has received written direction from the District to transfer such remaining funds held in the District Residual Fund to the Special Mandatory Redemption Account for redemption of the District Bonds or reducing the Special Taxes which are to be levied in the current or the succeeding fiscal year upon the properties which are subject to the Special Tax within Improvement Area No. 17B.

Amounts in the District Residual Fund and the Construction Fund are not pledged as security for the Bonds, or the District Bonds.

Redemption Account

The District Trustee will establish a "Redemption Fund" (in which there shall be established and created an Optional Redemption Account, a Special Mandatory Redemption Account and a Mandatory Redemption Account), to the credit of which the District or the City, on behalf of the District, will deposit, immediately upon receipt, all Redemption Revenues received by the District for Improvement Area No. 17B or the City on behalf of the District. Monies in the District Redemption Fund will be disbursed as provided below and, pending any disbursement, shall be subject to a lien in favor of the Owners of the District Bonds.

(1) All prepayments of Special Taxes within Improvement Area No. 17B, any amounts transferred pursuant to the Indenture for the redemption of District Bonds, and amounts transferred from the Residual Fund for the redemption of District Bonds will be deposited in the Special Mandatory Redemption Account to be used to redeem the District Bonds on the next date for which notice of redemption can timely be given.

(2) All monies deposited for the optional redemption of District Bonds will be deposited into the related Optional Redemption Account to be used to redeem the District Bonds on the next date for which notice of redemption can timely be given.

(3) All proceeds of the District Bonds after completion or abandonment of the improvements to be financed from proceeds of the District Bonds or deposit of fees by a public agency which has accepted facilities, and proceeds from insurance or condemnation proceeds will be deposited into the Mandatory Redemption Account to be used to redeem the District Bonds on the next date for which notice of redemption can timely be given.

Special Escrow Fund

On March 31, June 30, September 30 and December 31 of each year, commencing March 31, 2012, the District Trustee shall transfer funds from the Special Escrow Fund to the Construction Fund upon receipt of written direction of the District.

The District shall determine quarterly the amount to be transferred from the Special Escrow Fund to the Construction Fund by first dividing the amount initially deposited in the Special Escrow Fund by $1/177^{th}$ (the "Release Amount"). For each residential dwelling unit within Improvement Area No. 17B that has received Final Inspection at any time during each quarterly calculation period ending on March 15, June

15, September 15 and December 15 of each year, the City shall authorize the transfer of the Release Amount.

If the developer of any parcel of Final Map Property within Improvement Area 17B of the District has any delinquent Special Taxes that are at least 90 days past due, all funds held in the Special Escrow Fund with respect to such delinquent parcels may be used to redeem the Series B District Bonds to the maximum extent possible at the written direction of the District.

The Special Escrow Fund shall be closed on the earlier of when no funds remain therein or on August 1, 2014 unless such date is extended as provided in the District Indenture. Any amounts remaining in the Special Escrow Fund upon closing shall be used to redeem Series B District Bonds to the maximum extent possible (see "**THE BONDS - REDEMPTION - Mandatory Redemption**" herein).

Covenant for Superior Court Foreclosure

Pursuant to Section 53356.1 of the Act, in the event of a delinquency in the payment of the Special Taxes levied on a parcel within Improvement Area No. 17B, the District may order the institution of a superior court action to foreclose the lien therefor, provided such action is brought not later than four years after the final maturity date of the District Bonds. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale.

The District has covenanted in the District Indenture for the benefit of the owners of the District Bonds and any Additional Bonds that the District will review the public records of the County of Riverside, California, in connection with the collection of the Special Tax within Improvement Area No. 17B not later than July 1 of each year to determine the amount of Special Tax collected in the prior fiscal year; and with respect to individual delinquencies within such Improvement Area, if the District determines that any single property owner subject to the Special Tax within such Improvement Area is delinquent in the payment of Special Taxes in the aggregate of $2,500 or more or that the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes within Improvement Area No. 17B, then the District will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) the District will cause judicial foreclosure proceedings to be filed in the superior court within 90 days of such determination against any property for which the Special Taxes remain delinquent.

Notwithstanding any provision of the Act or other law of the State to the contrary, in connection with any foreclosure related to delinquent Special Taxes:

(A) The City, or the District Trustee, are each expressly authorized under the District Indenture to credit bid at any foreclosure sale, without any requirement that funds be placed in the District Bond Fund or otherwise be set aside in the amount so credit bid, in the amount specified in Section 53356.5 of the Act or such lesser amount as determined under clause (B) below or otherwise under Section 53356.6 of the Act.

(B) The District may permit, in its sole and absolute discretion, property with delinquent Special Tax payments to be sold for less than the amount specified in Section 53356.5 of the Act (but not for less than the amount of delinquent scheduled principal and interest without written consent of the owners of the District Bonds), if it determines that such sale is in the interest of the owners of the District Bonds and any Additional Bonds. The owners of the District Bonds, by their acceptance of the District Bonds, consent to such sale for such lesser amounts (as such consent is described in Section 53356.6 of the Act), and release the District, the City, and their officers and agents from any liability in connection therewith.

(C) The District is expressly authorized under the District Indenture to use amounts in the Special Tax Fund to pay costs of foreclosure of delinquent Special Taxes.

(D) The District may forgive all or any portion of the Special Taxes levied or to be levied on any parcel in Improvement Area No. 17B, so long as the District determines that such forgiveness is not expected to adversely affect its obligation to pay principal of and interest on the District Bonds, and any Additional Bonds under the District Indenture.

No assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not require the District or the City to purchase or otherwise acquire any lot or parcel of property sold at the execution sale pursuant to the judgment in any such action if there is no other purchaser at such sale, nor does the Act specify the priority relationship, if any, between the Special Taxes and other taxes and assessment liens.

As a result of the foregoing, in the event of a delinquency or nonpayment by the property owners of one or more Special Tax installments, there can be no assurance that there would be available to the District sufficient funds to pay when due the principal of, interest on and premium, if any, on the District Bonds (see **"BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to the Levying and Collection of the Special Taxes – Foreclosure and Sale Proceedings," "BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to the Levying and Collection of the Special Taxes - Bankruptcy and Foreclosure Delays"** and **"BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to the Levying and Collection of the Special Taxes - Property Controlled by Federal Deposit Insurance Corporation and other Federal Agencies"** herein).

BONDOWNERS' RISKS

BEFORE PURCHASING ANY OF THE BONDS, ALL PROSPECTIVE INVESTORS AND THEIR PROFESSIONAL ADVISORS SHOULD CAREFULLY CONSIDER, AMONG OTHER THINGS, THE FOLLOWING RISK FACTORS, WHICH ARE NOT MEANT TO BE AN EXHAUSTIVE LISTING OF ALL RISKS ASSOCIATED WITH THE PURCHASE OF THE BONDS. MOREOVER, THE ORDER OF PRESENTATION OF THE RISK FACTORS DOES NOT NECESSARILY REFLECT THE ORDER OF THEIR IMPORTANCE.

The purchase of the Bonds involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and/or interest on the Bonds. Such risk factors include, but are not limited to, the following matters.

THE BONDS

The ability of the Authority to pay the principal and interest on the Bonds depends upon the receipt by the Trustee of sufficient Revenues from repayment of the District Bonds, amounts on deposit in the Cash Flow Management Fund, the Reserve Fund and interest earnings on amounts in the funds and accounts for the Bonds established by the Indenture. A number of risks that could prevent the District from repaying the District Bonds are outlined below.

No Liability of the Authority to the Bondowners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Bonds with respect to the payment when due of the District Bonds, or with respect to the observance or performance by the District of other agreements, conditions, covenants and terms required to be observed or performed by it under the District Bonds, the District Indenture or any related documents or with respect to the performance by the Trustee of any duty required to be performed by it under the Indenture.

Loss of Tax Exemption

As discussed under the caption **"LEGAL MATTERS - TAX EXEMPTION"** herein, interest on the Bonds could 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 Authority or the District in violation of their covenants contained in the Indenture and the District Indenture. Should such an event of taxability occur, the Bonds are not subject to special redemption or any increase in interest rate and will remain outstanding until maturity or until redeemed under one of the redemption provisions contained in the Indenture.

IRS Audits

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds).

Early Bond Redemption

The Bonds are subject to optional, special mandatory and mandatory redemption prior to their stated maturities. Special mandatory redemption may occur on any date commencing September 1, 2012 (see **"THE BONDS - REDEMPTION"** herein).

The owner of a parcel for which a building permit has been issued may voluntarily prepay the Special Tax obligation for a parcel in whole or part at certain times as permitted in the Rate and Method of Apportionment. Any prepayment of Special Taxes will result in redemption of the District Bonds, commencing September 1, 2012, and correspondingly the Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

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Risk Factors Relating to Real Estate Market Conditions

Risks of Real Estate Secured Investments Generally. The Bondowners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of Improvement Area No. 17B, the supply of or demand for competitive properties in such area, and the market value of residential property in the event of sale or foreclosure; (ii) changes in real estate tax rate and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; (iii) natural disasters (including, without limitation, earthquakes, wild fires and floods), which may result in uninsured losses and (iv) the imposition of overlapping debt by special districts or other public agencies.

Current Local Real Estate Market Conditions. The median priced new home in the City in the first quarter 2011 was $241,500, up 9.8% from the second quarter 2010 low of $220,000. However, the level declined 43.8% from the peak of $430,000 in first quarter 2007 during the housing bubble. The City's median sales prices are back to the fourth quarter 2003 level, before the steep run-up.

Home sales peaked at a *seasonally adjusted* 157 units in the fourth quarter of 2005. They then fell to 70 units by the fourth quarter of 2007 off by 54.7%. As home prices came down, sales reached a record 244 seasonally adjusted units in the first quarter of 2010 and after some fluctuation returned to near that level at 239 units in the first quarter of 2011 (-2.0% from the record).

The price declines experienced were driven in large part by the sale of foreclosed properties and short sales. Some economists believe, despite good affordability metrics, homes prices may experience further declines at some future point. They cite the uncertainty surrounding the size of the foreclosure pool, as well as other factors, such as continued high unemployment, could lead home prices downward. Any such factors may affect the willingness or ability of taxpayers to pay their Special Tax payment prior to delinquency.

Availability of Mortgage Financing. There has been a tightening of underwriting criteria for mortgage loans such that lenders no longer offer 100% financing or require stricter verification, higher income to loan ratio, higher credit ratios or some combination of such factors. There has also been tightening of the credit market, especially with respect to the availability of "jumbo" loans (loans in excess of $417,000). As a result, potential homeowners in Improvement Area No. 17B may have difficulty finding financing and rising interest rates may price potential homeowners out of the market. This could result in a slowdown in the construction of homes in Improvement Area No. 17B, a reduction in home sales prices, and increase the length of time that the District would need to levy Special Taxes on partially developed and undeveloped property owned by builders in order to pay debt service on the District Bonds.

In addition, many borrowers who purchased homes in recent years may not be able to access replacement financing for their adjustable rate mortgage loans, which has reset or will soon reset at a significantly higher interest rate, for a number of reasons. Many borrowers have financed 100% of the price of their home with adjustable rate loans. As home values decline, such borrowers may not be able to obtain replacement financing because the outstanding loan balances exceed the value of their homes. In the event borrowers experience a decline in income or increase in mortgage interest rates, or both, they may not be able to pay their Special Taxes when due.

For the reasons discussed above, homeowners in Improvement Area No. 17B who purchase their homes with adjustable rate loans may experience difficulty in making their loan payments and paying the Special Taxes levied on their property. This could result in an increase in the Special Tax delinquency rate in Improvement Area No. 17B (see **"BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to the Levying and Collection of the Special Taxes – Foreclosure and Sale Proceedings"** and **"BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to the Levying and Collection of the Special Taxes – Bankruptcy and Foreclosure Delays"** below).

Land Development. A major risk to the Bondowners is that development by the property owners of undeveloped land in Improvement Area No. 17B 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. For example, proposed development within Improvement Area No. 17B could be adversely affected by unfavorable economic conditions, competing development projects, an inability of the current owners or future owners of the parcels to obtain financing, fluctuations in the real estate market or interest rates, unexpected increases in development costs, changes in federal, State or local governmental policies relating to the ownership of real estate, faster than expected depletion of existing water allocations, the appearance of previously unknown environmental impacts necessitating preparation of a supplemental environmental impact report, and by other similar factors. Proposed development within Improvement Area No. 17B could also be adversely affected by a change in ownership of the undeveloped real property within Improvement Area No. 17B. Sale of the undeveloped property within Improvement Area No. 17B to a new developer may have a significant impact on the timing and nature of development within Improvement Area No. 17B. There can be no assurance that land development operations within Improvement Area No. 17B will not be adversely affected by the factors described above.

In addition, partially developed land is less valuable than developed land and provides less security for the District Bonds (and therefore to the owners of the Bonds) should it be necessary for the District to foreclose on undeveloped property due to the non-payment of Special Taxes. Moreover, failure to complete future development on a timely basis could adversely affect the land values of those parcels which have been completed. Lower land values result in less security for the payment of principal of and interest on the District Bonds and potentially lower proceeds from any foreclosure sale necessitated by delinquencies in the payment of the Special Taxes.

Furthermore, an inability to develop the land within Improvement Area No. 17B as planned will reduce the expected diversity of ownership of land within Improvement Area No. 17B, making the payment of debt service on the District Bonds more dependent upon timely payment of the Special Taxes levied on the undeveloped property. Because of the concentration of undeveloped property ownership, the timely payment of the District Bonds depends upon the willingness and ability of the current owners of undeveloped land to pay the Special Taxes levied on the undeveloped land when due. Furthermore, continued concentration of ownership increases the potential negative impact of a bankruptcy or other financial difficulty experienced by the existing landowners (see "**BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to the Levying and Collection of the Special Taxes – Concentration of Ownership**" below).

Risk Factors Relating to Land Values

Land Values. If a property owner defaults in the payment of the Special Tax, the District's only remedy is to commence foreclosure proceedings against the defaulting property owner's real property within Improvement Area No. 17B for which the Special Tax has not been paid, in an attempt to obtain funds to pay the delinquent Special Tax. Therefore, the value of the land and improvements within Improvement Area No. 17B is a critical factor in determining the investment quality of any series of bonds issued by or for Improvement Area No. 17B. Reductions in property values within Improvement Area No. 17B due to a downturn in the economy or the real estate market, events such as earthquakes, droughts, or floods, stricter land use regulations, or other events may adversely impact the value of the security underlying the Special Tax.

The District had the following study prepared in order to estimate the current market value of land in Improvement Area No. 17B.

1. Appraisal Report Beaumont Financing Authority 2011 Local Agency Revenue Bonds, Series A (Improvement Area No. 17B), prepared by Harris Realty Appraisal, Newport Beach, California (the "Appraiser"), with a November 15, 2011, date of value (the "Appraisal").

The purpose of the Appraisal was to estimate the bulk value of land within Improvement Area No. 17B in its "as is" condition (which assumes sale of the District Bonds and funding of publicly-financed improvements).

The appraisal was prepared in accordance with and subject to the requirements of the *Appraisal Standards for Land Secured Financing* as published by the California Debt and Investment Advisory Commission; the *Uniform Standards of Professional Appraisal Practice* (USPAP) of the Appraisal Foundation; and the *Code of Professional Ethics* and the *Standards of Professional Appraisal Practice* of the Appraisal Institute.

On the basis of the assumptions and limitations described in the Appraisal, the Appraiser has estimated the "As is" Market Value of the land and improvements in Improvement Area No. 17B, as of November 1, 2011 to be as shown below.

Improvement Area No. 17B: $53,650,000

163 Individual Homeowners: $38,000,000

Pardee Homes: $7,510,000

Richmond American: $8,140,000

Pursuant to the act and the Rate and Method of Apportionment, the principal amount of the District Bonds is not allocable among the parcels in Improvement Area No. 17B. Upon sale of parcels, the buyer acquires the property subject to the unpaid portion of any special taxes and assessments levied against the parcel purchased.

Potential purchasers of the Bonds should be aware that if a parcel bears a Special Tax liability in excess of its market value, then there may be little incentive for the owner of the parcel to pay the Special Taxes on such parcel and little likelihood that such property would be purchased in a foreclosure sale.

Prospective purchasers of the Bonds should not assume that the land and improvements could be sold for the appraised amount at a foreclosure sale for delinquent Special Taxes. In particular, the values of individual properties in Improvement Area No. 17B will vary, in some cases significantly. The actual value of the land is subject to future events which might render invalid some or all of the basic assumptions of the Appraiser. The future value of the land can be expected to fluctuate due to many different, not fully predictable, real estate related investment risk factors, including, but not limited to: general tax law changes related to real estate, changes in competition, general area employment base changes, population changes, changes in real estate related interest rates affecting general purchasing power, advertising, changes in allowed zoning uses and density, natural disasters such as floods, earthquakes and landslides, and similar factors.

Appraisals in general are the result of an inexact process, and estimated market value is dependent, in part, upon assumptions which may or may not be realized and upon market conditions and perceptions of market value, which are likely to change over time. The appraisal valuations represent opinions only and are not intended to be absolutes or assurances of specific resale values. If more than one appraiser were employed, it is reasonable to assume that a reasonable range of value opinions on the land and improvement value within the Improvement Area would be reflected depending upon personal professional interpretation of data, facts and circumstances reviewed and assumptions employed.

Prospective purchasers should not assume that the land could be sold for the appraised amount at a foreclosure sale for delinquent Special Taxes.

A copy of the Appraisal is included as Appendix C hereto. The summary herein of some of the conclusions in the Appraisal does not purport to be complete. Reference is made to the Appraisal for further information. The District makes no representations as to the value of the real property within Improvement Area No. 17B, and prospective purchasers of the Bonds are referred to the Appraisal referenced above in evaluating the value of real property within Improvement Area No. 17B.

Earthquakes. Southern California is among the most seismically active regions in the United States of America. The occurrence of seismic activity in Improvement Area No. 17B could result in substantial damage to properties in Improvement Area No. 17B which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their Special Taxes. Any major damage to structures as a result of seismic activity could result in a greater reliance on Undeveloped Property in the payment of Special Taxes. In the event of a severe earthquake, there may be significant damage to both property and infrastructure in Improvement Area No. 17B. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in the Improvement Area could be diminished in the aftermath of such an earthquake, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of Special Taxes.

Certain procedures and design standards are required to be followed during the construction of buildings within Improvement Area No. 17B to ensure that each building is designed and constructed to meet, at a minimum, the highest seismic standards required by law.

Geologic, Topographic and Climatic Conditions. The value of the Taxable Property in Improvement Area No. 17B in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on the parcels of Taxable Property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes and volcanic eruptions, topographic conditions such as earth movements, landslides, liquefaction, floods or fires, and climatic conditions such as tornadoes, droughts, and the possible reduction in water allocation or availability. Some homes lie in a hilly area and grading and slopes are to be constructed in a manner expected to remain stable. It is possible that one or more of the conditions referenced above may occur and may result in damage to improvements of varying seriousness, that 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, the value of the Taxable Property may well depreciate or disappear.

Water Supply Legislation. State legislation passed on October 9, 2001 (Senate Bill No. 221), which prohibits the approval of a tentative tract map or a development agreement for a subdivision of property of more than 500 dwelling units unless the legislative body of a city or county or its planning commission provides written verification from the district public water supply system that a sufficient water supply is available for the development project. Sufficient water supply is defined as the total water supplies available during normal, single-dry, and multiple-dry years within a 20-year projection that will meet the projected demand associated with the proposed development project, in addition to existing and planned future uses, including, but not limited to, agricultural and industrial uses. The legislation became effective on January 1, 2002. The legislation provides that it shall not apply to any residential project proposed for a site that is within an urbanized area and has been previously developed for urban uses, or where the immediate contiguous properties surrounding the residential project area are, or previously have been, developed for urban uses. It also provides that it is not intended to change existing law concerning a public water system's obligation to provide water service to its existing customers or to any potential future customers. Nevertheless, the legislation provides for interested parties seeking mandamus to compel compliance with its provisions. The application to this legislation will undoubtedly be subject of litigation and ultimate determination by the courts.

Endangered and Threatened Species. During the past several years, there has been an increase in activity at the State and federal level related to the listing and possible listing of certain plant and animal species found in the State as endangered species and in programs designed to set aside additional geographical areas for habitat conservation. A technical memorandum summarizing recommendations regarding areas being considered for conservation under the Western Riverside County Multiple-Species Habitat Conservation Plan (MSHCP) was released. Although none of the areas within Improvement Area 17B have been included in the MSHCP study area, there is no assurance that such areas will remain excluded from the MSHCP study area or future study areas. An increase in the number of endangered species and/or the designation of additional habitat areas to be subjected to conservation planning similar to areas subject to the MSHCP is expected to curtail development in a number of areas in the State. Improvement Area No. 17B is not known to contain any plant or animal species which either the California Fish and Game Commission or the U.S. Fish and Wildlife Service has listed as endangered, or to the knowledge of the Authority, proposed for addition to the endangered species list. Further approval may be required for any planned clearing of land or construction across or impacting waterways, creeks or other drainages. If required, there is no assurance that such approvals will be obtained and that development will be permitted to proceed as projected.

On a regular basis, new species are proposed to be added to the State and federal protected species lists. Regardless of the stage of entitlements and actual development of a particular development, any action by the State or federal governments to protect species located on or adjacent to the property within Improvement Area No. 17B could negatively affect the property owner's ability to complete the development of its property within Improvement Area No. 17B as planned. This, in turn, could reduce the ability or the willingness of the property owners to pay the Special Taxes when due and would likely reduce the value of the land and the potential revenues available at a foreclosure sale for delinquent Special Taxes.

Risk Factors Relating to the Levying and Collection of the Special Taxes

Insufficiency of Special Taxes. As discussed herein, the amount of Special Taxes that are collected within Improvement Area No. 17B could be insufficient to pay principal of, interest and premium, if any, on the District Bonds due to nonpayment of the Special Taxes levied and insufficient or lack of proceeds received from a foreclosure sale of land within Improvement Area No. 17B.

The District has covenanted in the District Indenture to institute foreclosure proceedings upon delinquencies in the payments of the Special Taxes as described herein and to sell any real property with a lien of delinquent Special Taxes to obtain funds to pay debt service on the District Bonds (see "**DISTRICT ADMINISTRATION – DELINQUENCIES**" herein). If foreclosure proceedings are ever instituted, any holder of a mortgage or deed of trust could, but would not be required to, advance the amount of delinquent Special Taxes to protect its security interest. See **"SOURCES OF PAYMENT FOR THE BONDS - REPAYMENT OF THE DISTRICT BONDS - Covenant for Superior Court Foreclosure"** herein for provisions which apply in the event foreclosure is required and which the District is required to follow in the event of delinquency in the payment of Special Taxes.

Maximum Rates. Within the limits of the Rate and Method of Apportionment, the District may adjust the Special Tax levied on all property in Improvement Area No. 17B to provide an amount required to pay debt service on the District Bonds and other obligations of the District, and the amount, if any, necessary to pay all annual Administrative Expenses and make rebate payments to the United States government. However, the amount of the Special Tax that may be levied against particular categories of property in Improvement Area No. 17B is subject to the maximum rates provided in the Rate and Method of Apportionment. There is no assurance that the maximum rates will at all times be sufficient to pay the amounts required to be paid by the District Indenture (see **"SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE – MAXIMUM SPECIAL TAX"** and **"SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE – DEBT SERVICE COVERAGE ON THE DISTRICT BONDS**" herein)**.**

No Personal Liability for Special Taxes. No property owner, including the Developer, will be personally liable for the payment of the Special Taxes to be applied to pay the principal of and interest on the District Bonds. In addition, there is no assurance that any property owner will be able to pay the Special Taxes or that any property owner will pay such Special Taxes even if it is financially able to do so.

Payment of the Special Taxes is dependent upon the current and future property owners' willingness to pay Special Taxes assessed on their respective property in Improvement Area No. 17B (see **"BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to Real Estate Market Conditions – Land Development"** herein). The only asset of the current property owners or future property owners which constitutes security for the District Bonds is their property holdings assessed within Improvement Area No. 17B. There are expected to be subsequent transfers of ownership of the property within Improvement Area No. 17B to individual owners of single family homes during the development of the land within Improvement Area No. 17B.

Concentration of Ownership. As of November 15, 2011, there were two major property owners (Pardee Homes - 122 lots and Richmond American - 105 lots) and 163 individual homeowners within Improvement Area No. 17B. Payment of the Special Taxes is dependent upon the current and future property owners' willingness to pay Special Taxes assessed on their property in Improvement Area No. 17B (see **"BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to Real Estate Market Conditions – Land Development"** and **"-No Personal Liability for Special Taxes"** above). The only asset of the current property owners or future property owners which constitutes security for the District Bonds is their property holdings assessed within Improvement Area No. 17B. There are expected to be subsequent transfers of ownership of the property within Improvement Area No. 17B to individual owners of single family homes during the development of the land within Improvement Area No. 17B. During the period of time a significant portion of the land in Improvement Area No. 17B is owned by a limited number of property owners there is a substantial risk to the Bondowners that such limited number of owners will not pay their Special Taxes.

No assurance can be made that Pardee Homes or Richmond American, or their successors, will complete the remaining construction and development in Improvement Area No. 17B as described in this Official Statement. As a result, no assurance can be given that Pardee Homes or Richmond American, or their successors, will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis (see "**Bankruptcy and Foreclosure Delays**" below).

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

Riverside County Property Tax Delinquency Rates. Information available to the City indicates that in recent years the County Assessor's office has experienced (a) delays in processing property ownership transfers that in many cases have led to property tax bills being sent to former, not current, owners and to consequent delays in the actual property owners receiving and paying their property taxes, and (b) delays in processing property tax payments that have led to delays in crediting special taxes toward the accounts of the appropriate community facilities district. To the extent these increases in delinquencies are indicative of a trend toward actual property tax delinquencies by homeowners who received property tax bills, delinquencies in the payment of property taxes (and, if affecting properties within Improvement Area No. 17B, delinquencies in the payment of Special Taxes) may occur and continue at similar levels or increase in the near future.

Under the Rate and Method of Apportionment, the District has the authority and the obligation to increase the levy of Special Taxes against property owners in Improvement Area No. 17B if and to the extent required to replenish any reserve fund to its requirement due to Special Tax delinquencies. However, the District's ability to increase Special Tax levies for this purpose is limited by two factors: (a) the Maximum Special Tax set forth in the Rate and Method of Apportionment; and (b) the limitations on such increases set forth in the Act, which provides that under no circumstances may the Special Tax levied against any parcel used for private residential purposes be increased as a consequence of delinquency or default by an owner of any other parcel or parcels within such District by more than 10% in excess of the amount of Special Taxes that would have been levied absent such delinquency or default. Thus, the District may not be able to increase Special Tax levies in future fiscal years by enough to make up for delinquencies for prior fiscal years (see "**DISTRICT ADMINISTRATION – DELINQUENCIES**" herein).

Foreclosure and Sale Proceedings. In order to pay debt service on the District Bonds, it is necessary that the Special Tax levied against land within Improvement Area No. 17B be paid in a timely manner. The District has covenanted in the District Indenture under certain conditions to institute foreclosure proceedings against property with delinquent Special Taxes in order to obtain funds to pay debt service on the District Bonds. If foreclosure proceedings were instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest.

In the event such superior court foreclosure is necessary, there could be a delay in principal and interest payments to the Authority, as the owner of the District Bonds, pending prosecution of the foreclosure proceedings and receipt of the proceeds of the foreclosure sale, if any. No assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not specify the obligations of the District with regard to purchasing or otherwise acquiring any lot or parcel of property sold at the foreclosure sale if there is no other purchaser at such sale (see **"SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE DISTRICT BONDS - Covenant for Superior Court Foreclosure"** herein).

Sufficiency of the foreclosure sales proceeds to cover the delinquent amount depends in part upon the market for and the value of the parcel at the time of the foreclosure sale (see **"BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to Land Values"** above).

The current assessed value is some evidence of such future value. However, future events may result in significant changes from the current assessed value. Such events could include a downturn in the economy, as well as a number of additional factors. Any of these factors may result in a significant erosion in value, with consequent reduced security of the District Bonds and, consequently, the Bonds.

Sufficiency of foreclosure sale proceeds to cover a delinquency may also depend upon the value of prior or parity liens and similar claims. A variety of governmental liens may presently exist or may arise in the future with respect to a parcel which, unless subordinate to the lien securing the Special Taxes, may effectively reduce the value of such parcel. The property in Improvement Area No. 17B is also subject to several overlapping liens (see "**DISTRICT ADMINISTRATION – TAX BURDEN AND OVERLAPPING LIENS**" herein).

Timely foreclosure and sale proceedings with respect to a parcel may be forestalled or delayed by a stay in the event the owner of the parcel becomes the subject of bankruptcy proceedings. Further, should the stay not be lifted, payment of Special Taxes may be subordinated to bankruptcy law priorities.

Bankruptcy and Foreclosure Delays. The payment of the Special Taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Tax 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 and the District 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 or of a partner or other owner of a property within Improvement Area No. 17B could result;

1. in a delay in prosecuting superior court foreclosure proceedings;

2. in loss of priority of the lien securing any Special Taxes with respect to Special Taxes levied while bankruptcy proceedings are pending;

3. in the amount of any lien on property securing the payment of delinquent Special Taxes being reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could be treated as an unsecured claim by the court; and/or

4. the Bankruptcy Code might prevent moneys on deposit in the funds and accounts created under the Fiscal Agent Agreement from being applied to pay interest on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against the property owner and if the court found that the property owner had an interest in such moneys within the meaning of Section 541(a)(1) of the Bankruptcy Code.

Such delay or loss of priority or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the District Bonds and the possibility of delinquent Special Tax installments not being paid in full. To the extent a significant percentage of the property in Improvement Area No. 17B continues to be owned by a limited number of property owners, the payment of the Special Taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Tax installment could be delayed by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure.

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

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

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

It should also be noted that on October 22, 1994, Congress enacted 11 U.S. C. Section 362(b)(18), which added a new exception to the automatic stay for *ad valorem* property taxes imposed by a political subdivision after the filing of a bankruptcy petition. Pursuant to this new provision of law, in the event of a bankruptcy petition filed on or after October 22, 1994, the lien for *ad valorem* taxes in subsequent fiscal years will attach even if the property is part of the bankruptcy estate. Bondowners should be aware that the potential effect of 11 U.S. C. Section 362(b)(18) on the Special Taxes depends upon whether a court were to determine that the Special Taxes should be treated like *ad valorem* taxes for this purpose.

Disclosure to Future Land Buyers. A "Notice of Special Tax Lien" (the "Notice") for the District has been recorded pursuant to Section 53328.3 of the Act and Section 3114.5 of the Streets and Highways Code, with the County Recorder for the County (the "County Recorder"). The Notice sets forth, among other things, the Rate and Method of Apportionment, the legal description of property within Improvement Area No. 17B as of the date of recording the Notice, and the boundaries of Improvement Area No. 17B by reference to the map(s) recorded with the County Recorder. While title insurance and search companies normally refer to such notices in title reports, and sellers of property within Improvement Area No. 17B are required to give prospective buyers a notice of special tax in accordance with Sections 53360.2 or 53341.5 of the Act, there can be no assurances that such reference will be made or notice given, or if made or given, that prospective purchasers or lenders will consider such Special Tax obligation in the purchase of land within Improvement Area No. 17B or the lending of money thereon. Failure to disclose the existence of the Special Tax may affect the willingness and ability of future landowners within Improvement Area No. 17B to pay the Special Tax when due.

Exempt Properties. Certain properties are exempt from the Special Tax in accordance with the Rate and Method of Apportionment and provisions of the Act. The Act provides that properties or entities of the State, federal or local government at the time of formation of the Improvement Area No. 17B or the District are exempt from the Special Tax; provided, however, that property within Improvement Area No. 17B acquired by a public entity through negotiated transactions, or by gift or devise, which is not otherwise exempt from the Special Tax will continue to be subject to the Special Tax. In addition, the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested. If for any reason property subject to the Special Tax becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government, or another public agency, subject to the limitation of the maximum authorized rate of levy, the Special Tax may be reallocated to the remaining taxable properties within Improvement Area No. 17B. 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; however, the amount of Special Tax to be levied and collected from the property owner is subject to the Maximum Special Tax as set forth in the Rate and Method of Apportionment and to the limitation in the Act that under no circumstances may the Special Taxes levied on any residential parcel be increased by more than ten percent as a consequence of delinquency by the owner of any parcel. If a substantial portion of land within Improvement Area No. 17B became exempt from the Special Tax because of public ownership, or otherwise, the maximum Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the District Bonds when due and a default will occur with respect to the payment of such principal and interest.

The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax. The Act would prohibit the City Council, acting as the legislative body of the District, from adopting a resolution to reduce the rate of the Special Tax or terminate the levy of the Special Tax unless the City Council, acting as the legislative body of the District, determined that the reduction or termination of the Special Tax "would not interfere with the timely retirement" of the District Bonds (see **"BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to Governmental Rules, Initiatives, Etc. - Right to Vote on Taxes Act"** below).

Property Controlled by Federal Deposit Insurance Corporation and other Federal Agencies. The District's ability to collect interest and penalties specified by State law and to foreclose the lien of a delinquent Special Tax payment may be limited in certain respects with regard to properties in which the Internal Revenue Service, the Drug Enforcement Agency, the Federal Deposit Insurance Corporation (the "FDIC") or other similar federal agencies has or obtains an interest. Specifically, with respect to the FDIC, on June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Real Property Taxes. The 1991 Policy Statement was revised and superseded by a new Policy Statement effective January 9, 1997 (the "Policy Statement"). The Policy Statement provides that real property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay or recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Act and a special tax formula which determines the special tax due each year, are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. With respect to property in California owned by the FDIC on January 9, 1997, and that was owned by the Resolution Trust Corporation (the "RTC") on December 31, 1995, or that became property of the FDIC through foreclosure of a security interest held by the RTC on that date, the FDIC will continue the RTC's prior practice of paying special taxes imposed pursuant to the Mello-Roos Act if the taxes were imposed prior to the RTC's acquisition of an interest in the property. All other special taxes, including the Special Taxes which secure the District Bonds may be challenged by the FDIC.

The Authority and the District are unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to a parcel in which the FDIC has an interest, although prohibiting the lien of the FDIC to be foreclosed on at a judicial foreclosure sale would likely reduce the number of or eliminate the persons willing to purchase such a parcel at a foreclosure sale. Owners of the Bonds should assume that the Authority and the District will be unable to foreclose on any parcel owned by the FDIC. The Authority has not undertaken to determine whether the FDIC currently has, or is likely to acquire, any interest in any of the parcels, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

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

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the City wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest.

Risk Factors Relating to Tax Burden

Billing of Special Taxes. A special tax can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In some community facilities districts the taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district and the bonds issued by the district.

Under provisions of the Act, the Special Taxes are billed to the properties within Improvement Area No. 17B which were entered on the Assessment Roll of the County Assessor by January 1 of the previous fiscal year on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. These Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Taxes in the future. See **"SOURCES OF PAYMENT FOR THE BONDS - REPAYMENT OF THE DISTRICT BONDS - Covenant for Superior Court Foreclosure"** for a discussion of the provisions which apply, and procedures which the District is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes.

Additional Taxation. 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 repaying certain new general obligation debt issued for the acquisition or improvement of real property and approved by at least 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 Taxes on the parcels within the Improvement Area.

Value-to-Lien Ratios. The value of the land and improvements within Improvement Area No. 17B is a major factor in determining the investment quality of any series of bonds issued by or for Improvement Area No. 17B. Reductions in property values within Improvement Area No. 17B due to a downturn in the economy or the real estate market, events such as earthquakes, droughts or floods, stricter land use regulations or other events may adversely impact the value of the security underlying the Special Tax. To account for such uncertainties, investors typically require the value of the property upon which the Special Tax is levied to be several times the principal amount of District Bonds. Such value-to-lien ratios are derived by dividing the value of the property by the principal amount of the District Bonds. For example, a 3:1 ratio means that the value is three times the total bond amount. **The value-to-lien ratio of individual parcels may be less or more than the aggregate value-to-lien ratio shown below.** Pursuant to the Act and the Rate and Method of Apportionment, the principal amount of the District Bonds is not allocable among the parcels in Improvement Area No. 17B. **In addition, a value-to-lien ratio does not give any indication if a property owner has negative or little equity in their property.**

Upon delivery of the Series B District Bonds, only a portion of the proceeds deposited into the Improvement Fund will be released and the balance will be held in a "Special Escrow Fund" established and maintained by the District Trustee in the Special Escrow Fund pursuant to the District Indenture (see "**SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE DISTRICT BONDS – Special Escrow Fund"** herein). **The District Bonds have been structured such that the levy of Special Taxes on the lots currently classified as Developed Property within Improvement Area No. 17B are expected to be sufficient to pay debt service on the Series A District Bonds and the non-escrowed amount of the Series B District Bonds.**

Shown below is the estimated value-to-lien ratio for Developed Property, as defined in the Rate and Method of Apportionment, as of November 15, 2011.

COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 17B
VALUE TO LIEN RATIO OF DEVELOPED PROPERTY
(AS OF NOVEMBER 15, 2011)

	Number of Parcels	Total Estimated Value
Developed Property		
Completed / Owner Occupied	163	$38,000,000 (1)
Completed / Nearly Completed	39	7,400,000 (1)
Finished Lots w/ Bldg. Permit	11	715,000 (2)
Total	213	$46,115,000
Principal Amount of Bonds Released at Closing		$6,635,000
Value to Lien (excluding escrowed funds)		6.95 to 1

(1) Source: the Appraisal Report.

(2) Assumed to be finished lot value as estimated in the Appraisal Report

Moneys on deposit in the Special Escrow Fund will be released upon the satisfaction of certain conditions set forth in the District Indenture primarily relating to the receipt of a "Final Inspection" by the City for a completed home within Improvement Area No. 17B. The District has capitalized interest on the escrowed amount of the Series B District Bonds (the amount of debt service related to Final Map Property) until September 1, 2014. The District expects the amount of capitalized interest to be sufficient to pay debt service on the escrowed amount of the Series B District Bonds until all Final Map Property meets the test for release from the Special Escrow Fund as described above. If Final Map Property remains after the exhaustion of capitalized interest, the Special Tax will be levied on Final Map Property (see "**SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE – METHOD OF APPORTIONMENT**" herein).

If the developer of any Final Map Property within Improvement Area 17B has any delinquent Special Taxes that are at least 90 days past due, all the funds held in the Special Escrow Fund with respect to such delinquent parcels may be used to redeem the Series B District Bonds to the maximum extent possible at the written direction of the District.

Shown below is the estimated value-to-lien ratio for Final Map Property, as defined in the Rate and Method of Apportionment, as of November 15, 2011.

COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 17B
VALUE TO LIEN RATIO OF FINAL MAP PROPERTY
(AS OF NOVEMBER 15, 2011)

	Number of Parcels	Appraised Value / Parcel	Total Estimated Value
Final Map Property			
Finished Lots	116	$65,000 (1)	$7,540,000
Blue Top Lots	61	-0-(1)	-0-
Total	177	$65,000	$7,540,000
Principal Amount of Bonds escrowed at Closing			$5,510,000
Value to Lien of escrowed funds			1.37 to 1

(1) Source: Appraisal Report

Parity Taxes and Special Assessments. The property in Improvement Area No. 17B is subject to several overlapping liens.

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land within Improvement Area No. 17B until they are paid in full. Such lien is on a parity with all special taxes and special assessments levied by other public entities, agencies and districts and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same real property.

The District has no control over the ability of other public entities, agencies and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the real property within Improvement Area No. 17B. Any such special taxes or assessments may have a lien on such real property on a parity with the Special Taxes. Accordingly, the liens on the real property within Improvement Area No. 17B could greatly increase, without any corresponding increase in the value of the property within Improvement Area No. 17B and thereby severely reduce the value-to-lien ratio of the land secured public debt existing at the time the Bonds are issued. The imposition of such additional indebtedness could also reduce the willingness and ability of the property owners within Improvement Area No. 17B to pay the Special Taxes when due.

The Special Taxes have priority over all existing and future private liens imposed on the real property within Improvement Area No.17B.

As a result of the foregoing, in the event of a delinquency or nonpayment by the property owners of one or more Special Tax installments, there can be no assurance that there would be available to the District sufficient funds to pay when due the principal of, interest on and premium, if any, on the District Bonds.

Effective Tax Rate. Another tool for evaluating the tax burden is the ratio of total taxes, special taxes and assessments as a percentage of property value (the "Effective Tax Rate"). The size of the Effective Tax Rate could affect the ability and willingness of the property owners to pay the Special Taxes when due (see **"BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to Tax Burden**" herein).

The following table sets forth the estimated Fiscal Year 2011-12 effective tax rates for a hypothetical home (based upon the estimated average home price based upon sales prices provided by the applicable merchant builder) within the Kensington and Living Smart product lines as well as average sales price of occupied homes. The following table sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt. Based upon average home prices and the Assigned Annual Special Tax rate, it is expected that the projected effective tax rate in Improvement Area 17B will range from approximately 2.20% to 2.24%. The estimated tax rates and amounts presented herein are based on currently available information. The actual amounts charged may vary and may increase in future years depending on the amount of District Bonds outstanding, the number of delinquencies and, the status of development, among other factors.

Conceptually, bonds issued by a community facilities district secured by special taxes finance improvements that otherwise would have to be added to the purchase price of a home and, therefore, homes in such community facilities district would have a lower selling price than comparable homes that did not have the benefit of such financing. In practice, however, the purchase price of a home is primarily determined by market forces that may or may not take into account the special taxes.

A special tax can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In particular, a heavy tax burden could influence property owners with negative or little equity in their property not to pay the special taxes.

CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 17B
TOTAL EFFECTIVE TAX RATE 2011/12 FISCAL YEAR

	Tax Rate	Living Smart	Kensington	Prior Product Lines
CFD Rate Category		**Less than 2,000**	**Less than 2,000**	**1,901 to 2,150**
Average Home Price		$222,884	$246,550	$234,644
Estimated Taxes Per Unit				
Ad Valorem				
General Purpose	1%	$2,228.84	$2,465.50	$2,346.44
Beaumont Unified School District	0.07840%	$174.74	$193.30	$183.96
San Gorgonio Pass Water Agency	0.1850%	$412.34	$456.12	$434.09
San Gorgonio Pass Memorial Hospital AD	0.10370%	$231.13	$255.67	$243.33
Fixed Charges				
Flood Control Stromwater/Cleanwater	$3.62	$3.62	$3.62	$3.62
San Gorgonio Pass Memorial Hospital AD	$46.70	$46.70	$46.70	$46.70
CFD 93-1 (IA 17B) Services	$291.00	$291.00	$291.00	$291.00
Special Taxes				
CFD 93-1 (IA 17B) Facilities (Assigned Rate)		$1,589.16	$1,717.68	$1,717.68
Total Taxes and Assessments		$4,977.53	$5,429.59	$5,266.82
Estimated Effective Tax Rate		2.23%	2.20%	2.24%

Risk Factors Relating to Governmental Rules, Initiatives, Etc.

Right to Vote on Taxes Act. An initiative measure commonly referred to as the "Right to Vote on Taxes Act" ("Proposition 218") was approved by the voters of the State of California at the November 5, 1996, general election. Proposition 218 added Article XIIIC ("Article XIIIC") and Article XIIID to the California Constitution. According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Generally, the provisions of Proposition 218 have not yet been interpreted by the courts, although a number of lawsuits have been filed requesting the courts to interpret various aspects of Proposition 218.

Among other things, Section 3 of Article XIIIC states that "the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." Proposition 218 provides for a procedure, which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, Proposition 218 prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to Proposition 218 unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. Although the matter is not free from doubt, it is likely that the exercise by the voters in Improvement Area No. 17B of the initiative power referred to in Article XIIIC to reduce or terminate the Special Tax is subject to the same restrictions as is the District, pursuant to the Act. Accordingly, although the matter is not free from doubt, it is likely that Proposition 218 has not conferred on the voters in Improvement Area No. 17B the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the District Bonds.

It may be possible, however, for voters of Improvement Area No. 17B to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the District Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the District Bonds.

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 or the timeliness of any remedy afforded by the courts.

Ballot Initiatives and Legislative Measures. Proposition 218 was adopted pursuant to a measure qualified for the ballot pursuant to California's constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the State Legislature. The adoption of any such initiative or enactment of legislation might place limitations on the ability of the State, the City or local District to increase revenues or to increase appropriations or on the ability of a property owner to complete the development of the property.

Risk Factors Relating to Limitations of the Bonds and the District

Limited Obligation. Neither the faith and credit nor the taxing power of the City, the State or any political subdivision thereof, other than the District, is pledged to the payment of the District Bonds. Except for the Special Taxes derived from Improvement Area No. 17B, no other taxes are pledged to the payment of the District Bonds. The District Bonds are not general or special obligations of the City, the State or any political subdivision thereof or general obligations of the District, but are special obligations of the District, payable solely from Special Taxes and the other assets pledged therefor under the District Indenture.

Limitations on Remedies. Remedies available to the Bondowners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the District Bonds or to preserve the tax-exempt status of the Bonds. Bond Counsel has limited its opinion as to the enforceability of the Bonds and the District Bonds and of the Indenture and the District Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or others similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. Additionally, the District Bonds are not subject to acceleration in the event of the breach of any covenant or duty under the Indenture. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Enforceability of the rights and remedies of the owners of the District Bonds, and the obligations incurred by the District, may become subject to the federal bankruptcy code and bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against joint powers authorities in the State. See **"BONDOWNERS' RISKS - THE DISTRICT BONDS – Risk Factors Relating to the Levying and Collection of the Special Taxes"** above.

No Acceleration Provision. The District Indenture does not contain a provision allowing for the acceleration of the principal of the District Bonds in the event of a payment default or other default under the terms of the District Bonds or the District Indenture. Accordingly, the Indenture does not contain a provision allowing for acceleration of the Bonds.

THE AUTHORITY

The Authority is a joint exercise of powers authority organized and existing under and by virtue of the Joint Powers Act. The City, pursuant to Resolution No. 1993-20, adopted on April 12, 1993, and the Agency, pursuant to Resolution No. BRA 93-01, adopted on April 12, 1993, formed the Authority by the execution of a Joint Exercise of Powers Agreement.

The Authority is governed by a five-member Board (the "Governing Board") which consists of all members of the City Council. The Mayor of the City is appointed the Chairperson of the Authority. The City Manager acts as the Executive Director of the Authority.

The California Government Code provides for the issuance of revenue bonds of joint exercise of powers authorities, such as the Authority, to be repaid solely from the revenues of certain public obligations, such as the District Bonds. The Authority has no taxing power. Pursuant to the California Government Code, the Authority is authorized to issue its revenue bonds for the purpose of financing, among other things, public capital improvement projects.

The Bonds are being sold to provide monies to enable the Authority to purchase the District Bonds. The Authority authorized the execution of the Indenture and the purchase of the District Bonds pursuant to the Authority Resolution.

GOVERNMENT ORGANIZATION

Pursuant to the Joint Powers Agreement, the City Council of the City acts as the Governing Board of the Authority. The City Council members, their positions at the Authority and term expiration dates are as follows:

Board Member	Term Expires
Brian De Forge, Chairperson	December, 2014
Roger Berg, Vice Chairperson	December, 2014
David J. Castaldo, Member	December, 2014
Jeffery Fox, Member	December, 2012
Nancy C. Gall, Member	December, 2012

The City performs certain general administrative functions for the Authority. The costs of such functions, as well as additional services performed by City staff, are allocated annually to the Authority. The Authority reimburses the City for such allocated costs out of available revenues. Current City staff assigned to administer the Authority include the following:

Alan C. Kapanicas, *City Manager, Authority Executive Director and Special Tax Consultant*

Bill Aylward*, Finance Director*

Karen Thompson, *City Clerk*

DEBT SERVICE COVERAGE ON THE AUTHORITY BONDS

The Bonds are special obligations of the Authority payable solely from and secured by revenues from repayment of the District Bonds, and certain funds and accounts established under the Indenture including the Cash Flow Management Fund and the Reserve Fund held by the Trustee. In addition, the Bonds may be payable from any available surplus revenues with respect to other series of local agency revenue bonds issued pursuant to the Indenture to the extent such surplus revenues are available to replenish the Reserve Fund to its requirement and to fund the Cash Flow Management Fund to its requirement (see **SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE BONDS – Application of Revenues; Flow of Funds**" herein).

The receipt of revenues from repayment of the District Bonds is subject to several variables described herein (see **"BONDOWNERS' RISKS – THE DISTRICT BONDS**" herein).

BEAUMONT FINANCING AUTHORITY
2011 LOCAL AGENCY REVENUE BONDS,
SERIES A (IMPROVEMENT AREA NO. 17B)
DEBT SERVICE COVERAGE

Bond Year	Debt Service Payments on the Series A District Bonds	Debt Service Payments on the Series B District Bonds	Total District Bonds Debt Service	Debt Service Payments on the Bonds	Coverage Ratio
2012	$91,227	$428,587	$519,813	$519,813	100%
2013	131,894	619,644	751,538	751,538	100%
2014	131,894	619,644	751,538	751,538	100%
2015	141,894	619,644	761,538	761,538	100%
2016	156,544	619,644	776,188	776,188	100%
2017	170,544	619,644	790,188	790,188	100%
2018	183,844	624,644	808,488	808,488	100%
2019	186,369	639,419	825,788	825,788	100%
2020	178,669	663,519	842,188	842,188	100%
2021	180,919	676,269	857,188	857,188	100%
2022	177,919	693,269	871,188	871,188	100%
2023	179,919	709,269	889,188	889,188	100%
2024	181,669	729,269	910,938	910,938	100%
2025	182,994	742,706	925,700	925,700	100%
2026	183,963	759,913	943,875	943,875	100%
2027	184,563	780,563	965,125	965,125	100%
2028	184,356	798,313	982,669	982,669	100%
2029	178,844	824,225	1,003,069	1,003,069	100%
2030	178,331	847,688	1,026,019	1,026,019	100%
2031	182,513	863,700	1,046,213	1,046,213	100%
2032	186,081	877,569	1,063,650	1,063,650	100%
2033	178,750	908,344	1,087,094	1,087,094	100%
2034	181,419	925,613	1,107,031	1,107,031	100%
2035	183,450	945,013	1,128,463	1,128,463	100%
2036	179,844	971,225	1,151,069	1,151,069	100%
2037	185,919	988,613	1,174,531	1,174,531	100%
2038	181,038	1,017,494	1,198,531	1,198,531	100%
2039	180,838	1,041,913	1,222,750	1,222,750	100%
2040		1,221,869	1,221,869	1,221,869	100%
2041		1,222,163	1,222,163	1,222,163	100%
2042		1,223,313	1,223,313	1,223,313	100%

SPECIAL TAXES AND DISTRICT BONDS
DEBT SERVICE COVERAGE

Capitalized terms not defined in this section have the respective meanings ascribed to them in the Rate and Method of Apportionment.

DETERMINATION OF THE ANNUAL SPECIAL TAX

The District is required each fiscal year to determine the amount of Special Taxes needed to pay debt service on the District Bonds, an allowance for delinquencies within Improvement Area No. 17B and Administrative Expenses of the District related to Improvement Area No. 17B. The District is expected to incur among other things Administrative Expenses for the levy and collection of the Special Taxes including consultant fees, foreclosure proceedings (to the extent not recovered pursuant to statutory authorization), Trustee fees, annual reporting requirements and arbitrage rebate calculations.

The District is required pursuant to the Rate and Method of Apportionment (see **"APPENDIX D – RATE AND METHOD OF APPORTIONMENT"**), the District Indenture and the Act to annually determine the Special Tax Requirement, as defined below, and apportion such amount (see "**–Method of Apportionment**" below), subject to the Maximum Special Tax, as defined below, until the Special Taxes equal the Special Tax Requirement.

SPECIAL TAX REQUIREMENT

The District is required each fiscal year to determine the Special Tax Requirement and apportion such amount to each parcel within Improvement Area No. 17B as described below under "**Method of Apportionment**." As defined in the Rate and Method of Apportionment, "Special Tax Requirement" means the amount required in any fiscal year for Improvement Area No. 17B to pay the following:

(i) the debt service or the periodic costs on all outstanding District Bonds and any Additional Bonds to which Special Taxes have been pledged due in the calendar year that commences in such fiscal year;

(ii) Administrative Expenses;

(iii) the costs associated with the release of funds from an escrow account;

(iv) any amount required to establish or replenish any reserve funds established in association with the District Bonds and any Additional Bonds to which Special Taxes have been pledged; and

(v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by Improvement Area No. 17B, provided that such amount shall not be levied later than the 2049/50 Fiscal Year, and the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property; less

(vi) any amounts available to pay debt service or other periodic costs on the Bonds to which Special Taxes have been pledged pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

In addition, pursuant to the Act and the District Indenture, the District determines an amount to pay for reasonably anticipated Special Tax delinquencies taking into account the delinquency rate for the Special Tax levy in the previous fiscal year. Pursuant to the Act, under no circumstances will the Special Tax levied against any parcel of Developed Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) as a consequence of delinquency or default by the owner of any other parcel within Improvement Area No. 17B. Accordingly, the District may not be able to levy the Maximum Special Tax in certain circumstances.

Pursuant to current District policies and the District Indenture, the District disregards any moneys that may be available for the purposes of determining the Special Tax Requirement. In the case of any capitalized interest on the Bonds, such amounts shall be applied to offset any Special Tax levy against Final Map Property or Undeveloped Property, as defined below, and shall not be used to offset any Special Taxes against Developed Property, as defined below.

MAXIMUM SPECIAL TAX

As defined in the Rate and Method of Apportionment, the "Maximum Special Tax" means for each Assessor's Parcel of Residential Property in any fiscal year the greater of the amount derived by application of the Assigned Special Tax or the amount derived by the Backup Special Tax (as each term is defined in the Rate and Method of Apportionment) (see **"APPENDIX D – RATE AND METHOD OF APPORTIONMENT"**).

Assigned Special Tax

Pursuant to the Rate and Method of Apportionment, each Fiscal Year, beginning with Fiscal Year 2006-2007, each Assessor's Parcel within Improvement Area No. 17B shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be further classified as Developed Property, Final Map Property or Undeveloped Property. Lastly, each Assessor's Parcel of Developed Property shall further be classified as Residential Property or Non Residential Property.

Developed Property. In the Rate and Method of Apportionment categories have been established for Developed Property, as shown in the table below. "Developed Property" means all Assessor's Parcels that: (i) were issued Building Permits on or before June 1 preceding the fiscal year in which the Special Tax is being levied, and (ii) were created on or before the January 1 preceding the fiscal year in which the Special Tax is being levied, and that each such Assessor's Parcel is associated with a Lot, as reasonably determined by the City.

The Special Tax for single family residential Developed Property will vary directly with the amount of residential floor area on each parcel. The table below show the Assigned Special Tax rates for Fiscal Year 2011/12 that are to be levied against Developed Property within Improvement Area No. 17B. The Maximum Special Taxes for Developed Property cannot exceed the rates shown for Fiscal Year 2011/12, except when the Backup Special Tax is used as discussed below. The Assigned Special Taxes and Backup Special Taxes increase at a rate of 2% per year.

COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 17B
ASSIGNED SPECIAL TAX RATES
FISCAL YEAR 2011/12

Special Tax Class	Building Square Footage Range	Assigned Special Tax
Residential Property	Less than 2,000 Sq. Ft.	$1,970.70 per dwelling unit or lot
Residential Property	2,000 to 2,200 Sq. Ft	$2,111.00 per dwelling unit or lot
Residential Property	2,201 to 2,400 Sq. Ft.	$2,180.50 per dwelling unit or lot
Residential Property	2,401 to 2,600 Sq. Ft.	$2,215.80 per dwelling unit or lot
Residential Property	2,601 to 2,800 Sq. Ft.	$2,251.20 per dwelling unit or lot
Residential Property	2,801 to 3,200 Sq. Ft	$2,320.70 per dwelling unit or lot
Residential Property	3,201 to 3,600 Sq. Ft	$3,053.80 per dwelling unit or lot
Residential Property	More than 3,600 Sq. Ft	$3,422.60 per dwelling unit or lot

Final Map Property. The Assigned Special Tax is levied against Developed Property pursuant to the Rate and Method of Apportionment until the Special Tax Requirement is met. If the Assigned Special Tax is not sufficient to meet the Special Tax Requirement during the period of time there is Final Map Property, the Rate and Method of Apportionment provides for the levy of a Special Tax against Final Map Property. "Final Map Property" means all Assessor's Parcels: (i) that are included in a Final Map that was recorded prior to the June 1 preceding the fiscal year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued on or before June 1 preceding the fiscal year in which the Special Tax is being levied (see **"BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to the Levying and Collection of the Special Taxes"** herein and **"APPENDIX E – RATE AND METHOD OF APPORTIONMENT"**).

For Fiscal Year 2011/12, the Maximum Special Tax for each Assessor's Parcel classified as Final Map Property in Improvement Area No. 17B is $14,986.80 per acre in Zone A and $11,546.47 per acre in Zone B. The Assigned Special Taxes for Final Map Property will increase at a rate of 2% per year.

Undeveloped Property. The Assigned Special Tax is levied against Developed Property pursuant to the Rate and Method of Apportionment until the Special Tax Requirement is met. If the Assigned Special Tax is not sufficient to meet the Special Tax Requirement during the period of time there is Undeveloped Property, the Rate and Method of Apportionment provides for the levy of a Special Tax against Undeveloped Property. "Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property or Final Map Property (see **"APPENDIX E – RATE AND METHOD OF APPORTIONMENT"**). All property within Improvement Area No. 17B is either classified as Developed Property or Final Map Property. Therefore, no property in Improvement Area No. 17B is classified as Undeveloped Property.

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property shall be the Assigned Special Tax. The Assigned Special Taxes for Undeveloped Property will increase at a rate of 2% per year.

Backup Special Tax

The Maximum Special Tax was set based upon certain assumptions relating to the number of the residential units or Special Tax Class (see "**BONDOWNERS' RISKS**" herein"). Under certain circumstances, the Special Tax for some parcels classified as Developed Property will be increased above the Assigned Special Tax until the Special Tax Requirement is met. However, under no circumstances will the Special Tax on an Assessor's Parcel of Developed Property be increased above the greater of the Backup Special Tax or the applicable Assigned Special Tax (see **"APPENDIX E – RATE AND METHOD OF APPORTIONMENT"**).

METHOD OF APPORTIONMENT

Commencing Fiscal Year 2007/08 and for each subsequent fiscal year, the City Council shall levy a Special Tax on all Taxable Property within Improvement Area No. 17B until the amount of Special Tax equals the Special Tax Requirement in accordance with the following steps (capitalized terms used below shall have the meanings set forth in the Rate and Method of Apportionment):

Step One: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax rates as needed to satisfy the Special Tax Requirement;

Step Two: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement;

Step Three: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property pursuant to Section J of the Rate and Method of Apportionment, at up to 100% of the Assigned Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement;

Step Four: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then for each Assessor's Parcel of Developed Property whose Assigned Special Tax is the Backup Special Tax, the Special Tax shall be increased Proportionately from the Assigned Special Tax up to 100% of the Backup Special Tax as needed to satisfy the Special Tax Requirement; and

Step Five: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property classified as Undeveloped Property pursuant to Section J of the Rate and Method of Apportionment at up to 100% of the Assigned Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property for which an occupancy permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel within Improvement Area No. 17B by more than 10% in excess of the amount that could have been levied against such Assessor's Parcel absent such delinquency or default.

PROJECTION OF ASSIGNED SPECIAL TAXES

The table below presents the projected annual debt service coverage on the District Bonds based upon the realization of certain assumptions and the aggregate projected Assigned Special Tax.

For the purposes of projecting the Assigned Special Tax, the District used the following assumptions:

1. For lots classified as Developed Property, the square footage of the dwelling shown on the Building Permit was used to place the property in the Special Tax Class for the projection.

2. For all lots currently classified as Final Map Property, the Assigned Special Tax was projected as Developed Property in the lowest Special Tax Class.

3. The Assigned Special Tax increases at a rate of two percent (2%) per year.

4. No allowance was made for delinquencies.

The following table sets forth the anticipated debt service coverage on the District Bonds based on 390 parcels classified under the Rate and Method of Apportionment as "Developed Property" which currently consists of 213 Developed Parcels (194 completed homes, 15 homes under construction and an additional 4 parcels where a building permit had been issued but vertical construction had not commenced).

Upon delivery of the Series B District Bonds, only a portion of the proceeds deposited into the Construction Fund will be released and the balance will be held in a "Special Escrow Fund" established and maintained by the District Trustee pursuant to the District Indenture (the "Special Escrow Fund") (see "**SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE DISTRICT BONDS – Special Escrow Fund**" herein). **The District Bonds have been structured such that the levy of Special Taxes on the lots currently classified as Developed Property within Improvement Area No. 17B are expected to be sufficient to pay debt service on the non-escrowed amount of District Bonds.** The amount deposited into the Special Escrow Fund represents the amount of Series B District Bonds initially supported by the levy of Special Taxes on Final Map Property.

The receipt of Special Taxes is subject to several variables described herein. The District provides no assurance that the Assumed Assigned Annual Special Tax and the coverage ratios shown will be achieved (see "**BONDOWNERS' RISKS**" herein).

DEBT SERVICE COVERAGE ON THE DISTRICT BONDS

The following table present the projected annual debt service coverage on the District Bonds based upon the realization of certain assumptions and the aggregate projected Assumed Assigned Special Tax for Improvement Area no. 17B. No allowance was made for delinquencies.

Pursuant to the Act, under no circumstances will the Special Tax levied against any parcel of Developed Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) as a consequence of delinquency or default by the owner of any other parcel within Improvement Area No. 17B. Accordingly, the District may not be able to levy the Maximum Special Tax in certain circumstances.

The receipt of Special Taxes within Improvement Area No. 17B is subject to several variables described herein. The District provides no assurance that the Assumed Assigned Special Tax and the coverage ratios shown will be achieved (see "**BONDOWNERS' RISKS**" herein).

COMMUNITY FACILITIES DISTRICT No. 93-1
IMPROVEMENT AREA NO. 17B
DEBT SERVICE COVERAGE ON THE DISTRICT BONDS

Bond Year Ending September 1	Projected Assigned Special Tax on Developed Property	Projected Assigned Special Tax on Final Map Property	Administrative Expense	Capitalized Interest	Net Available	Debt Service on the Series A District Bonds	Debt Service on the Series B District Bonds	Total District Bonds Debt Service	Coverage Ratio
2012	$397,968		($27,602.02)	$183,117	$553,483	$91,227	$428,587	$519,813	n/a
2013	478,973		(28,154.06)	341,703	792,522	131,894	619,644	751,538	n/a
2014	488,552		(28,717.14)	333,506	793,341	131,894	619,644	751,538	n/a
2015	498,324	$370,164	(29,291.48)		839,196	141,894	619,644	761,538	110%
2016	508,290	377,567	(29,877.31)		855,980	156,544	619,644	776,188	110%
2017	518,456	385,119	(30,474.86)		873,100	170,544	619,644	790,188	110%
2018	528,825	392,821	(31,084.36)		890,562	183,844	624,644	808,488	110%
2019	539,401	400,677	(31,706.04)		908,373	186,369	639,419	825,788	110%
2020	550,189	408,691	(32,340.17)		926,540	178,669	663,519	842,188	110%
2021	561,193	416,865	(32,986.97)		945,071	180,919	676,269	857,188	110%
2022	572,417	425,202	(33,646.71)		963,972	177,919	693,269	871,188	111%
2023	583,865	433,706	(34,319.64)		983,252	179,919	709,269	889,188	111%
2024	595,543	442,380	(35,006.04)		1,002,917	181,669	729,269	910,938	110%
2025	607,454	451,228	(35,706.16)		1,022,975	182,994	742,706	925,700	111%
2026	619,603	460,252	(36,420.28)		1,043,435	183,963	759,913	943,875	111%
2027	631,995	469,457	(37,148.68)		1,064,303	184,563	780,563	965,125	110%
2028	644,635	478,847	(37,891.66)		1,085,590	184,356	798,313	982,669	110%
2029	657,527	488,424	(38,649.49)		1,107,301	178,844	824,225	1,003,069	110%
2030	670,678	498,192	(39,422.48)		1,129,447	178,331	847,688	1,026,019	110%
2031	684,091	508,156	(40,210.93)		1,152,036	182,513	863,700	1,046,213	110%
2032	697,773	518,319	(41,015.15)		1,175,077	186,081	877,569	1,063,650	110%
2033	711,729	528,685	(41,835.45)		1,198,579	178,750	908,344	1,087,094	110%
2034	725,963	539,259	(42,672.16)		1,222,550	181,419	925,613	1,107,031	110%

CONTINUED
COMMUNITY FACILITIES DISTRICT No. 93-1
IMPROVEMENT AREA NO. 17B
DEBT SERVICE COVERAGE ON THE DISTRICT BONDS

Bond Year Ending September 1	Projected Assigned Special Tax on Developed Property	Projected Assigned Special Tax on Final Map Property	Administrative Expense	Capitalized Interest	Net Available	Debt Service on the Series A District Bonds	Debt Service on the Series B Bonds	Total District Bonds Debt Service	Coverage Ratio
2035	$740,483	$550,044	($43,525.61)		$1,247,001	$183,450	$945,013	$1,128,463	111%
2036	755,292	561,045	(44,396.12)		1,271,941	179,844	971,225	1,151,069	111%
2037	770,398	572,266	(45,284.04)		1,297,380	185,919	988,613	1,174,531	110%
2038	785,806	583,711	(46,189.72)		1,323,328	181,038	1,017,494	1,198,531	110%
2039	801,522	595,386	(47,113.51)		1,349,794	180,838	1,041,913	1,222,750	110%
2040	817,553	607,293	(48,055.78)		1,376,790		1,221,869	1,221,869	113%
2041	833,904	619,439	(49,016.90)		1,404,326		1,222,163	1,222,163	115%
2042	850,582	631,828	(49,997.24)		1,432,412		1,223,313	1,223,313	117%

All numbers are rounded.

DISTRICT ADMINISTRATION

ADMINISTRATION GENERAL

The City provides administrative and support services to the District as well as other special districts in the City. The City currently administers 39 Improvement Areas containing approximately 13,955 parcels (see "**Map of Improvement Areas**" herein). To date, there has not been a draw on any reserve fund within one of the Improvement Areas administered by the City.

Principle administrative duties provided by the City include providing for the levy of the Special Taxes, delinquency management, pursuing foreclosure actions and cash flow management, including bond redemptions.

The debt service coverage ratio based upon the aggregate actual levy of the Assigned Annual Special Tax for all the Improvement Areas with bonded indebtedness administered by the City is shown in the table below.

CITY OF BEAUMONT
ALL IMPROVEMENT AREAS
HISTORICAL SPECIAL TAX LEVY

Fiscal Year	Special Tax Levy	Debt Service	Services	Administrative Expense	Total Expense	Coverage Ratio
2007-08	$15,972,987.86	$12,170,937.91	$1,909,869.70	$431,588.85	14,512,396.46	1.10
2008-09	17,768,308.20	12,734,909.23	2,189,356.30	563,863.45	15,488,128.97	1.15
2009-10	18,875,867.00	13,529,136.00	2,524,159.00	571,988.00	16,625,283.00	1.14
2010-11	19,836,131.00	13,673,869.00	2,702,846.00	572,512.00	16,949,227.00	1.17
2011-12	20,306,856.00	13,859,960.00	2,746,899.00	654,569.00	17,261,428.00	1.18

Source: City of Beaumont

LEVY OF THE SPECIAL TAX

The District is required each fiscal year to determine the amount of Special Taxes needed to pay debt service on the District Bonds and any Additional Bonds, an allowance for delinquencies within Improvement Area No. 17B and Administrative Expenses of the District related to Improvement Area No. 17B. Improvement Area No. 17B is expected to incur among other things Administrative Expenses for the levy and collection of the Special Taxes, foreclosure proceedings, Trustee fees and arbitrage rebate calculations.

The District is required to communicate with the County Auditor to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current fiscal year. The District is required by resolution to provide for the levy of the Special Taxes within Improvement Area No. 17B for each fiscal year. A certified list of all parcels subject to the Special Tax, including the amount of the Special Tax to be levied on each such parcel, is filed by the District with the County Auditor on or before the tenth (10th) day of August of that tax year. The Special Taxes so levied may not exceed the authorized amounts as provided in the Rate and Method of Apportionment.

The City Council, acting on behalf of the District, levies the Special Taxes in accordance with the Rate and Method of Apportionment for Improvement Area No. 17B (see **"APPENDIX D – RATE AND METHOD OF APPORTIONMENT"**). Because the Special Taxes have been authorized by a two-thirds (2/3) vote of those qualified electors that cast votes within the Improvement Area, the Special Taxes are a special tax imposed within the limitations of Section 4 of Article XIIIA of the State Constitution. The City Council, as the legislative body of the District, has the power and is obligated, pursuant to the covenants contained in the District Indenture, to cause the levy and collection of the Special Taxes within Improvement Area No. 17B annually.

The Special Taxes are payable and are collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable and have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property.

Special Taxes are due in two equal installments. Each installment of Special Taxes levied becomes delinquent if not paid by December 10th (in the case of the first installment) and April 10th (in the case of the second installment). Currently, a 10% penalty is added to each installment of delinquent taxes.

When received, the Special Taxes from Improvement Area No. 17B are required to be transferred by the City to the District Trustee as provided in the District Indenture and deposited by the District Trustee in a separate Special Tax Fund for Improvement Area No. 17B (see "**SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE DISTRICT BONDS – Application of Special Taxes; Flow of Funds**" herein).

Under the District Indenture, the District has the authority to increase the levy of Special Taxes against property owners in Improvement Area No. 17B to the extent required to replenish any reserve fund to its requirement. However, the District's ability to increase Special Tax levies for this purpose is limited by two factors:

(a) The Maximum Special Tax rates set forth in the Rate and Method of Apportionment, and

(b) The limitations on such increases set forth in the Act, which provides that under no circumstances may the Special Tax levied against any parcel used for private residential purposes be increased as a consequence of delinquency or default by an owner of any other parcel or parcels within such community facilities district by more than 10% in excess of the amount of Special Taxes that would have been levied absent such delinquency or default.

DELINQUENCIES

Identification of Delinquencies; Initial Notification

Special Taxes are due in two equal installments. Special Taxes levied become delinquent if not paid by December 10th (the "First Installment") and April 10th (the "Second Installment"). Generally, the First Installment pays the March 1st interest payment and ½ of the September 1st principal payment on the Bonds. Generally, the Second Installment pays the September 1st interest payment and ½ of the September 1st principal payment.

The District has covenanted in the District Indenture for the benefit of the owners of the District Bonds that the District will review the public records of the County of Riverside, California, in connection with the collection of the Special Tax not later than July 1 of each year to determine the amount of Special Tax collected in the prior fiscal year; and with respect to individual delinquencies, if the District determines that any single property owner subject to the Special Tax is delinquent in the payment of Special Taxes in the aggregate of $2,500 or more or that as to any single parcel the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes within Improvement Area No. 17B, then the District will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination and (if the delinquency remains uncured) the District will cause judicial foreclosure proceedings to be filed in the superior court within 90 days of such determination against any property for which the Special Taxes remain delinquent. It is the District's practice to also send copies of the notice of delinquency to the applicable mortgage lenders.

Delinquency Rates

Shown below are the Special Tax levy and collections within the Improvement Area No. 17B.

COMMUNITY FACILITIES DISTRICT No. 93-1
IMPROVEMENT AREA NO. 17B
SPECIAL TAX RECEIPTS BY FISCAL YEAR

	Number of Parcels Levied	Amount Levied	Amount Paid	Percentage Paid
FY 2008/09	83	$202,198.00	$202,198.00	100.00%
FY 2009/10	93	234,445.00	234,445.00	100.00%
FY 2010/11	119	299,429.00	299,429.00	100.00%
FY 2011/12	179	450,057.13	n/a	n/a

Source: City of Beaumont

Delinquencies in the payment of property taxes and the Special Taxes may result from any of a number of factors affecting individual property owners. See "**BONDOWNERS' RISKS**" for discussions of certain potential causes of property tax delinquencies. Thus, without mitigation measures, the District may not receive sufficient Special Taxes in a fiscal year to pay the then current debt service on the District Bonds.

Cash Flow Management Fund

In addition to delinquencies in the payment of Special Taxes by individual home owners, there are a number of less frequent risks such as bankruptcy of a major property owner, earthquakes and other natural hazards amongst others (see "**BONDOWNERS' RISKS**") that may cause larger disruptions in the receipt of the Special Taxes that may also take longer to resolve. To assist in mitigating against such future delinquencies and a possible payment default on the District Bonds, the Authority has established the Cash Flow Management Fund to be held by the Trustee. The Cash Flow Management Fund Requirement is 15% of Maximum Annual Debt Service on the Bonds ($183,496.88). The Cash Flow Management Fund will be initially funded in the amount of $183,496.88. Replenishment of the Cash Flow Management Fund will be from any delinquent payments of debt service on the District Bonds, surplus Revenues and, at the election of the Authority, by any available surplus revenues with respect to other series of local agency revenue bonds issued by the Authority.

It is currently the intent of the Authority to establish a cash flow management fund for each of the bond issues for which the Authority has acquired local obligations to the extent not in conflict with the Indenture for such series of bonds. Amounts in such cash flow management funds, to the extent established, may also be available to pay debt service on the Bonds at the election of the Authority.

Amounts in the Cash Flow Management Fund will be used, prior to any draw on the Reserve Account, to pay debt service on the Bonds to the extent Revenues are insufficient for such purpose.

FORECLOSURE ACTIONS

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of the Special Tax, the District may order the institution of a superior court action to foreclose the lien therefore within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Under the provisions of the Act, such judicial foreclosure action is not mandatory. The District has covenanted to initiate foreclosure action in the superior court against parcels with delinquent Special Taxes as provided in the District Indenture (see **"SOURCES OF PAYMENT FOR THE BONDS – REPAYMENT OF THE DISTRICT BONDS – Covenant for Superior Court Foreclosure"** herein).

Foreclosure proceedings are directed by the District through a notification to foreclosure counsel as to the delinquent assessor parcel numbers for which foreclosure proceedings are to be initiated. The District first removes the delinquent Special Taxes from the County Tax Roll, as required by law. Foreclosure counsel then initiates a request for a title search to identify the current legal owner of a delinquent parcel. Foreclosure counsel also sends a written demand for payment to the owner shown on the Tax Roll, followed by the filing of a complaint with the Superior Court in Riverside County (the "Court") and recording a *lis pendens* against the property at the office of the County Recorder.

Each legal owner and all holders of any other interest in the land must file an answer to the complaint within 30 days following the completion of service of process on them. If no answer is filed within such 30-day period, foreclosure counsel files a request that a default judgment be entered by the Court. If any party files an answer, then the case must be litigated, and foreclosure counsel will typically file a motion for summary judgment.

Following the entry of a judgment, whether by default or otherwise, against all defendants, foreclosure counsel requests a writ of sale from the Court for delivery to the Riverside County Sheriff's Department (the "Sheriff"). The writ of sale is delivered to the Sheriff with instructions to execute on the delinquent parcel. Levy by the Sheriff consists of posting notice on the delinquent property, followed by mailing of notice to the last known address of the legal owner and publication of the notice of levy.

Thereafter, the delinquent property owner is entitled to a redemption period of 120 days. Following such 120-day period, foreclosure proceedings can continue following the publication and mailing of a notice of sale of the delinquent parcel or parcels, which sale must be at least 20 days following such notice. The foreclosure process described above typically takes at least six months from the date on which a judgment is entered and can take substantially longer. It should be noted that any foreclosure proceedings commenced as described above could be stayed by the commencement of bankruptcy proceedings by or against the owner of the delinquent property (see **"BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to the Levying and Collection of the Special Taxes – Foreclosure and Sale Proceedings**" and **"BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to the Levying and Collection of the Special Taxes – Bankruptcy and Foreclosure Delays"** herein).

No assurances can be given that the real property subject to sale or foreclosure will be sold or, if sold, that the proceeds of the sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the City or the District to purchase or otherwise acquire any lot or parcel of property offered for sale or subject to foreclosure if there is no other purchaser at such sale. The Act does specify that the Special Tax will have the same lien priority in the case of delinquency as for *ad valorem* property taxes (see **"BONDOWNERS' RISKS – THE DISTRICT BONDS – Risk Factors Relating to Land Values"** herein).

The District reserves the right to elect to accept payment from a property owner of at least the enrolled amount of the Special Taxes for a parcel(s) but less than the full amount of the penalties, interest, costs and attorneys' fees related to the Special Tax delinquency for such parcel(s). The Bondowners are deemed to have consented to the foregoing reserved right of the District, notwithstanding any provision of the Act or other law of the State, or any other term set forth in the District Indenture to the contrary. The Bondowners, by their acceptance of the Bonds, consent to such payment for such lesser amounts.

Further, notwithstanding any provision of the Act or other law of the State, or any other term set forth in the District Indenture to the contrary, in connection with any judicial foreclosure proceeding related to delinquent Special Taxes, the District or the District Trustee is expressly authorized to credit bid at any foreclosure sale, without any requirement that funds be set aside in the amount so credit bid, in the amount specified in Section 53356.5 of the Act or otherwise under Section 53356.6 of the Act.

FACILITIES AND FEES ELIGIBLE TO BE FINANCED BY THE DISTRICT

Eligible Fees and Facilities

A community facilities district may, pursuant to State law, provide for the purchase, construction, expansion or rehabilitation of any real or tangible property with an estimated useful life of five (5) years or longer. The public facilities proposed to be financed need not be physically located within the proposed community facilities district.

The District is authorize to issue the District Bonds to fund the planning, design, permitting and construction of certain public facilities consisting of street, sewer, water and storm drain improvements and contributions to the City sewage treatment plant and watershed management planning.

Estimated Costs

The following table summarizes the authorized District facilities which are currently expected to be financed with proceeds of the District Bonds. Other facilities may be substituted for those described below with the consent of the City and the Developer or as provided in an agreement between the City and the Developer.

To the extent the proceeds of the District Bonds and other available funds are insufficient to fund all of the eligible costs for all of the facilities, such costs will be borne by Pardee Homes or other builders within the District.

CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 17B
ESTIMATED COSTS OF FACILITIES

Facility/Description	Estimated Costs
CRITICAL FACILITIES	
City Program	
San Timoteo Sewer System	3,498,221
Headworks Upgrades	1,700,000
Fee Deferral Reimbursement	654,433
Subtotal	5,852,654
Facility Fees and Permits	597,704
Critical Facilities Total	**6,450,358**
INDIVIDUAL FACILITIES	
Tournament Hills Facilities	
Oak Valley Parkway and Desert Lawn Drive	1,501,779
Individual Facilities Total	1,501,779
Total	**$7,952,137**

Source: Urban Logic Consultants.

Substitution of Facilities

The description of the facilities and appurtenant capital fees set forth above is general in its nature. The final nature and location of the facilities will be determined upon the preparation of final plans and specifications. The final plans may show substitutes in lieu of, or modification to, the proposed facilities in order to provide the public facilities necessitated by development occurring in Improvement Area No. 17B, and any such substitution shall not be a change or modification in the proceedings as long as such substitute authorized facilities serve a function or provide a service substantially similar to that function served or the service provided by the facilities.

LEGAL MATTERS

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee and the Owners of the Bonds upon an event of default under the Indenture, the District Indenture or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Indenture is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

APPROVAL OF LEGAL PROCEEDINGS

McFarlin & Anderson LLP, Laguna Hills, California, as Bond Counsel, will render an opinion which states that the Indenture and the Bonds are valid and binding contracts of the Authority and are enforceable in accordance with their terms. McFarlin & Anderson LLP will render an opinion which states that the District Indenture and the District Bonds are valid and binding contracts of the District and are enforceable in accordance with their terms. The legal opinions of Bond Counsel will be subject to the effect of bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights and to the exercise of judicial discretion in accordance with general principles of equity.

The Authority has no knowledge of any fact or other information which would indicate that the Indenture is not so enforceable against the Authority, except to the extent such enforcement is limited by principles of equity and by State and federal laws relating to bankruptcy, reorganization, moratorium or creditors' rights generally.

Certain legal matters will be passed on for the Authority and the District by Aklufi & Wysocki, Riverside, California, as Authority and District Counsel. In addition, certain legal matters will be passed on by Fulbright & Jaworski L.L.P., Los Angeles, California, Disclosure Counsel.

Fees payable to Bond Counsel and Disclosure Counsel are contingent upon the sale and delivery of the Bonds.

TAX EXEMPTION

In the opinion of McFarlin & Anderson LLP, Laguna Hills, California ("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 and agreements, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporation; however, Bond Counsel observes that such interest (and original issue discount) is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liabilities. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income taxation. A complete copy of the proposed form of opinion of Bond Counsel is set forth in **"APPENDIX F – PROPOSED FORM OF BOND COUNSEL OPINION"** hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority and the District have covenanted to comply with certain restrictions designed to assure 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 action taken (or not taken) or event 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, will not adversely affect the value of, or the tax status of interest on, the Bonds. Prospective owners of the Bonds are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Should interest on the Bonds become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption as a result of such event and will remain Outstanding until maturity or until otherwise redeemed in accordance with the Indenture.

To the extent the issue price of any maturity of the Bonds is less than 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), the difference 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.

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

Certain requirements and procedures contained or referred to in the Indenture, 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 or omitted upon the advice or approval of counsel other than McFarlin & Anderson LLP.

Although Bond Counsel is of the opinion that 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 an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner of the Bond or such owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds.

Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

ABSENCE OF LITIGATION

The Authority will furnish a certificate dated as of the date of delivery of the Bonds that there is not now known to be pending or threatened any litigation restraining or enjoining the execution or delivery of the Indenture, the District Indenture or the sale or delivery of the Bonds or in any manner questioning the proceedings and authority under which the Indenture and the District Indenture are to be executed or delivered or the Bonds and the District Bonds are to be delivered or affecting the validity thereof.

CONCLUDING INFORMATION

NO RATINGS ON THE BONDS

The Authority has not made, and does not contemplate making, any application for a rating on the Bonds. No such rating should be assumed based upon any other Authority rating that may be obtained. Prospective purchasers of the Bonds are required to make independent determinations as to the credit quality of the Bonds and their appropriateness as an investment. Should a Bondowner elect to sell a Bond prior to maturity, no representations or assurances can be made that a market will have been established or maintained for the purchase and sale of the Bonds. The Underwriter assumes no obligation to establish or maintain such a market and is not obligated to repurchase any of the Bonds at the request of the owner thereof.

UNDERWRITING

O'Connor & Company Securities, Inc. (the "Underwriter") is offering the Bonds at the prices set forth on the cover page hereof. The initial offering prices may be changed from time to time and concessions from the offering prices may be allowed to dealers, banks and others.

The Underwriter has purchased the Bonds at a price equal to approximately 97.785621% ($12,118,963.70) of the aggregate principal amount of the Bonds, which amount represents the principal amount of the Bonds, less the Underwriter's discount of $242,900.00 and an original issue discount of $26,036.30.

The Underwriter will pay certain of its expenses relating to the offering.

EXPERTS

The Appraisal prepared by Harris Realty Appraisal, Newport Beach, California, has been included in this Official Statement in reliance on and upon the authority of said firm as experts in the matters covered therein.

THE FINANCING CONSULTANT

The material contained in this Official Statement was prepared by Rod Gunn Associates, Inc., Huntington Beach, California, an independent financial consulting firm, who advised the Authority as to the financial structure and certain other financial matters relating to the Bonds. The information set forth herein has been obtained by Rod Gunn Associates, Inc. from sources which are believed to be reliable, but such information is not guaranteed by Rod Gunn Associates, Inc. as to accuracy or completeness, nor has it been independently verified. Fees paid to Rod Gunn Associates, Inc. are contingent upon the sale and delivery of the Bonds.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the caption **"SPECIAL TAXES AND DISTRICT BONDS DEBT SERVICE COVERAGE"** herein.

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 AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

ADDITIONAL INFORMATION

The summaries and references contained herein with respect to the Indenture, the District Indenture, the Bonds, statutes and other documents, do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute, and references to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of the Indenture and the District Indenture are available for inspection during the period of initial offering on the Bonds at the offices of the Underwriter, O'Connor & Company Securities, Inc., 250 Newport Center Drive, Suite 303, Newport Beach, California, 92660 (949) 706-0444. Copies of these documents may be obtained after delivery of the Bonds from the Authority through the City Manager, City of Beaumont, 550 East Sixth Street, Beaumont, California 92223.

REFERENCES

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Bonds.

EXECUTION

The execution of this Official Statement by the Executive Director has been duly authorized by the Beaumont Financing Authority.

BEAUMONT FINANCING AUTHORITY

By: Alan C. Kapanicas
Executive Director

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APPENDIX A

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture applicable to the Bonds and does not purport to be a complete restatement thereof. Reference is hereby made to the Indenture for further information in this regard. Copies of the Indenture are available from the Authority upon request upon payment of a charge for copying, handling and mailing. For convenience in the discussion below, references are made to certain funds and accounts relating to the Bonds. Under the Indenture, there are established separate accounts and funds relating to the Bonds, and for those bonds previously issued thereunder. In the event other series of bonds are issued in the future, separate funds and accounts with similar names, but appropriate bond series designation, have been or will be established with respect to such series of bonds.

Definitions

"Administrative Expense Fund" means the fund by that name created and established pursuant to the Indenture.

"Act" means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as in existence on the Closing Date or as thereafter amended from time to time.

"Agency" means the Beaumont Redevelopment Agency, a public body corporate and politic organized under the laws of the State, and any successor thereto.

"Annual Debt Service" means, for each Bond Year, the sum of (i) the interest payable on the Outstanding Bonds of a Series of the Authority Bonds in such Bond Year, and (ii) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year, whether at maturity or pursuant to sinking payment redemption in accordance with the Indenture.

"Authority" means the Beaumont Financing Authority, a joint powers authority duly organized and existing under the laws of the State.

"Authorized Representative" means the Chairperson, Vice Chairperson, Executive Director, Treasurer, Secretary or any other person designated as an Authorized Representative of the Authority by a Written Certificate of the Authority signed by its Chairperson and filed with the Trustee.

"Bond Counsel" means (a) McFarlin & Anderson LLP or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"Bond Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Bond Law" means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title I of the Government Code of the State, as in existence on the Closing Date or as thereafter amended from time to time.

"Bond Year" means each twelve-month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, both dates inclusive, except that the first Bond Year shall commence on the Closing Date and end on September 1, 2012.

"Bonds" means the Beaumont Financing Authority 2011 Local Agency Revenue Bonds, Series A (Improvement Area No. 17B), authorized by, and at any time Outstanding, pursuant to the Bond Law and the Indenture.

"Business Day" means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the State of California or in the State of New York, or in the city in which the Trust Office is located.

"Cash Flow Certificate" means a certificate or other document of an Independent Accountant or an Independent Financial Consultant showing as of any particular date:

(1) For the current and each future Bond Year the amount of scheduled or estimated amount of Revenues to be received in each such Bond Year and the Annual Debt Service for each such Bond Year with respect to all of a Series of the Bonds then Outstanding;

(2) In each such Bond Year, the difference between (i) the Annual Debt Service referred to in (1) above and (ii) the Revenues referred to in (1) above;

(3) That such scheduled and estimated Revenues and any other revenues, investment income or funds reasonably estimated by such Independent Accountant or Independent Financial Consultant, as applicable, to be available for the payment of such Annual Debt Service referred to in (1) above are in each such Bond Year in excess of such Annual Debt Service for each such Bond Year; and

(4) If applicable, a schedule of Permitted Investments purchased or to be purchased by or on behalf of the Authority for investment of moneys to be deposited in the Reserve Fund.

"Cash Flow Management Fund" means the fund by that name established pursuant to the Indenture.

"Cash Flow Management Fund Requirement" means, as of any calculation date, an amount equal to 15% of the Maximum Annual Debt Service.

"City" means the City of Beaumont, a municipal corporation organized under the law of the State.

"Closing Date" means the date on which the Bonds are delivered to the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced in the Indenture) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"District" means City of Beaumont Community Facilities District No. 93-1.

"District Bonds" means City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2011 Series A (Improvement Area No. 17B) and City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2011 Series B (Improvement Area No. 17B) authorized and issued pursuant to the terms of the District Indenture.

"District Indenture" means the Trust Indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions of the District Indenture, pursuant to which the District Bonds are issued.

"District Trustee" means Union Bank, N.A., formerly known as Union Bank of California, N.A., as trustee under the District Indenture.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Expense Fund" means the fund by that name (with an appropriate series designation) established and held by the Trustee with respect to a Series of Bonds pursuant to the Indenture.

"Federal Securities" means any direct general obligation of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the payment of principal of and interest on which are directly or indirectly unconditionally guaranteed by the United States of America and direct obligations of any department, agency or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

"Fiscal Year" means any twelve-month period extending from July 1 in any one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority or the City, as applicable, as its official fiscal year period.

"Improvement Area" means Improvement Area No. 17B of the District.

"Indenture" means the Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions of the Indenture.

"Independent Accountant" means any certified public accountant or firm of certified public accountants appointed and paid by the Authority or the City, and who, or each of whom (a) is in fact independent and not under domination of the Authority, the District or the City; (b) does not have any substantial interest, direct or indirect, in the Authority, the District or the City; and (c) is not connected with the Authority, the District or the City as an officer or employee of the Authority, the District or the City but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

"Independent Financial Consultant" means either the Original Purchaser or any financial consultant or firm of such financial consultants appointed by the Authority and who, or each of whom: (a) is judged by the Authority to have experience with respect to the financing of public capital improvement projects; (b) is in fact independent and not under the domination of the Authority, the City or the District; (c) does not have any substantial interest, direct or indirect, with the Authority, the City or the District; and (d) is not connected with the Authority, the City or the District as an officer or employee of the Authority, the City or the District, but who may be regularly retained to make reports to the Authority, the City or the District.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 1 Cragwood Road, 2nd Floor, South Plainfield, New Jersey 07080, Attention: Editor; Kenny Information Services "Called Bond Service," 65 Broadway, 16th Floor, New York, New York 10006; Standard & Poor's Ratings Group "Called Bond Record," 55 Water Street, New York, New York, 10041; Mergent, Inc., 580 Kingsley Park Drive, Fort Mill, South Carolina, 28715, Attention: Called Bond Unit; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to the redemption of bonds as the Authority may designate in a Request of the Authority delivered to the Trustee.

"Interest Account" means the applicable account by that name established with the Trustee pursuant to the Indenture with respect to the Bonds and pursuant to the applicable Supplemental Indenture with respect to other Series of the Bonds and to be administered as prescribed in the Indenture.

"Interest Payment Date" means March 1 and September 1, commencing March 1, 2012, and continuing thereafter so long as the Bonds remain Outstanding.

"Letter of Representations" means the letter of the Authority and the Trustee delivered to and accepted by DTC (or such other applicable Securities Depository) on or prior to the issuance of the Bonds in book-entry form setting forth the basis on which DTC (or such other applicable Securities Depository) serves as depository for the Bonds issued in book-entry form, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute Securities Depository.

"Local Agency" means the City, the Agency or any other public entity to which the Authority is authorized to lend money or acquire Local Obligations in order to provide financing for public capital improvements benefiting the City or the Agency.

"Local Obligations" means any obligation of or loan to the City or the Agency or other public entity which the Authority is authorized to acquire or to make under the Bond Law including, but not limited to Tax Allocation Bonds, Special Tax Bonds and Assessment Bonds, and, with respect to a Series of the Bonds, means the obligations and loans acquired or made with the proceeds of such Series of the Bonds.

"Maximum Annual Debt Service" means, as of the date of any calculation, the largest Annual Debt Service during the current or any future Bond Year.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns.

"Original Purchaser" with respect to the Bonds means O'Connor & Company Securities, Inc.

"Outstanding" when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture or any applicable Supplemental Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liabilities of the Authority shall have been discharged in accordance with the Indenture, including Bonds (or portions thereof) defeased as described in the Indenture; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

"Owner" or **"Bondowner"** whenever used with respect to a Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books.

"Permitted Investments" means:

(a) Federal Securities;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: (i) Export-Import Bank; (ii) Farmers Home

Administration; (iii) General Services Administration; (iv) U.S. Maritime Administration; (v) Small Business Administration; (vi) Government National Mortgage Association ("GNMA"); (vii) U.S. Department of Housing and Urban Development; (viii) Federal Housing Administration; (ix) Student Loan Marketing Association; (x) Federal Financing Bank; and (xi) Federal Farm Credit Bank;

(c) bonds, debentures, notes or other evidences of indebtedness issued or fully unconditionally guaranteed by and of the following United States Government non-full faith and credit agencies: Federal Home Loan Bank and Federal Land Bank;

(d) bonds, notes or other evidences of indebtedness rated "Aaa" by Moody's or "AAA" by S&P and issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation;

(e) U.S. dollar denomination deposit accounts, federal funds and bankers acceptances and certificates of deposit (whether negotiable or non-negotiable) with domestic commercial banks; *provided* that either: (a) the obligations of such bank are rated in one of the three highest rating categories (without regard to plus (+) or minus (-) designations) by Moody's or S&P (the ratings of the holding company of a bank are not considered the rating of such bank); or (b) such deposits are fully insured by the Federal Deposit Insurance Corporation, *provided*, *however,* that the portion of any certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, if any, shall be secured at all times in the manner provided by law by collateral security having a market value not less than the amount of such excess, consisting of securities described in paragraphs (a) through (d);

(f) commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which mature not more than 270 days after the date of purchase;

(g) investments in a money market fund registered with the Securities and Exchange Commission rated in the highest rating category (without regard to plus (+) or minus (-) designations) by Moody's or S&P;

(h) pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instruction have been given by the obligor to call on the date specified in the notice: and (i) which are rated, based on the escrow, in the highest rating category of S&P and Moody's or any successors thereto; or (ii) (A) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (a) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (B) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(i) tax-exempt obligations rated in either of the two highest rating categories (without regard to plus (+) or minus (-) designations) by Moody's or S&P, including money market funds comprised solely of such obligations;

(j) investment agreements, guaranteed investment contracts, funding agreements, or any other form of corporate debt representing the unconditional obligations of an investment provider rated

"AA" or above by Moody's or S&P, *provided* that the investment agreement shall provide that if during its term (a) the provider's rating by either S&P or Moody's falls below "AA-/AA3," respectively, the provider must, at the direction of the Authority or the Trustee within 10 days of receipt of such direction collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to a third-party custodian (i) collateral which is at one hundred two percent (102%), computed weekly, consisting of such securities as described in clauses (a) through (d); (ii) the Trustee shall have perfected a first priority security interest in such obligations; and (iii) failure to maintain the requisite collateral percentage will require the Trustee to liquidate the collateral; and (b) the provider's rating by either S&P or Moody's is withdrawn, suspended, or falls below "A-/A3," respectively, the provider must within 5 Business Days repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Authority or the Trustee;

(k) Program Fund Investment Agreements and Reserve Fund Investment Agreements as shall be specified in an applicable Supplemental Indenture;

(l) repurchase agreements with financial institutions insured by the FDIC, or any broker-dealer with "retail customers" which falls under the jurisdiction of the Securities Investors Protection Corporation (SIPC), *provided* that: (a) the over-collateralization is at one hundred two percent (102%), computed weekly, consisting of the securities described in paragraphs (a) through (d) of the definition of Permitted Investments; (b) a third-party custodian, the Trustee or the Federal Reserve Bank shall have possession of such obligations; (c) the Trustee shall have perfected a first priority security interest in such obligations; and (d) failure to maintain the requisite collateral percentage will require the Trustee to liquidate the collateral; and

(m) local obligations purchased in accordance with the Indenture.

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

"Principal Account" means the account by that name in the Bond Fund by that name established pursuant to the Indenture.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural Person or in any private activity carried on by a Person other than a natural Person, excluding use by a governmental unit and use by any Person as a member of the general public.

"Proceeds" when used with respect to the Bonds, means the face amount of a Series of the Bonds, plus accrued interest and original issue premium, if any, less original issue discount, if any.

"Program Expenses" means all costs and expenses of the Authority incurred in connection with the issuance and administration of the Bonds, including but not limited to (a) all items of expense directly or indirectly payable by or reimbursable to the Authority relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to capitalized interest on the Bonds, underwriter's discount, printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, title insurance premiums, municipal bond insurance premiums, appraisal fees and any other cost, charge or fee in connection with the original issuance of the Bonds, (b) the fees and expenses payable to the Trustee, the Authority and their respective counsel, and other Persons for professional services rendered in connection with the administration of the Bonds, (c) fees and expenses of Independent Accountants for preparation of annual audits required by the Indenture and (d) financial losses determined by the Authority to have been sustained for any reason whatsoever as a result of the liquidation of any Permitted Investment.

"Program Fund" means the fund by that name established with the Trustee pursuant to Indenture with respect to the Bonds and pursuant to the applicable Supplemental Indenture with respect to a Series of Bonds.

"Qualified Bank" means a state or national bank or trust company or savings and loan association or a foreign bank with a domestic branch or agency which is organized and in good standing under the laws of the United States of America or any state thereof or any foreign country, which has a capital and surplus of $50,000,000 or more and which has a short-term debt rating of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investors Service or Standard & Poor's Ratings Services.

"Rebate Account" means the account established and held by the Trustee pursuant to the Indenture.

"Record Date" means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the applicable fund by that name established with the Trustee pursuant to the Indenture with respect to the Bonds and pursuant to the applicable Supplemental Indenture with respect to other Series of the Bonds and to be administered as provided in the Indenture.

"Redemption Revenues" means (a) amounts received from the redemption of the District Bonds from amounts constituting prepayments of Special Taxes, (b) amounts received from the optional redemption of the District Bonds and (c) amounts received from the special mandatory redemption of the District Bonds.

"Registration Books" means the records maintained by the Trustee for the registration and transfer of ownership of the Bonds pursuant to the Indenture.

"Reserve Fund" means the applicable fund by that name established and held by the Trustee pursuant to the Indenture with respect to the Bonds and pursuant to the applicable Supplemental Indenture with respect to other Series of the Bonds and to be administered as provided in the Indenture.

"Reserve Requirement" with respect to a Series of the Bonds, means, as of any calculation date, an amount not to exceed the lesser of (i) Maximum Annual Debt Service, (ii) 125% of average Annual Debt Service or (iii) ten percent (10%) of the original proceeds of such Series of Bonds then Outstanding as such amount shall be provided in the applicable Supplemental Indenture; *provided however*, that Reserve Requirement for any Series of Bonds which are on a parity with each other and payable from the same revenues shall be calculated as if such Series were a single Series of Bonds.

"Residual Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Revenues" means, with respect to a Series of the Bonds: (a) all amounts derived from or with respect to an issue of local obligations acquired or, if used with reference to a Cash-Flow Certificate, to be acquired with the proceeds of such Series of the Bonds, other than amounts in payment of Program Expenses or indemnity against claims payable to the Authority and the Trustee; (b) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Supplemental Indenture providing for the issuance of such Series of the Bonds; and (c) any other investment income received under the Supplemental Indenture providing for the issuance of such Series of the Bonds.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under the law of the State of New York, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"Series" means each series of the Bonds issued pursuant to a Supplemental Indenture entered into pursuant to and in accordance with the provisions of the Indenture.

"Special Tax" or "Special Taxes" means, with respect to the Improvement Area, the special taxes authorized to be levied by the District in such Improvement Area pursuant to the Rate and Method of Apportionment and the Ordinance.

"State" means the State of California.

"Supplemental Indenture" means any indenture duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending the Indenture.

"Tax Code" means the Internal Revenue Bond of 1986, as amended. Any reference to a provision of the Tax Code shall include the applicable regulations of the Department of the Treasury promulgated with respect to such provision.

"Trust Office" means the corporate trust office of the Trustee in Los Angeles, California, or at such other or additional offices as may be specified in writing to the Authority and the City.

"Trustee" means Union Bank, N.A., formerly known as Union Bank of California, N.A., as the trustee under and pursuant to the Indenture, and its successors and assigns in accordance with the terms of said indenture.

"Written Certificate," "Written Request" and "Written Requisition" of the Authority, a Local Agency or the City mean, respectively, a written certificate, request or requisition signed in the name of the Authority, the Local Agency or the City by its Authorized Representative. Any such certificate, request or instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Additional Bonds

No additional bonds (except bonds to refund the Bonds) may be issued on a parity with the Bonds under the Indenture.

Revenues; Funds and Accounts

Pledge and Assignment; Revenue Fund. **S**ubject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Revenues and Redemption Revenues with respect to a Series of the Bonds and any other amounts (including proceeds of the sale of such Series of Bonds) held in any fund or account established pursuant to the Indenture providing for the issuance of such Series of the Bonds are thereby pledged by the Authority to secure the payment of the principal of and interest, and premium, if any, on such Series of the Bonds in accordance with their terms and the provisions of the Indenture. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery of the applicable Series of Bonds by the Trustee, upon the physical delivery thereof.

Subject to the provisions of the Indenture, the Authority thereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Owners from time to time of such Series of the Bonds, all of the Revenues with respect to such Series of the Bonds and all of the right, title and interest of the Authority in the Local Obligations acquired with the proceeds of such Series of Bonds, when and as issued or incurred. The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as agent of the Trustee and shall forthwith be paid by the Authority to the Trustee as provided in the Indenture. The Trustee also shall be entitled to and may take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of a Local Agency under and with respect to its Local Obligations.

Receipt, Deposit and Applications of Revenues.

(a) Deposit of Revenues; Revenue Fund. All Revenues (excluding Redemption Revenues) shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee shall establish, maintain and hold in trust under the Indenture.

(b) Deposit of Revenues; Bond Fund. The Trustee shall establish, maintain and hold in trust a fund, entitled "Bond Fund." Within such fund, the Trustee shall establish, maintain and hold in trust separate special accounts entitled "Interest Account" and "Principal Account" as shown in Subsection (c) below. On or before each Interest Payment Date, the Trustee shall transfer from the Revenue Fund for deposit into the Bond Fund the following amounts, in the priority set forth in Subsection (c) below.

(c) Application of Revenues; Special Accounts. At least five Business Days prior to each Interest Payment Date, the Trustee shall transfer from the Revenue Fund and deposit into the Bond Fund, and the following respective accounts therein, and the Reserve Fund the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority;

(i) *Interest Account*. The Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Bonds. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding Bonds on such Interest Payment Date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity).

(ii) *Principal Account*. The Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the aggregate amount of principal (including sinking fund payments) coming due and payable on such date on the Bonds pursuant to the Indenture. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds (including sinking fund payments).

(iii) *Reserve Fund*. All amounts on deposit in the Revenue Fund on each Interest Payment Date not required to pay any interest on or principal of any Outstanding Bonds then having come due and payable, shall be credited to the replenishment of the Reserve Fund in an amount sufficient to maintain the Reserve Requirement therein.

The Authority shall deposit from the repayment of the District Bonds (and to the extent necessary and permitted by law, from available surplus revenues with respect to other series of bonds issued by the Authority relating to community facilities districts) and maintain an amount of money equal to the Reserve Requirement in the Reserve Fund at all times while the Bonds are Outstanding. Amounts in the Reserve Fund will be used to pay debt service on the Bonds to the extent other moneys (including amounts in the Cash Management Fund) are not available therefor. Earnings on amounts in the Reserve Fund in excess of the Reserve Requirement shall be deposited into the Interest Account, if and to the extent such earnings are not required to be retained in the Reserve Fund to meet the Reserve Requirement. Upon redemption of Bonds, amounts on deposit in the Reserve Fund shall be reduced (to an amount not less than the Reserve Requirement) and the excess moneys shall be transferred to the Redemption Account and used for the redemption of the Bonds. Amounts in the Reserve Fund may be used to pay the final year's debt service on the Bonds.

(iv) *Redemption Fund*. Pursuant to the Indenture, there is established as a separate account in the Bond Fund to be held by the Trustee, the "Redemption Fund," to the credit of which the Authority shall deposit immediately upon receipt, all Redemption Revenues. Moneys in the Redemption Fund shall be held in trust by the Trustee for the benefit of the Authority and the Owners of the Bonds, and shall be used and withdrawn by the Trustee to redeem Bonds pursuant to the Indenture on the applicable date thereof.

(v) *Surplus*. All remaining amounts on September 2 (or the next Business Day to the extent September 2 is not a Business Day) of each year commencing September 2, 2012, on deposit in the Revenue Fund shall be transferred to the Residual Fund.

(d) Rebate Account. The Trustee shall deposit in the Rebate Account from time to time, as set forth in the Indenture, an amount determined by the Authority to be subject to rebate to the United States of America. Amounts in the Rebate Account shall be applied and disbursed by the Trustee solely for the purposes and at the times set forth in written requests of the Authority filed with the Trustee pursuant to the Indenture. The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Trustee shall be deemed conclusively to have complied with the provisions of the Indenture and any other agreement relating to the Bonds regarding calculation and payment of rebate if it follows the directions of the Authority and it shall have no independent duty to review such calculations or enforce the compliance with such rebate requirements by the Authority.

Cash Flow Management Fund.

(a) Establishment of Cash Flow Management Fund. Pursuant to the Indenture, there is established as a separate fund to be held by the Trustee, the "Cash Flow Management Fund," to the credit of which a deposit shall be made as required by the Indenture. Moneys in the Cash Flow Management Fund shall be held in trust by the Trustee for the benefit of the Owners of the Bonds, and shall be disbursed as provided below.

(b) Disbursement. Moneys in the Cash Flow Management Fund shall be used (prior to any draw on the Reserve Fund) solely for the purpose of paying the principal of, including sinking fund payments, and interest on any Bonds when due in the event that the moneys in the Interest Account or the

Principal Account are insufficient therefor. If the amounts in the Interest Account or the Principal Account are insufficient to pay the principal of, including sinking fund payments, or interest on any Bonds when due, the Trustee shall withdraw from the Cash Flow Management Fund for deposit in the Interest Account or the Principal Account moneys necessary for such purposes.

In connection with any redemption of the Bonds, or a partial defeasance of the Bonds in accordance with the Indenture, amounts in the Cash Flow Management Fund may be applied to such redemption or partial defeasance so long as the amount on deposit in the Cash Flow Management Fund following such redemption or partial defeasance equals the Cash Flow Management Fund Requirement. To the extent that the Cash Flow Management Fund is at the Cash Flow Management Fund Requirement as of the first day of the final Bond Year for the Bonds, amounts in the Cash Flow Management Fund may be applied to pay the principal of and interest due on the Bonds in the final Bond Year for such issue. Moneys in the Cash Flow Management Fund in excess of the Cash Flow Management Fund Requirement not transferred in accordance with the preceding provisions of this paragraph shall be withdrawn from the Cash Flow Management Fund on September 2 of each year and transferred to the Residual Fund.

Residual Fund.

(a) Establishment of Residual Fund. Pursuant to the Indenture, there is established as a separate fund to be held by the Trustee, the "Residual Fund," to the credit of which a deposit shall be made as required by the Indenture. Moneys in the Residual Fund shall be held in trust by the Trustee for the benefit of the Authority and shall be disbursed as provided below. The amounts in the Residual Fund are not pledged to the repayment of the Bonds.

(b) Disbursement. On September 2 of each year (or the next Business Day to the extent September 2 is not a Business Day) commencing September 2, 2012, the Trustee shall transfer any amounts in the Residual Fund for the following purposes in the following order of priority:

(i) to the Cash Flow Management Fund an amount, if any, required to restore the amount on deposit in the Cash Flow Management Fund to the Cash Flow Management Fund Requirement;

(ii) at the written direction of the Authority to the trustee with respect to any other series of local agency revenue bonds issued by the Authority related to the District, an amount required to replenish any Reserve Fund to its requirement with respect to such series of bonds to the extent permitted by law;

(iii) at the written election of the Authority and to the extent permitted by law, to the trustee with respect to any other series of local agency revenue bonds issued by the Authority related to the District, an amount required to replenish any cash flow management fund to its cash flow management fund requirement with respect to such series of bonds;

(iv) all remaining amounts to the District Trustee for the District Bonds for deposit in the Special Mandatory Redemption Account of the Redemption Fund (in proportion to the outstanding principal amount with respect to each series of District Bonds or such other allocation determined by the Authority) for the redemption of the District Bonds unless the Trustee has received written direction from the Authority, and to the extent permitted by law, to expend such remaining funds held in the Residual Fund for any lawful purposes of the Authority including, but not limited to, paying or reimbursing the payment of the costs and expenses incurred by the City or the Authority in administering the Bonds and the District Bonds, paying costs of public capital improvements or reducing the Special Taxes (in proportion to the outstanding principal amount with respect to each series of District Bonds or such other allocation determined by the Authority) which are to be levied in the current or succeeding Fiscal Year upon the properties which are subject to the Special Taxes within the Improvement Area.

Investment of Moneys

Except as otherwise provided in the Indenture, all moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture or to a Supplemental Indenture are required to be invested by the Trustee solely in Permitted Investments (as defined in the Indenture), and solely as directed in writing by the Authority two (2) Business Days prior to the making of such investment. Such investment instructions shall certify that the investment is a Permitted Investment and is a legal investment under the laws of the State of California. If the applicable Supplemental Indenture shall require reinvestment of moneys on deposit in the applicable Program Fund in a specified Program Fund Investment Agreement, then moneys on deposit in the applicable Program Fund shall be invested as so specified. If the applicable Supplemental Indenture shall require reinvestment of moneys on deposit in the applicable Reserve Fund in a specified Reserve Fund Investment Agreement, then moneys on deposit in the Reserve Fund shall be invested as so specified. Permitted Investments may be purchased at such prices as the Authority shall determine. All Permitted Investments are required to be acquired subject to any restrictive instructions given to the Trustee provided in the Indenture and such additional limitations or requirements consistent with the Indenture as may be established by the Written Request of the Authority. Moneys in all funds and accounts are required to be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in the Indenture and the applicable Supplemental Indenture. Absent timely written direction from the Authority, the Trustee is required to invest any funds held by it in Permitted Investments as described in clause (g) of the definition thereof (consisting of certain money market funds).

Permitted Investments acquired as an investment of moneys in any fund established under the Indenture shall be credited to such fund. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at the market value plus, prior to the first payment of interest following purchase, the amount of accrued interest, if any, paid as a part of the purchase price.

The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Authority, or as required for the purposes of the provisions of the Indenture or the applicable Supplemental Indenture, the Trustee is required to sell or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments is credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to the Indenture.

Debt Service Reserve Fund Surety

The Authority may obtain a policy of insurance or surety bond issued by an insurance company, obligations insured by which have a rating by Moody's Investors Service and Standard & Poor's Ratings Services of "A" or better (without regard to plus (+) or minus (-) designations), or an irrevocable letter of credit, line of credit or similar arrangement issued by a Qualified Bank, to satisfy all or a portion of the Reserve Requirement.

Sale of the District Bonds

Notwithstanding anything in the Indenture to the contrary, the Authority may arrange for the sale of the District Bonds and cause the Trustee to sell, from time to time, all or a portion of the District Bonds, *provided* that the Authority is required to deliver (i) a Cash Flow Certificate to the Trustee demonstrating that the annual debt service and Program Expenses will be met (or will continue to be met) upon application of the proceeds of sale of the District Bonds to the redemption of Bonds pursuant to the Indenture, as directed in a Written Certificate of the Authority delivered (together with the annual debt service) to the Trustee not less than sixty (60) days prior to the applicable redemption date and (ii) an opinion of Bond Counsel to the effect that such sale will not adversely impact the exclusion from gross income, for federal income tax purposes, of interest payable on the Bonds.

Upon compliance with the foregoing conditions, the Trustee is required to deposit such proceeds in the Redemption Fund and to provide for the redemption of Bonds.

Certain Covenants of the Authority

Punctual Payment. The Authority shall punctually pay or cause to be paid the principal of and interest and premium, if any, on all the Bonds of each Series in strict conformity with the terms of such Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in the Indenture and received by the Authority or the Trustee.

Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default thereunder, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in the Indenture shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and Supplemental Indentures and to pledge and assign the Revenues, the Local Obligations and other assets purported to be pledged and assigned, respectively, under the Indenture in the manner and to the extent provided in the Indenture and in applicable Supplemental Indentures. The Bonds and the provisions of the Indenture and such Supplemental Indentures are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall at all times, subject to the provisions of the Indenture and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under the Indenture and such Supplemental Indentures against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the Bond proceeds, the Revenues, the Local Obligations and all funds and accounts established with the Trustee pursuant to the Indenture and any Supplemental Indenture. Such books of record and account shall be available for inspection by the Authority, the Independent Financial Consultant and the City, during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee.

The Authority shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Bond proceeds, the Revenues, the Local Obligations and all funds and accounts established pursuant to the Indenture and any Supplemental Indenture (other than those records and accounts kept by the Trustee). Such books of record and account shall be available for inspection by the Trustee, the Independent Financial Consultant and the District, during regular business hours and upon twenty-four (24) hours' notice and under reasonable circumstances as agreed to by the Authority. In addition the Authority shall provide for an annual audit of all transactions relating to the Revenue Fund and the Expense Fund prepared by an Independent Accountant and shall promptly provide copies of each such annual audit to the Trustee and the Independent Financial Consultant by December 31 of each year. The fees and expenses of such annual audit are Program Expenses payable from the Expense Fund.

No Arbitrage. The Authority shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

Private Activity Bond Limitation. The Authority shall assure that the Proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Code:

(a) not in excess of 10 percent of the Proceeds of a Series of the Bonds is used for Private Business Use if, in addition, the payment of the principal of, or the interest on, more than 10 percent of the Proceeds of such Series of the Bonds is (under the terms of the Series of the Bonds or any underlying arrangement) directly or indirectly, (i) secured by any interest in property, or payments in respect of property, used or to be used for a Private Business Use or (ii) to be derived from payments (whether or not to the Authority) in respect of property, or borrowed money, used or to be used for a Private Business Use; and

(b) in the event that in excess of 5 percent of the Proceeds of such Series of the Bonds is used for a Private Business Use, and, in addition, the payment of the principal of, or the interest on, more than 5 percent of the Proceeds of such Series of the Bonds is (under the terms of such Series of the Bonds or any underlying arrangement), directly or indirectly, secured by any interest in property, or payments in respect of property, used or to be used for said Private Business Use or is to be derived from payments (whether or not to the Authority) in respect of property, or borrowed money, used or to be used for a Private Business Use, then, (A) said excess over said 5 percent of the Proceeds of such Series of the Bonds which is used for a Private Business Use shall be used for a Private Business Use related to a government use of such proceeds and (B) each such Private Business Use over 5 percent of the Proceeds of such Series of the Bonds which is related to a government use of such Proceeds shall not exceed the amount of such Proceeds which is used for the government use of Proceeds to which such Private Business Use is related.

Federal Guarantee Prohibition. The Authority shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Acquisition of Local Obligations, Collection of Revenues, Deposit of Surplus Revenues in a Capital Improvements Account. The Authority shall cause to be collected and paid to the Trustee all Revenues payable with respect to the Local Obligations promptly as such Revenues become due and payable, and shall vigorously enforce and cause to be enforced all rights of the Authority and the Trustee under and with respect to the Local Obligations.

Disposition of Local Obligations. The Trustee shall not sell or otherwise dispose of any issue of Local Obligations, or any interest therein, unless either (a) there shall have occurred and be continuing an Event of Default under the Indenture, or (b) the Authority is authorized to sell all or a portion of an issue Local Obligations under the provisions of Indenture.

Further Assurances. The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture and any Supplemental Indenture.

Events of Default

Events of Default. The following events shall be Events of Default under the Indenture:

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

(b) default in the due and punctual payment of any installment of interest on any Bonds of any Series when and as the same shall become due and payable; and

(c) default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default shall be continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Series of Bonds at the time Outstanding affected thereby, *provided*, however, that if in the reasonable opinion of the Authority provided to the Trustee in writing the default stated in the notice can be corrected, but not within such sixty (60) day period, such default shall not constitute an Event of Default under the Indenture if the Authority shall commence to cure such default within such sixty (60) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time.

Remedies Upon Event of Default.

The Bonds are not subject to acceleration if an Event of Default occurs with respect to the District Bonds.

(a) (i) If any Event of Default shall occur because of an event of default with respect to an issue of Local Obligations for which acceleration is a remedy, then, and in each and every such case during the continuance of such Event of Default and upon the occurrence of any Event of Default described in Subsections (a) or (b) above, the Trustee may, or at the written direction of the Owners of not less than a majority in aggregate principal amount of the Series of Bonds at the time Outstanding affected thereby, the Trustee shall, upon notice in writing to the Authority, cause redemption of Bonds in accordance with the applicable provisions of the Indenture relating to redemption upon the occurrence of an Event of Default.

(ii) If any Event of Default shall occur because of an event of default with respect to an issue of the Local Obligations for which acceleration is not a remedy, then, and in each and every such case during the continuance of such Event of Default and upon the occurrence of any Event of Default described in Subsections (a) and (b), above, the Trustee may, or at the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, as determined pursuant to the Indenture, the Trustee shall, upon notice in writing to the Authority, exercise any and all remedies available pursuant to law or granted with respect to such issue of the District Bonds.

(b) Immediately upon the declaration of acceleration pursuant to the Indenture, the Trustee shall mail notice thereof to the Owners of all Bonds of such Series Outstanding at their respective addresses set forth on the Registration Books. Such notice shall state the fact of such declaration and shall state that interest on the Bonds shall cease to accrue from and after the date which is ten (10) calendar days following the date of mailing such notice, notwithstanding any provision to the contrary in the Indenture. Neither the failure to receive any notice so mailed nor any defect therein shall affect the sufficiency of the proceedings for such declaration or the cessation of accrual of interest on the Bonds from and after the date of such cessation.

(c) Any such declaration of an Event of Default is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority or the Local Agency shall deposit with the Trustee a sum sufficient to pay all the principal of, premium, if any, and installments of interest on the Bonds of any Series, payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds to the extent permitted by law, and the reasonable fees, charges and expenses (including those of its attorneys) of the Trustee, and any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the Bonds of each Series due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal amount of the Bonds of each Series then Outstanding affected thereby, by written notice to the Authority, each Local Agency and the Trustee, or the Trustee if such declaration was made by the Trustee, may, on behalf of the Owners of all of the Bonds of each Series affected thereby, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

Other Remedies of Bond Owners. Subject to the provisions of the Indenture limiting a Bond Owner's right to sue, any Bond Owner shall have the right, for the equal benefit and protection of all Bond Owners similarly situated:

(a) by mandamus, suit, action or proceeding, to compel the Authority and its members, officers, agents or employees to perform each and every term, provision and covenant contained in the Indenture and in such Bond Owner's Bonds, and to require the carrying out of any or all such covenants and agreements of the Authority and the fulfillment of all duties imposed upon it by the Bond Law;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bond Owners' rights; or

(c) upon the happening of any Event of Default, by suit, action or proceeding in any court of competent jurisdiction, to require the Authority and its members and employees to account as if it and they were the trustees of an express trust.

Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Revenues and any other funds than held or thereafter received by the Trustee in the Bond Fund, and all Revenues and any other funds then held or thereafter received by the Authority or the Trustee under any of the provisions of the Indenture shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any fees and expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable fees, charges, and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture and the applicable Supplemental Indenture;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

> First: To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and
>
> Second: To the payment to the Persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity or redemption (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Bonds which shall have become due, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

Trustee to Represent Bond Owners. Pursuant to the Indenture, the Trustee is irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to the Owners under the provisions of the Bonds, the Indenture, the applicable Supplemental Indenture, the Bond Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Series of Bonds then Outstanding affected thereby, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power therein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Bonds, the Indenture, the applicable Supplemental Indenture, the Bond Law or any other law and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture, the applicable Supplemental Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of the Indenture.

Bond Owners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Series of Bonds then Outstanding, as determined pursuant to the Indenture affected thereby, shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, *provided* that such direction shall not be otherwise then in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond Owners not parties to such direction.

Limitation on Bond Owners' Right to Sue. No Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Bond Law or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than a majority in aggregate principal amount of the Series of Bonds then Outstanding, as determined pursuant to the Indenture affected thereby, shall have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such requests; (d) the Trustee shall have refused or failed to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority, in aggregate principal amount, of the Series of Bonds then Outstanding affected thereby.

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

Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Authority, the Trustee and the Bond Owners shall be restored to their former positions and rights, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Modification or Amendment of the Indenture

Amendments Permitted.

(a) The Indenture and any Supplemental Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into when the written consents of the Owners of a majority in aggregate principal amount of all Series of Bonds then Outstanding affected thereby. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted therein, or deprive the Owners of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

(b) The Indenture and any Supplemental Indenture and the rights and obligations of the Authority, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into without the consent of any Bond Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority in the Indenture and in any Supplemental Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power in the Indenture reserved to or conferred upon the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture and in any Supplemental Indenture, or as to any other provisions of the Indenture or in regard to matters or questions arising under the Indenture as the Authority may deem necessary or desirable, *provided* that such modification or amendment does not materially adversely affect the interests of the Bond Owners;

(iii) to modify, amend or supplement the Indenture and any Supplemental Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute thereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(iv) to modify, amend or supplement the Indenture and any Supplemental Indenture in such manner as to cause interest on the Bonds to remain excludable from gross income for purposes of federal income taxation by the United States of America under the Code;

(v) to modify any of the requirements of the Indenture with respect to the terms and provisions of any issue of Local Obligations, *provided* that any such modification shall apply only to Series of the Bonds issued and delivered subsequent to the execution and delivery of the applicable Supplemental Indenture;

(vi) to modify or amend any provision of the Indenture with any effect and to any extent whatsoever permissible by law, *provided* that any such modification or amendment shall apply only to Series of the Bonds issued and delivered subsequent to the execution and delivery of the applicable Supplemental Indenture; or

(vii) to issue from time to time Series of the Bonds.

(c) Prior to or concurrent with the Trustee entering into any Supplemental Indenture, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of this Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion from gross income for purposes of federal income taxes of interest on the Bonds.

(d) Notice of any modification or amendment shall be given by the Authority to each rating agency which then maintains a rating on the Bonds, at least fifteen (15) days prior to the effective date of the related Supplemental Indenture.

Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the Indenture, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to the Indenture may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand on the Owners of any Bonds then Outstanding, shall be exchanged (without cost to any Bond Owner) for any Bonds then Outstanding, upon surrender of such Bonds for cancellation at the Trust Office. Any such exchange shall be in an equal aggregate principal amount of Bonds of the same series and maturity.

Amendment of Particular Bonds. The provisions of the Indenture shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Bond Owner.

Amendment of Local Obligations. Nothing in the Indenture or in any applicable Supplemental Indenture (unless such Supplemental Indenture shall provide expressly to the contrary) shall prohibit the Authority from consenting to the amendment, supplement or other modification of any Local Obligations, or the proceedings providing for the issuance thereof, *provided* that the Authority shall first deliver to the Trustee a Written Certificate describing such amendment, supplement or other modification and stating that such amendment, supplement or other modification will not adversely affect the security of the Owners of the Bonds under the Indenture and the applicable Supplemental Indenture, together with (i) a certificate of an Independent Financial Consultant stating that such amendment, supplement or other modification will not adversely impact the Authority's ability to pay principal and interest of the applicable Series of the Bonds (used to acquire such Local Obligations) and (ii) an opinion of Bond

Counsel that such amendment, supplement or other modification will not impair the exclusion from gross income of interest on such Series of the Bonds for purposes of federal income taxation by the United States of America. The Trustee shall take such actions as shall be directed by the Authority in implementation of such amendment, supplement or other modification, including, without limitation, the acceptance by the Trustee of revised Local Obligations in exchange for the amended, supplemented or otherwise modified Local Obligations.

Miscellaneous

Discharge of Indenture. The Bonds, or any portion thereof, may be paid by the Authority in any of the following ways, *provided* that the Authority also pays or causes to be paid any other sums payable under the Indenture by the Authority:

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

(b) by irrevocably depositing with the Trustee, in trust (pursuant to an escrow agreement), at or before maturity, money or securities in the necessary amount (as provided in the Indenture) to pay or redeem all or any portion of the Bonds of the Series of the Bonds then Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, all, or any portion thereof, of the Series of the Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all other sums payable under the Indenture, then and in that case, at the election of the Authority (evidenced by a Written Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge such Bonds and the Indenture with respect to such Bonds), and notwithstanding that any of such Bonds shall not have been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture with respect to such Bonds and all covenants, agreements and other obligations of the Authority under the Indenture with respect to such Bonds shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the Authority, and upon receipt of a Written Certificate of an Authorized Representative of the Authority and an opinion of Bond Counsel acceptable to the Trustee, each to the effect that all conditions precedent in the Indenture provided for relating to the discharge and satisfaction of the obligations of the Authority have been satisfied, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to the Indenture and the applicable Supplemental Indenture, which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption to the Authority.

Limited Liability of Authority Limited to Revenues. Notwithstanding any provisions of the Indenture or in the Bonds to the contrary, neither the Authority nor any member thereof shall be required to advance any moneys derived from any source other than the Revenues and other assets pledged under the Indenture for any of the purposes in the Indenture mentioned, whether for the payment of the principal of or interest on the Bonds, for payment of Program Expenses or for any other purpose of the Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes of the Indenture any funds of the Authority which may be made available to it for such purposes.

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APPENDIX B

SUMMARY OF THE DISTRICT INDENTURE

The following is a brief summary of the provisions of the District Indenture relating to the District Bonds and does not purport to be a complete restatement thereof. Such summary does not purport to be comprehensive or definitive, and reference is made to the complete District Indenture for the complete terms thereof, copies of which are available upon request sent to the City upon payment of a charge for copying, handling, and mailing. All capitalized terms used but not otherwise defined in this Appendix shall have the meanings assigned to such terms in the District Indenture.

Definitions

"2009 Bonds" means the Beaumont Financing Authority 2009 Local Agency Revenue Bonds, Series B.

"2011 Series A Bonds" means the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2011 Series A (Improvement Area No. 17B) authorized and issued pursuant to the terms of the District Indenture.

"2011 Series B Bonds" means the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2011 Series B (Improvement Area No. 17B) authorized and issued pursuant to the terms of the District Indenture.

"Act" means "Mello-Roos" Community Facilities Act of 1982, commencing with Section 53311 of the Government Code of the State of California.

"Administrative Expense Fund" means the fund by that name created and established pursuant to the District Indenture.

"Administrative Expenses" means the ordinary and necessary fees and expenses for creation of the District, issuance of the District Bonds, determination of the Special Tax and administering the levy and collection of the Special Tax and of servicing the District Bonds, including any or all of the following: the fees and expenses of the District Trustee (including any fees or expenses of its counsel), the expenses of the District in carrying out its duties under the District Indenture (including, but not limited to, annual audits, special tax consultants and attorneys and costs incurred in the levying and collection of the Special Taxes) including the fees and expenses of its counsel, an allocable share of the salaries of staff to the District directly related thereto and a proportionate amount of general administrative overhead related thereto and all other costs and expenses of the District or the District Trustee incurred in connection with the discharge of their respective duties under the District Indenture and, in the case of the District, in any way related to the administration of the District.

"Annual Debt Service" when used with respect to any Series of District Bonds means, for each Bond Year, the sum of (i) the interest payable on the applicable Series of Outstanding Bonds in such Bond Year and (ii) the principal amount or Accreted Value of the applicable Series of Outstanding Bonds scheduled to be paid in such Bond Year, whether at maturity or pursuant to redemption in accordance with the District Indenture.

"Apportionment" means with respect to the Improvement Area the apportionment of tax revenues by the Auditor-Controller of the County of Riverside for such Improvement Area.

"Authority" means the Beaumont Financing Authority, a joint powers authority duly organized and existing under the laws of the State.

"Authority Bonds" means the Beaumont Financing Authority 2011 Local Agency Revenue Bonds, Series A (Improvement Area No. 17B) authorized and issued pursuant to the terms of the Authority Indenture.

"Authority Indenture" means the Indenture of Trust, dated as of January 15, 1994, as heretofore amended and supplemented, by and between the Authority and Union Bank, N.A., formerly known as Union Bank of California, N.A., as successor trustee, authorizing the execution and delivery of Authority Bonds.

"Authority Reserve Fund" means the fund by that name established and administered pursuant to the Authority Indenture.

"Authorized Representative" means the Mayor, City Manager, Secretary, Treasurer, Finance Director or any other person designated as an Authorized Representative of the District by a Written Certificate of the District signed by the Mayor or City Administrator and filed with the District Trustee.

"Bond Counsel" means (a) McFarlin & Anderson LLP or (b) any other attorney or firm of attorneys appointed by or acceptable to the District of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"Bond Fund" means the fund by that name established and held by the District Trustee pursuant to the District Indenture.

"Bond Law" means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as in existence on the Closing Date or as thereafter amended from time to time.

"Bond Year" means, with respect to the District Bonds, each twelve-month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, both dates inclusive, except that the first Bond Year shall commence on the Closing Date and end on September 1, 2012.

"Business Day" means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the State of California or in the State of New York, or in the city in which the Trust Office is located.

"City" means the City of Beaumont, a municipal corporation organized under the law of the State.

"City Clerk" means the City Clerk of the City, acting on behalf of the District.

"City Manager" means the City Manager of the City, acting on behalf of the District.

"Closing Date" means the date of delivery of the District Bonds to the Authority Trustee.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the District Bonds or (except as otherwise referenced in the Indenture) as it may be amended to apply to obligations issued on the date of issuance of the District Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Completion of the Project" means certification by the District to the District Trustee that (i) all Project Costs have been paid and (ii) the filing and recordation of a notice of completion by the District with respect to the facilities.

"Construction Fund" means the fund by that name established pursuant to the District Indenture.

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement between the District and the Trustee, as Dissemination Agent, executed on the Closing Date, relating to the District Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all expenses incurred in connection with the authorization, issuance, sale and delivery of the District Bonds and the application of the proceeds of the District Bonds; including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the District, initial fees and expenses of the Trustee, title insurance premiums, municipal bond insurance premiums, appraisal fees, compensation to any financial consultants or underwriters, legal fees and expenses, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents and costs of printing.

"Costs of Issuance Fund" means the fund by that name established pursuant to the District Indenture.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the District Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Dissemination Agent" means the dissemination agent designated as such or such other dissemination agent as may be appointed by the City pursuant to the Continuing Disclosure Agreement.

"District" means City of Beaumont Community Facilities District No. 93-1.

"District Bonds" means the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2011 Series A (Improvement Area No. 17B) and City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2011 Series B (Improvement Area No. 17B) authorized and issued pursuant to the terms of the Twenty-Third Supplemental Indenture .

"District Indenture" means the Indenture of Trust, by and between the District and the District Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions in the District Indenture.

"District Residual Fund" means the fund by that name established and administered pursuant to the Twenty-Third Supplemental Indenture.

"District Trustee" means Union Bank, N.A., formerly known as Union Bank of California, N.A., as trustee under the District Indenture.

"Escrow Agent" means Union Bank, N.A. as Escrow Agent under the Escrow Agreement.

"Escrow Agreement" means the agreement by and between the Beaumont Financing Authority and Union Bank, N.A., as Escrow Agent and as 2009 Bonds Trustee, dated as of December 1, 2011 relating to the refunding of a portion of the Beaumont Financing Authority 2009 Local Agency Revenue Bonds, Series B.

“Escrow Fund” means the fund by that name established with the Escrow Agent pursuant to the Escrow Agreement.

“Federal Securities” means any direct general obligation of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the payment of principal of and interest on which are directly or indirectly unconditionally guaranteed by the United States of America and direct obligations of any department, agency or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“Fiscal Year” means any twelve-month period extending from July 1 in any one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the District, or the City, as applicable, as its official fiscal year period.

“Gross Taxes” means, with respect to each Series of District Bonds and the related Improvement Area, the amount of all Special Taxes for such Improvement Area and proceeds from the sale of the property collected pursuant to the foreclosure provisions of the District Indenture for the delinquency of such Special Taxes and proceeds from any security for payment of Special Taxes for such Improvement Area taken in lieu of foreclosure.

“Improvement Area” means Improvement Area No. 17B of the District.

“Interest Account” means the account by that name established in the Bond Fund pursuant to the District Indenture.

“Interest Payment Date” means March 1 and September 1, commencing March 1, 2012; *provided, however*, that so long as the District Bonds shall be held by the Authority Trustee, the payment of interest and principal payable under the District Indenture shall be made as of the February 15 and August 15 preceding each such Interest Payment Date or maturity date, and in the case of interest in the full amount of interest which shall accrue through each March 1 and September 1.

“Joint Financing Agreement” means the Joint Financing and Construction Agreement between the District and such public agency, including but not limited to, the Beaumont-Cherry Valley Water District or the San Gorgonio Pass Water Agency, and the Memorandum of Understanding between the District and the California Department of Transportation, as the case may be.

“Legislative Body” means the City Council of the City

“Maximum Annual Debt Service” with respect to any Series of District Bonds, means as of the date of any calculation, the largest Annual Debt Service on the applicable Series of District Bonds during the current or any future Bond Year.

“Maximum Special Tax” shall have the meaning given to such term in the Rate and Method of Apportionment.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns.

“Net Taxes” means, with respect to the Improvement Area, the amount of all Gross Taxes of such Improvement Area minus Administrative Expenses relating to said Improvement Area.

“Ordinance” means Ordinance No. 905 providing for the levying of the Special Tax in Improvement Area No. 17B, adopted by the legislative body of the District.

"Outstanding" when used as of any particular time with reference to District Bonds, means (subject to the provisions of the District Indenture) all District Bonds theretofore, or thereupon being, authenticated and delivered by the District Trustee under the District Indenture except: (a) District Bonds theretofore canceled by the District Trustee or surrendered to the District Trustee for cancellation; (b) District Bonds with respect to which all liabilities of the District shall have been discharged in accordance with the District Indenture, including District Bonds (or portions thereof) described in the District Indenture; and (c) District Bonds for the transfer or exchange of or in lieu of or in substitution for which other District Bonds shall have been authenticated and delivered by the District Trustee pursuant to the District Indenture.

"Owner" or **"Bondowner"** whenever used with respect to a District Bond, means the person in whose name the ownership of such District Bond is registered on the Registration Books.

"Permitted Investments" means:

(a) Federal Securities;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: (i) Export-Import Bank; (ii) Farmers Home Administration; (iii) General Services Administration; (iv) U.S. Maritime Administration; (v) Small Business Administration; (vi) Government National Mortgage Association ("GNMA"); (vii) U.S. Department of Housing and Urban Development (viii) Federal Housing Administration; (ix) Student Loan Marketing Association; (x) Federal Financing Bank; and (xi) Federal Farm Credit Bank;

(c) bonds, debentures, notes or other evidences of indebtedness issued or fully unconditionally guaranteed by and of the following United States Government non-full faith and credit agencies: Federal Home Loan Bank and Federal Land Bank;

(d) bonds, notes or other evidences of indebtedness rated "Aaa" by Moody's or "AAA" by S&P and issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation;

(e) U.S. dollar denomination deposit accounts, federal funds bankers acceptances and certificates of deposit (whether negotiable or non-negotiable) with domestic commercial banks; *provided* that either: (a) the obligations of such bank are rated in one of the three highest rating categories (without regard to plus (+) or minus (-) designations) by Moody's or S&P (the ratings of the holding company of a bank are not considered the rating of such bank); or (b) such deposits are fully insured by the Federal Deposit Insurance Corporation, *provided*, however that the portion of any certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, if any, shall be secured at all times in the manner provided by law by collateral security having a market value not less than the amount of such excess, consisting of securities described in paragraphs (a) through (d);

(f) commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which mature not more than 270 days after the date of purchase;

(g) investments in a money market fund registered with the Securities and Exchange Commission rated in the highest rating category (without regard to plus (+) or minus (-) designations) by Moody's or S&P;

(h) pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instruction have been given by the obligor to call on the date specified in the notice: and (i) which are rated, based on the escrow, in the highest rating category of S&P and Moody's or any successors thereto; or (ii) (A) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (a) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate and (B) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate;

(i) tax-exempt obligations rated in either of the two highest rating categories (without regard to plus (+) or minus (-) designations) by Moody's or S&P, including money market funds comprised solely of such obligations;

(j) investment agreements, guaranteed investment contracts, funding agreements or any other form of corporate debt representing the unconditional obligations of an investment provider rated "AA" or above by Moody's or S&P, *provided* that the investment agreement shall provide that if during its term (a) the provider's rating by either S&P or Moody's falls below "AA-/AA3," respectively, the provider must, at the direction of the District or the District Trustee within 10 days of receipt of such direction collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to a third-party custodian (i) collateral which is at one hundred two percent (102%), computed weekly, consisting of such securities as described in clauses (a) through (d); (ii) the District Trustee shall have perfected at first priority security interest in such obligations; and (iii) failure to maintain the requisite collateral percentage will require the District Trustee to liquidate the collateral; and (b) the provider's rating by either S&P or Moody's is withdrawn, suspended, or falls below "A-/A3," respectively, the provider must within 5 Business Days repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the District or the District Trustee;

(k) Program Fund Investment Agreements and Reserve Fund Investment Agreements as shall be specified in an applicable Supplemental Indenture;

(l) repurchase agreements with financial institutions insured by the FDIC, or any broker-dealer with "retail customers" which falls under the jurisdiction of the Securities Investors Protection Corporation (SIPC), *provided* that: (a) the over-collateralization is at one hundred two percent (102%), computed weekly, consisting of the securities described in paragraphs (a) through (d) of the definition of Permitted Investments; (b) a third-party custodian, the District Trustee or the Federal Reserve Bank shall have possession of such obligations; (c) the District Trustee shall have perfected a first priority security interest in such obligations; and (d) failure to maintain the requisite collateral percentage will require the District Trustee to liquidate the collateral; and

(m) local obligations purchase in accordance with the District Indenture.

"Principal Account" means the account by that name established in the Bond Fund pursuant to the District Indenture.

"Project" means the construction, acquisition and equipping of certain real and other tangible property with an estimated useful life of five years or longer, which is to be acquired or constructed within and without the District, including certain roadways, storm drain facilities, flood control facilities, water facilities and fire protection facilities, as more particularly described in the approving resolution of the District with respect to Improvement Area No. 17B.

"Project Costs" means the amounts necessary to finance the Project, to create and replenish any necessary reserve funds to pay the annual costs associated with the District Bonds, including, but not limited to, District Trustee and other fees and to pay any "incidental expenses" of the District, as such term is defined in the Act, including, until such time as Special Taxes are levied and proceeds of the Special Tax are available therefor, Administrative Expenses.

"Rate and Method of Apportionment" means the Rate and Method of Apportionment of Special Tax for Improvement Area No. 17B, approved by the City Council, as the legislative body of the District, as it may be amended by the qualified electors of such Improvement Area.

"Record Date" means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established pursuant to the District Indenture.

"Redemption Revenues" means (a) prepayments of the Special Taxes, (b) any amounts transferred pursuant to the Authority Indenture for the redemption of District Bonds, (c) amounts transferred from the Residual Fund for the redemption of District Bonds and (d) any amounts deposited for the Mandatory Redemption and Special Mandatory Redemption of District Bonds pursuant to the District Indenture.

"Registration Books" means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

"Reserve Account" means the account by that name in the Bond Fund by that name established pursuant to the District Indenture.

"S&P" means Standard & Poor's, a Division of The McGraw-Hill Companies, Inc., its successors and assigns.

"Series" means the District Bonds and any other series of bonds issued pursuant to a Supplemental Indenture.

"Special Tax" or "Special Taxes" means, with respect to Improvement Area No. 17B, the special taxes authorized to be levied by the District in such Improvement Area pursuant to the Rate and Method of Apportionment and the Ordinance.

"**Special Tax Fund"** means the fund by that name created and established pursuant to the District Indenture.

"State" means the State of California.

"Trust Office" means the corporate trust office of the Trustee in Los Angeles, California, or at such other or additional offices as may be specified in writing to the Authority and the City.

"Twenty-Third Supplemental Indenture" means the Twenty-Third Supplemental Indenture of Trust, dated as of December 1, 2011, by and between the District and the Trustee, as may be amended and supplemented from time to time by and pursuant to the terms of the District Indenture.

"Written Certificate," "Written Request" and "Written Requisition" of the District or the City mean, respectively, a written certificate, request or requisition signed in the name of the District or the City by its Authorized Representative. Any such certificate, request or instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Parity Bonds and Other Additional Indebtedness

The District Indenture does not authorize any additional bonds (except bonds issued to refund District Bonds) to be issued by the District on behalf of Improvement Area No. 17B on a parity with the District Bonds.

Equality of Bonds; Pledge of Net Taxes

Pursuant to the Act and the District Indenture, the Bonds relating to a particular Improvement Area shall be equally payable from the Net Taxes of such Improvement Area without priority for number, issue date, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal or Accreted Value of such Series of Bonds and any premiums upon the redemption thereof shall be exclusively paid from such Net Taxes and moneys on deposit in the applicable Special Tax Fund, the applicable portion of moneys on deposit in the Accounts in the Bond Fund, the Redemption Fund, the Interest Account of the Construction Fund and the Reserve Account which are set aside for the payment of such Series of the Bonds. The Net Taxes derived from an Improvement Area and any interest earned on such Net Taxes shall constitute a trust fund held for the benefit of the owners of the applicable Series of Bonds relating to such Improvement Area to be applied to the payment of the interest on and principal or Accreted Value of the applicable Series of Bonds relating to such Improvement Area and so long as any of such Bonds or interest thereon remain outstanding shall not be used for any other purpose, except as permitted by the District Indenture or any Supplemental Indenture.

Special Tax Revenues; Funds and Accounts

Pledge and Assignment; Special Tax Fund.

(a) Subject only to the provisions of the District Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the District Indenture, all of the Special Taxes of the applicable Improvement Area and any other amounts (including proceeds of the sale of the applicable Series of Bonds) held in any fund or account established pursuant to the District Indenture are pledged to secure the payment of the principal or Accreted Value of and interest on the applicable Series of Bonds in accordance with their terms and the provisions of the District Indenture. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act.

(b) The District, pursuant to the District Indenture, transfers in trust, grants a security interest in and assigns to the District Trustee, for the benefit of the Owners from time to time of the applicable Series of the Bonds, all of the Special Taxes from the applicable Improvement Area. The District Trustee shall be entitled to and shall collect and receive all of the Special Taxes, and any Special Taxes collected or received by the District shall be deemed to be held, and to have been collected or received, by the District as the agent of the District Trustee and shall forthwith be paid by the District to the District Trustee. The District Trustee also shall be entitled to and shall, subject to the provisions of the District Indenture, take all steps, actions and proceedings which the District Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the District or separately, all of the rights of the District and all of the obligations of the City under the District Indenture.

(c) All Special Taxes for the Improvement Area shall be promptly deposited by the District Trustee upon receipt thereof in the applicable special fund designated as the "Improvement Area No. 17B Special Tax Fund," and if appropriate with a Series designation relating to the Series of Bonds of such Improvement Area which have been issued, which special funds the District Trustee shall establish, maintain and hold in trust; except that all moneys received by the District Trustee and required under the District Indenture to be deposited in the applicable Redemption Fund for such Series of Bonds shall be promptly deposited in such Fund. All Special Taxes for the Improvement Area deposited with the District Trustee shall be held, disbursed, allocated and applied by the District Trustee only as provided in the District Indenture.

Allocation of Special Taxes; Bond Fund. At such time as the County Auditor-Controller of the County of Riverside makes an apportionment of tax revenues, including Special Taxes of any Improvement Area and other amounts constituting Gross Taxes, if any, and such apportionment is transferred to the District Trustee on behalf of the District (any such apportionment being referred to as an "Apportionment"), the District Trustee shall deposit such Apportionment and any other amounts constituting Gross Taxes in the applicable Special Tax Fund for such Improvement Area, to be held in trust by the District Trustee and transferred and deposited into the following respective accounts and funds (each of which accounts the District Trustee shall establish and maintain within the Bond Fund relating to such Series of Bonds issued at one time) the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Special Taxes for the applicable Improvement Area sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) The District Trustee shall deposit in the Administrative Expense Fund relating to such Series of Bonds the amount of Administrative Expenses required to be deposited therein pursuant to the District Indenture.

(b) On February 15 and August 15 preceding each Interest Payment Date, the District Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account with respect to the applicable Improvement Area to equal the amount of interest becoming due and payable on the District Bonds relating to such Improvement Area on the March 1 and September 1 Interest Payment Dates of the applicable calendar year on all such District Bonds then Outstanding.

(c) On August 15 of each year, the District Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account with respect to the applicable Improvement Area to equal the principal or Accreted Value of the District Bonds relating to such Improvement Area coming due and payable on the next September 1.

(d) On August 15 of each year, the District Trustee shall deposit in the Sinking Account an amount equal to the aggregate principal amount of the Term Bonds relating to the applicable Improvement Area required to be redeemed on the next September 1, if any, pursuant to the District Indenture.

(e) No amount needed to be deposited in the Reserve Account for the District Bonds.

(f) The District Trustee shall, at the written direction of the District or the City, deposit in the applicable Rebate Fund an amount, if any, required to make the amount on deposit in such Rebate Fund equal to the amounts necessary to satisfy the District Indenture.

(g) On September 2 of each year, commencing September 2, 2012, the District Trustee shall transfer any amounts remaining in the Special Tax Fund following payment of each disbursement required pursuant to subsections (a) through (f) above, to the District Residual Fund.

The District shall maintain proper books and records showing Special Tax Fund payment allocations to each applicable Series to be paid from the Bond Fund as set forth in the District Indenture.

Application of Interest Account. All amounts in an Interest Account shall be used and withdrawn by the District Trustee solely for the purpose of paying interest on the applicable Series of Bonds as it shall become due and payable (including accrued interest on any Bonds of the applicable Series purchased or redeemed prior to maturity pursuant to the District Indenture).

Application of Principal Account. All amounts in a Principal Account shall be used and withdrawn by the District Trustee solely to pay the principal or Accreted Value of the applicable Series of Bonds at their respective maturity dates.

Application of Sinking Account. All moneys on deposit in a Sinking Account shall be used and withdrawn by the District Trustee for the sole purpose of redeeming or purchasing (in lieu of redemption) Term Bonds of the applicable Series pursuant to the District Indenture.

Application of Reserve Account. In the event that pursuant to a Supplemental Indenture amounts are deposited in a Reserve Account, said amounts shall be used and withdrawn by the District Trustee solely for the purpose of (i) (a) paying principal or Accreted Value of or interest on the applicable Series of Bonds, when due and payable to the extent that moneys deposited in the applicable Interest Account or Principal Account, respectively, are not sufficient for such purpose, (b) paying the redemption price of any Term Bonds of the applicable Series to be redeemed pursuant to the District Indenture in the event that amounts on deposit in the applicable Sinking Account are not sufficient for such purpose and (c) making the final payments of principal or Accreted Value of and interest on the Bonds of the applicable Series or (ii) as set forth in said Supplemental Indenture; *provided, however,* that in the event of the redemption of District Bonds pursuant to the District Indenture, amounts in the applicable Reserve Account may be used for such redemption so long as after such use of moneys, the applicable Reserve Account shall equal the Reserve Requirement relating thereto. If as of the first (1st) day of the month preceding any Interest Payment Date there shall be any deficiency in the applicable Reserve Account (whether due to a payment therefrom or due to the fluctuation in market value of securities credited thereto, or otherwise), the District Trustee shall promptly notify the District in writing of the amount of such deficiency and the District shall include such amount in the next succeeding levy of Special Taxes pursuant to the applicable Rate and Method of Apportionment of Special Taxes unless such amount shall have been cured prior to such levy. Any amounts on deposit in the applicable Reserve Account on or before each Interest Payment Date in excess of the applicable Reserve Requirement shall be transferred to the applicable Account in the applicable Bond Fund.

Costs of Issuance Fund. The District Trustee shall establish, maintain and hold in trust a separate fund with respect to each Series of Bonds issued on the same date designated as the "Costs of Issuance Fund" relating to such Series of Bonds as set forth in the District Indenture and as set forth in Supplemental Indentures with respect to other Series of Bonds issued pursuant to such Supplemental Indentures. Amounts deposited in the Costs of Issuance Fund may be deposited therein without segregation. The moneys in such Costs of Issuance Fund shall be used and withdrawn by the District Trustee to pay the Costs of Issuance upon submission of Written Requisitions of the District stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On August 1, 2012, or upon the earlier Written Request of the District, all amounts remaining in such Costs of Issuance Fund shall be transferred by the District Trustee to the Construction Fund relating to the District Bonds and the District shall apportion said amounts among such Improvement Area based on respective ratios of principal and Accreted Value of each Series of District Bonds as adjusted to reflect Costs of Issuance relating to such Improvement Area.

Construction Fund. The District Trustee shall establish, maintain and hold in trust a separate fund with respect to each Series of Bonds issued on the same date to be known as the "Construction Fund" relating to such Series of Bonds as set forth in the District Indenture with respect to the District Bonds issued pursuant to such Supplemental Indentures. Except as otherwise provided in the District Indenture, moneys in a Construction Fund shall be used solely for the payment of the Project Costs relating thereto. The District Trustee shall disburse moneys in a Construction Fund from time to time to pay Project Costs (or to reimburse the District or the City for payment of Project Costs) upon receipt by the District Trustee of a Written Requisition of the District which: (a) states with respect to each disbursement to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment will be made, (iii) the amount to be disbursed, (iv) the Improvement Area or Improvement Areas to which such amounts relate, and if applicable, the Account or Accounts from which disbursement shall be made, (v) that each obligation mentioned therein is a proper charge against such Construction Fund (or the Accounts referenced in the Written Requisition) and has not previously been disbursed by the District Trustee from amounts in such Construction Fund, (vi) that all conditions precedent with respect to such disbursement have been satisfied and (vii) that the amount of such disbursement is for a Project Cost as defined in the District Indenture; (b) specifies in reasonable detail the nature of the obligation; and (c) is accompanied by a bill or statement of account (if any) for each obligation. Upon the filing with the District Trustee of a Written Certificate of the District stating that the Project has been completed or that all Written Requisitions intended to be filed by the District have been filed, the District Trustee shall withdraw all amounts then on deposit in the Construction Fund relating thereto and transfer such amounts to the applicable Accounts in the applicable Bond Fund.

Administrative Expense Fund. The District Trustee shall establish and maintain a separate Administrative Expense Fund with respect to other Series of Bonds in accordance with the Supplemental Indenture authorizing such Series of Bonds. The District Trustee shall deposit from each applicable Apportionment an amount which shall be specified to the District Trustee by the District equal to the Administrative Expense relating to the applicable Improvement Area coming due on or before the next succeeding Interest Payment Date. The District Trustee shall apply the moneys on deposit in the Administrative Expense Fund to the payment of Administrative Expenses, as directed by the District.

District Residual Fund.

(a) Establishment of District Residual Fund. There is established as a separate fund to be held by the District Trustee, the "District Residual Fund" for each Series of District Bonds, to the credit of which a deposit shall be made as required by the District Indenture. Moneys in the District Residual Fund shall be held in trust by the District Trustee for the benefit of the District, and shall be disbursed as provided in the District Indenture. The amounts in the District Residual Fund are not pledged to the repayment of the District Bonds .

(b) Disbursement. On September 2 of each year, commencing September 2, 2012, the District Trustee shall transfer any amounts remaining in the Special Tax Fund to the District Residual Fund. Special Taxes, if any, deposited into the Residual Fund shall be applied for the following purposes in the following order of priority:

(i) to the Administrative Expense Fund an amount determined by the District to reimburse the payment of the costs and expenses incurred by the District and the Authority to administer the Authority Bonds and the District Bonds, at the written direction of the District, to the extent that the amounts on deposit in the Administrative Expense Fund are insufficient therefor; or

(ii) all remaining amounts to the Construction Fund to be expended for the benefit of the Improvement Area to pay the costs of public improvements until the Trustee has received written direction from the District to transfer such remaining funds held in the District Residual Fund to the Special Mandatory Redemption Account for redemption of the District Bonds or reducing the Special Taxes which are to be levied in the current or the succeeding fiscal year upon the properties which are subject to the Special Tax within the Improvement Area.

(c) Investment. Moneys in the District Residual Fund shall be invested and deposited in accordance with the District Indenture. Interest earnings and profits resulting from said investment shall be retained in the District Residual Fund to be used for the purposes of such fund.

Redemption Fund.

(a) Establishment of the Redemption Fund. There is established as a separate fund to be held by the District Trustee, the "Redemption Fund" (in which there shall be established and created a Mandatory Redemption Account, an Optional Redemption Account and a Special Mandatory Redemption Account) for each Series of District Bonds, to the credit of which the District or the City, on behalf of the District, shall deposit, immediately upon receipt, all Redemption Revenues for the Improvement Area received by the District or the City on behalf of the District. Moneys in the Redemption Fund shall be held in trust by the District Trustee for the benefit of the District for the Improvement Area and the Owners of the District Bonds , shall be disbursed as provided below and, pending any disbursement, shall be subject to a lien in favor of the Owners of the District Bonds .

(b) Disbursement.

(i) All prepayments of Special Taxes and amounts transferred from the District Residual Fund for the redemption of District Bonds or transferred from the Authority under the Authority Indenture for the redemption of District Bonds shall be deposited in the Special Mandatory Redemption Account to be used to redeem District Bonds on the next date for which notice of redemption can timely be given.

(ii) Any amounts transferred for the optional redemption of District Bonds shall be deposited into the Optional Redemption Account to be used to redeem District Bonds on the next date for which notice of redemption can timely be given.

(iii) All proceeds from insurance or condemnation payments shall be deposited into the Mandatory Redemption Account to be used to redeem District Bonds on the next date for which notice of redemption can timely be given.

(c) Investment. Moneys in the Redemption Fund shall be invested and deposited in accordance with the District Indenture. Interest earnings and profits resulting from said investment shall be retained in the Redemption Fund to be used for the purposes of such fund.

Other Matters.

(a) To the extent delinquencies in the payment of Special Taxes in any Improvement Area diminish the amount of the Authority Reserve Fund earnings that would otherwise accrue to the District Residual Fund and be paid to the District Trustee and accrue to the benefit of Improvement Area No. 17B, (i) any subsequent payment of such delinquent Special Taxes or foreclosure proceeds not required for payment of debt service or payment of other amounts due with respect to the applicable Series of Bonds and (ii) any amounts which shall accrue to the District Residual Fund and be paid to the District Trustee and be allocable to Improvement Area No. 17B which has (or had) delinquent Special Tax payments shall be applied at the direction of the District to compensate the affected Improvement Area or Improvement Areas for such lost earnings through a credit to the applicable Special Tax Fund based on the estimated earnings which would have been paid to the District Residual Fund and been transferred to the District Trustee for such Improvement Area had there not been delinquencies in the payment of Special Taxes for such Improvement Area.

(b) Prior to Completion of the Project, all interest or gain derived from the investment of moneys in any of the Funds or Accounts established under the District Indenture with respect to the District Bonds, except for such earnings in the Rate Stabilization Fund, the District Residual Fund and the Redemption Fund which shall be retained therein or disbursed as provided in the District Indenture, shall be deposited in the Construction Fund, or if the Construction Fund has been closed, in the Special Tax Fund, and allocated to Improvement Area No. 17B. Notwithstanding anything in the District Indenture, in the absence of any Written Request, the District Trustee shall invest any moneys in any funds and accounts established with the District Trustee pursuant to the District Indenture.

(c) Administrative Expenses for such Improvement Area levied annually and allocated prior to debt service shall be limited to $25,000 for Fiscal Year 2011-12, plus an additional two percent (2%) each year thereafter.

(d) Amounts in the Administrative Expense Fund and the District Residual Fund are not pledged to the repayment of the District Bonds.

Investment of Funds

All moneys in any of the funds or accounts established with the District Trustee pursuant to the District Indenture shall be invested by the District Trustee solely in Permitted Investments. Such investments shall be directed by the District pursuant to a Written Request of the District filed with the District Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such directions from the District, the District Trustee shall invest any such moneys in Permitted Investments described in clause (g) of the definition. Permitted Investments purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account.

Prior to the Completion Date, all interest or gain derived from the investment of amounts in any of the funds or accounts established under the District Indenture shall be deposited in the applicable Construction Fund, *provided, however,* that earnings on the investment of amounts in the applicable Reserve Account shall be retained therein to the extent required to maintain the Reserve Requirement and, to the extent not so required, shall be deposited, when available, in the applicable Construction Fund. Following the Completion Date, all interest or gain derived from the investment of amounts in any of the funds or accounts established under the District Indenture shall be deposited in the applicable Special Tax Fund from time to time on or before each Interest Payment Date, *provided, however,* that earnings on the investment of amounts, if any, in the Reserve Account shall be retained therein to the extent required to maintain the applicable Reserve Requirement. In accordance with the District Indenture, the District shall keep, or cause to be kept, proper books, of record and account, and spread sheets showing the allocation to the Improvement Area within the District of investment earnings on moneys allocable to the Construction Fund, and other funds and accounts established under the District Indenture. For purposes of acquiring any investments under the District Indenture, the District Trustee may commingle funds held by it under the District Indenture. The District Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The District Trustee shall incur no liability for losses arising from any investments made pursuant to the District Indenture.

Covenants of the District

Punctual Payment: Against Encumbrances. The District covenants that it will receive all Gross Taxes in trust and will, consistent with the District Indenture, deposit the Gross Taxes with the District Trustee in trust and the District shall have no beneficial right or interest in the amounts so deposited except as provided by the District Indenture. All such Gross Taxes, whether received by the District in trust or deposited with the District Trustee in trust, all as provided in the District Indenture, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes set forth in the District Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District covenants that it will duly and punctually pay or cause to be paid the principal or Accreted Value of and interest on every District Bond issued under the District Indenture, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the District Bonds and in accordance with the District Indenture to the extent Net Taxes of the applicable Improvement Area and interest earnings transferred to the applicable Special Tax Fund are available therefor, and that the payments into the applicable Special Tax Fund, Bond Fund, Redemption Fund, Reserve Account and Administrative Expense Fund will be made, all in strict conformity with the terms of the Bonds of each Series and the District Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of the District Indenture and all Supplemental Indentures and of the Bonds of each Series and Parity Bonds issued under the District Indenture. If at any time the balance in the applicable Special Tax Fund and Reserve Account is sufficient to redeem all Outstanding Bonds of a particular Series and all Parity Bonds relating thereto in accordance with the terms in the District Indenture, the District may direct the District Trustee to effect such redemption on the earliest date on which all Outstanding Bonds of such Series may be redeemed.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Gross Taxes of any Improvement Area and will not issue any obligation or security superior to or on a parity with the Bonds of any Series payable in whole or in part from the Net Taxes of the applicable Improvement Area except as provided in accordance with the District Indenture.

Levy of Special Tax. Commencing with Fiscal Year 2011-12, the City Council, on behalf of the District, shall levy the Special Tax in the Improvement Area in an amount sufficient to pay the principal or Accreted Value of and interest on the applicable Series of the Bonds as provided in the proceedings and the Administrative Expenses relating to such Improvement Area due or coming due, plus the amount, if any, necessary to replenish the applicable Reserve Account to an amount equal to the Reserve Requirement, if any, relating to such Series of Bonds so long as any Bonds relating to the particular Improvement Area are Outstanding; *provided*, that the amount of the Special Tax shall not exceed the maximum amounts specified in the applicable Rate and Method of Apportionment of Special Taxes.

Payment of Claims. To the extent moneys are available therefor in the Construction Fund, the District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon any portion of the Project owned by the District or upon the Gross Taxes or any part thereof, or upon any funds in the hands of the District Trustee, or which might impair the security of the District Bonds; *provided* that nothing contained in the District Indenture shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.

Extension of Payment of Bonds. The District shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds of any Series or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds of any Series or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the District Indenture, to the benefits of the District Indenture, except subject to the prior payment in full of the principal and Accreted Value of all of the Bonds of such Series then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in the District Indenture shall be deemed to limit the right of the District to issue Bonds for the purpose of refunding any Outstanding Bonds of any Series, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds of such Series.

Against Encumbrances. The District shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Special Taxes of any Improvement Area and other assets pledged or assigned under the District Indenture while any of the Bonds of the applicable Series are Outstanding, except the pledge and assignment created by the District Indenture. Subject to the limitation, the District expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes.

Power to Issue Bonds and Make Pledge and Assignment. The District is duly authorized pursuant to law to issue the Bonds of each Series and to enter into the District Indenture and to pledge and assign the Special Taxes of the Improvement Area and other assets purported to be pledged and assigned, respectively, under the District Indenture in the manner and to the extent provided in the District Indenture. The Bonds of each Series and the provisions of the District Indenture are and will be the legal, valid and binding special obligations of the District in accordance with their terms, and the District and the District Trustee shall at all times, subject to the provisions of the District Indenture and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Special Taxes with respect to such Improvement Area and other assets, and all the rights of the Bond Owners under the District Indenture against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statements. The District Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of Bonds, the Special Taxes received by the District Trustee, all funds and accounts established pursuant to the District Indenture and the District shall at all times keep, or cause to be kept, proper books of record and account of the levy of the Special Taxes and of the assessed value of parcels of land within the boundaries of the District. The District shall also keep, or cause to be kept, proper books of record and account, and spread sheet showing the allocation of moneys in the Construction Fund, Costs of Issuance Fund, Administrative Expense Fund between each of the Improvement Areas within the District and of the allocable share of each improvement acquired or constructed by the District, and the status of such costs in relation to then current budget for each improvement. Such books of record and account shall be available for inspection by the District and the City, during business hours and under reasonable circumstances.

Additional Obligations. The District covenants that any Parity Bonds which shall be issued or incurred which are payable out of the Special Taxes of the Improvement Area in whole or in part shall be issued in accordance with the District Indenture.

No Arbitrage. The District shall not take, or permit to be taken by the District Trustee or otherwise, any action with respect to the proceeds of the Bonds of any Series which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds of such Series would have caused such Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Rebate Requirement. The District shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investments earnings, if any, to the federal government. To that end the District Trustee shall establish a Rebate Fund to be held and applied in accordance with the Tax Certificate executed by the District on the date of issuance of the District Bonds, as said Tax Certificate may be amended in accordance with its terms.

Private Activity Bond Limitation. The District shall assure that the Proceeds of the Bonds of each Series are not so used as to cause such Bonds to satisfy the private business tests of Section 141(b) of the Code.

Private Loan Financing Limitation. The District shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private loan financing test of Section 141(c) of the Code.

Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds of any Series to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Maintenance of Tax-Exemption. The District shall take any and all actions necessary to assure the exclusion of interest on the Bonds of each Series from the gross income of the Owners of such Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of such Bonds.

Commence Foreclosure Proceedings. The District covenants with and for the benefit of the Owners of the District and the Landowners of the Improvement Area securing such bonds that it will review the public records of the County of Riverside, California, in connection with the collection of the Special Tax not later than July 1 of each year to determine the amount of Special Tax collected in the prior Fiscal Year; and with respect to individual delinquencies, if the District determines that any single property owner subject to the Special Tax is delinquent in the payment of Special Taxes in the aggregate of $2,500 or more or that the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes within the District, then the District will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) the District will cause judicial foreclosure proceedings to be filed in the Superior Court within ninety (90) days of such determination against all properties for which the Special Taxes remain delinquent.

The City Attorney is authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel and costs and expenses of the City Attorney (including a charge for City or District staff time) in conducting foreclosure proceedings shall be an Administrative Expense under the District Indenture.

Notwithstanding any provision of the Act or other law of the State to the contrary, in connection with any foreclosure related to delinquent Special Taxes:

(a) The City or the District Trustee is expressly authorized to credit bid at any foreclosure sale, without any requirement that funds be placed in the Bond Fund or otherwise be set aside in the amount so credit bid, in the amount specified in Section 53356.5 of the Act, or such less amount as determined under the District Indenture or otherwise under Section 53356.6 of the Act.

(b) The District may permit, in its sole and absolute discretion, property with delinquent Special Tax payments to be sold for less than the amount specified in Section 53356.5 of the Act (but not for less than the amount of delinquent scheduled principal and interest without written consent of the Bond Owners and owners of the Parity Bonds), if it determines that such sale is in the interest of the Bond Owners and the owners of the Parity Bonds. The Bond Owners, by their acceptance of the Bonds, consent to such sale for such lesser amounts (as such consent is described in Section 53356.6 of the Act), and release the District and the City, and their respective officers and agents, from any liability in connection therewith.

(c) The District is expressly authorized to use amounts in the Special Tax Fund to pay costs of foreclosure of delinquent Special Taxes.

(d) The District may forgive all or any portion of the Special Taxes levied or to be levied on any parcel in the District, so long as the District determines that such forgiveness is not expected to adversely affect its obligation to pay principal of and interest on the District Bonds and the Parity Bonds under the District Indenture.

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

Further Assurances. The District will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the District Indenture and for the better assuring and confirming unto the Owners of the Bonds of each Series of the rights and benefits provided in the District Indenture.

Completion of Project. The District will diligently carry out and continue to completion with all practical dispatch and acquisition and construction of each component of the Project in accordance with the Joint Financing Agreements and the Act and in a sound and economical manner. The components of the Project to be acquired or constructed may be amended as provided in the Act, but no amendment may be made which would substantially impair the security of the Bonds of any Series or the rights of the Owners. The District will maintain the Project, or cause it to be maintained, in accordance with the customary and reasonable maintenance and repair practices for such facilities.

Modification of Maximum Authorized Special Tax. The District covenants that no modification of the maximum authorized Special Tax for any Improvement Area shall be approved by the District which would prohibit the District from levying the Special Tax in any Fiscal Year at such a rate as could generate Special Taxes in each Fiscal Year after deductions for Administrative Expenses in an amount at least equal to 110% of annual debt service in such Fiscal Year for the District Bonds relating to such Improvement Area.

Events of Default

Events of Default Defined. The following events constitute events of default under the District Indenture:

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

(b) Default in the due and punctual payment by the District of any installment of interest on any Bonds when and as the same shall become due and payable; or

(c) Default by the District in the observance of any of the other covenants, agreements or conditions on its part in the District Indenture or in the Bonds of the applicable Series contained, if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the District by the District Trustee; *provided, however,* that if in the reasonable opinion of the District the default stated in the notice can be corrected, but not within such sixty (60) day period, such default shall not constitute an Event of Default under the District Indenture if the District shall commence to cure such default within such sixty (60) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time.

Remedies. The District Trustee is irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the District Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the District Indenture and applicable provisions of any law. Upon the occurrence and continuance of an occasion giving rise to a right in the District Trustee to represent the Bond Owners, the District Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal and Accreted Value of the Bonds of the applicable Series then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the District Indenture, or in aid of the execution of any power therein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the District Trustee or in such Owners under the Bonds, the District Indenture or any other law; and upon instituting such proceeding, the District Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Special Taxes and other assets pledged under the District Indenture, pending such proceedings. All rights of action under the District Indenture or the Bonds or otherwise may be prosecuted and enforced by the District Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the District Trustee shall be brought in the name of the District Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of the District Indenture.

Limitation on Bond Owners' Right to Sue. Notwithstanding any other provision in the District Indenture, no Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the District Indenture or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the District Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal and Accreted Value of the Bonds of the applicable Series then Outstanding shall have made written request upon the District Trustee to exercise its powers granted under the District Indenture or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the District Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the District Trustee shall have failed to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the District Trustee; and (e) no direction inconsistent with such written request shall have been given to the District Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal and Accreted Value of the Bonds of the applicable Series then Outstanding.

Remedies of Bond Owners. The District Bonds do not contain a provision allowing for the acceleration of the District Bonds in the event of a payment default or other default under the terms of the District Bonds or the District Indenture.

Amendment of District Indenture

The District Indenture may be modified or amended from time to time and at any time by a Supplemental Indenture with the written consent of the Owners of a majority in aggregate principal amount of the District Bonds of the applicable Series then Outstanding. No such modification or amendment may (a) extend the maturity of or reduce the amount of principal or change the method of computing the rate of interest or extend the time of payment of the interest on any Bond, without the written consent of the Owner of such Bond, (b) reduce the percentage of District Bonds of any Series required for the written consent to any such amendment or modification or (c) without its written consent thereto, modify any of the rights or obligations of the District Trustee.

The District Indenture may also be modified or amended at any time by a supplemental indenture, without the consent of any Bond Owners, to the extent permitted by law, but only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the District contained in the District Indenture, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the District Bonds of any Series (or any portion thereof), or to surrender any right or power reserved to or conferred upon the District;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the District Indenture, or in any respect whatsoever, as the District may deem necessary or desirable, *provided* that such modification or amendment does not materially adversely affect the interests of the District Bond Owners;

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

(d) to modify, amend or supplement the District Indenture in such manner as to cause interest on the District Bonds to remain excludable from gross income under the Tax Code; or

(e) to facilitate the issuance of Parity Bonds by the District.

Discharge of the District Indenture

Any portion or all of the Outstanding Bonds of any Series may be paid by the District in any of the following ways, *provided* that the District also pays or causes to be paid any other sums payable under the District Indenture by the District with respect to such Bonds:

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

(b) by depositing with the District Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in the District Indenture) to pay or redeem such Bonds; or

(c) by delivering such Bonds to the District Trustee for cancellation.

If the District shall also pay or cause to be paid all other sums payable under the District Indenture, then and in that case, at the election of the District (evidenced by a Written Certificate of the District, filed with the District Trustee, signifying the intention of the District to discharge such Bonds and the District Indenture with respect to such Bonds), and notwithstanding that any of such Bonds shall not have been surrendered for payment, the District Indenture and the pledge of Special Taxes of the applicable Improvement Area and other assets made under the District Indenture with respect to such Bonds and all covenants, agreements and other obligations of the District under the District Indenture with respect to such Bonds shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the District, the District Trustee shall be authorized to take such actions and execute and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction. In the event all Outstanding Bonds are paid as provided in the District Indenture, the District Trustee shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to the District Indenture which are not required for the payment or redemption of any Bonds not theretofore surrendered for such payment or redemption.

APPENDIX C.
APPRAISAL REPORT

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APPRAISAL REPORT

BEAUMONT FINANCING AUTHORITY
2011 LOCAL AGENCY REVENUE BONDS, SERIES A
(IMPROVEMENT AREA NO. 17B)

Prepared for:

CITY OF BEAUMONT
550 East Sixth Street
Beaumont, CA 92223

James B. Harris, MAI
Berri Cannon Harris
Harris Realty Appraisal
5100 Birch Street, Suite 200
Newport Beach, CA 92660

November 2011

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Harris Realty Appraisal

5100 Birch Street, Suite 200
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949-851-1227 FAX 949-851-2055
www.harris-appraisal.com

November 17, 2011

Mr. Dave Dillon
Director of Economic Development
550 East Sixth Street
Beaumont, CA 92223

Re: **2011 Local Agency Revenue Bonds, Series A**
(Improvement Area No. 17B)

Dear Mr. Dillon:

In response to your authorization, we have prepared a self-contained appraisal report which addresses all of the property subject to special tax, within the boundaries of the 2011 Local Agency Revenue Bonds, Series A (Improvement Area No. 17B) in the City of Beaumont. The property within Improvement Area No. 17B is proposed for 390 dwelling units, according to the final tract maps.

The subject property is under the ownerships of Pardee Homes, Richmond American Homes, and 163 individual homeowners. The appraisal report will value the "As Is" condition of the land and improvements within the District as of November 15, 2011. This appraisal includes an estimate of Market Value of the land and improvements subject to the special tax. According to the specific guidelines of the California Debt and Investment Advisory Commission (CDIAC), the undeveloped land is valued in bulk according to ownership, representing a discounted value, as of the date of value. The value estimates for the improved and sold dwelling units are considered a retail value for each dwelling unit.

Based on the investigation and analyses undertaken, our experience as real estate appraisers and subject to all the premises, assumptions and limiting conditions set forth in this report, the following opinions of Market Value are formed as of November 15, 2009.

IMPROVEMENT AREA NO. 17B

FIFTY-THREE MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS

$53,650,000

Mr. Dave Dillon
November 17, 2011
Page Two

The self-contained report that follows sets forth the results of the data and analyses upon which our opinions of value are, in part, predicated. This report has been prepared for the City of Beaumont for use in the sale of Community Facilities District bonds. The intended users of this report are the City of Beaumont, its underwriter, legal council, consultants, and potential bond investors. This appraisal has been prepared in accordance with and is subject to the requirements of The Appraisal Standards for land secured financing as published by the California Debt and Investment Advisory Commission; the *Uniform Standards of Professional Appraisal Practice* (USPAP) of the Appraisal Foundation; and the *Code of Professional Ethics* and the *Standards of Professional Appraisal Practice* of the Appraisal Institute.

We meet the requirements of the Competency Provision of the *Uniform Standards of Professional Appraisal Practice*. A statement of our qualifications appears in the Addenda.

Respectfully submitted,

Berri Cannon Harris
Vice President
AG009147

James B. Harris, MAI
President
AG001846

SUMMARY OF FACTS AND CONCLUSIONS

EFFECTIVE DATE OF APPRAISAL	November 15, 2011
DATE OF REPORT	November 17, 2011
INTEREST APPRAISED	Fee Simple Estate, subject to special tax liens
OWNERSHIPS	Pardee Homes Richmond American Homes 163 individual homeowners
LEGAL DESCRIPTION	Improvement Area No. 17B is located within Final Tract Map Nos. 31288-1, 31288-2, 31288-3 and 31288-4.
PROPOSED USE	Improvement Area No. 17B is proposed for 390 single family detached homes within the master planned community known as Tournament Hills. There were three single family detached products that started sales within I.A. 17B, but were discontinued due to the recent recession and weak residential market conditions. The previous products were known as Muirfield, Prestwick and Tanglewood. They were built by Pardee Homes and ranged in size from 2,041 to 3,681 square feet. Minimum lot sizes ranged from 4,725 square feet to 7,700 square feet. Due to current economic conditions and the downturn in the residential market, two smaller products are now in a sales program. Living Smart, by Pardee Homes, ranges from 1,132 square feet to 3,099 square feet in size and \$175,990 to \$257,400 in price. Kensington, by Richmond American Homes ranges from 1,663 square feet to 2,654 square feet in size and \$230,950 to \$269,950 in price. There are four final tract maps in Improvement Area No. 17B. All of the maps have near finished lots and dwellings

SUMMARY OF FACTS AND CONCLUSIONS

PROPOSED USE (Continued)

completed. Within Final Tract Map No. 31288-4, there remains 61 blue-top lots, although it is anticipated that they will be in a near physically finished lot condition by year-end.

SITE CONDITION

Improvement Area No. 17B includes 163 sold and occupied dwelling units; 33 near completed homes; 6 model homes; 127 near finished lots and 61 blue top lots.

All of the land within Improvement Area 17B has recorded final tract maps.

HIGHEST AND BEST USE

For continued development within the Tournament Hills master planned community. Given the continued downturn in the residential market, development of the smaller floor plans with fewer amenities is considered prudent.

VALUATION CONCLUSIONS

Improvement Area No. 17B

$53,650,000

163 Individual Homeowners - $38,000,000
Pardee Homes - $7,510,000
Richmond American Homes - $8,140,000


City of Beaumont
Community Facilities District № 93-1
2011 Local Agency Revenue Bonds, Series A
Improvement Area 17B
17B
San Timoteo Canyon Rd
Desert Lawn Dr
Interstate 10 Frwy
Boundaries Approximate
3846_112111

TABLE OF CONTENTS

INTRODUCTION

Purpose of the Report

The purpose of this appraisal is to estimate the "As Is" Market Value of the *fee simple estate, subject to special tax liens* for all the taxable land and improvements within Improvement Area No. 17B, 2011 Local Agency Revenue Bonds, Series A for the City of Beaumont.

The opinions set forth are subject to the assumptions and limiting conditions set forth in this appraisal and the appraisal guidelines as set forth by the City of Beaumont (City) for Community Facilities District financing.

Function of the Report and Intended Use

It is our understanding that this appraisal report is to be used for Community Facilities District (CFD) bond financing purposes only. The subject property is described more particularly within this report. The bonds are issued pursuant to the Mello-Roos Community Facilities District Act of 1982, as amended. The maximum authorized bonded indebtedness is $25,000,000 for I. A. No.17B.

Client and Intended Users of the Report

This report was prepared for our client, the City of Beaumont. The intended users of the report include the City of Beaumont, its underwriter, legal council, consultants, and potential bond purchasers.

Scope of the Assignment

According to the CDIAC guidelines, the total value conclusion includes the "As Is" estimate of Market Value. This is a fully documented self-contained appraisal report. Any lands designated for park, open space or civic uses within this CFD and not subject to special tax are not included in this assignment. According to the CDIAC guidelines the undeveloped land is valued in bulk, representing a discounted value. The improved dwelling units sold to individual homeowners are considered a retail value for each ownership.

We have analyzed the subject property based upon the proposed uses and our opinion of its highest and best use. The following paragraphs summarize the process of collecting, confirming and reporting of data used in the analysis.

1. Gathered and analyzed demographic data from sources including the California Department of Finance (population data), Employment Development Department of the State of California (employment data), City of Beaumont (zoning information, building permit trends), City of Beaumont Chamber of Commerce (local demographic trends), Hanley Wood Market Intelligence (housing sales, inventory levels, and absorption), and sales personnel of comparable projects (market trends of individual home sales). Subject information was gathered from the developer/ builder and their consultants.
2. Inspected the subject's neighborhood and reviewed the proposed products and similar products for consideration of the Highest and Best Use of the lots.
3. Gathered and analyzed comparable merchant builder land sales within the Beaumont market area, and residential detached unit sales, within the subject's primary market area. Data was gathered from sources including, Comps.com, brokers, appraisers, builders active in the area and developers within the Southern California area. Where feasible, data was confirmed with both the buyer and seller. The data gathered are presented on summary data sheets within this report.

Date of Value and Report

The opinion of Market Value expressed in this report is stated as of November 15, 2011. The date of the appraisal report is November 17, 2011.

Date of Inspection

The subject property was inspected on numerous occasions, with the most recent on November 13, 2011.

Property Rights Appraised

The property rights appraised are those of the *fee simple estate subject to special tax liens* of the real estate described herein.

Property Identification

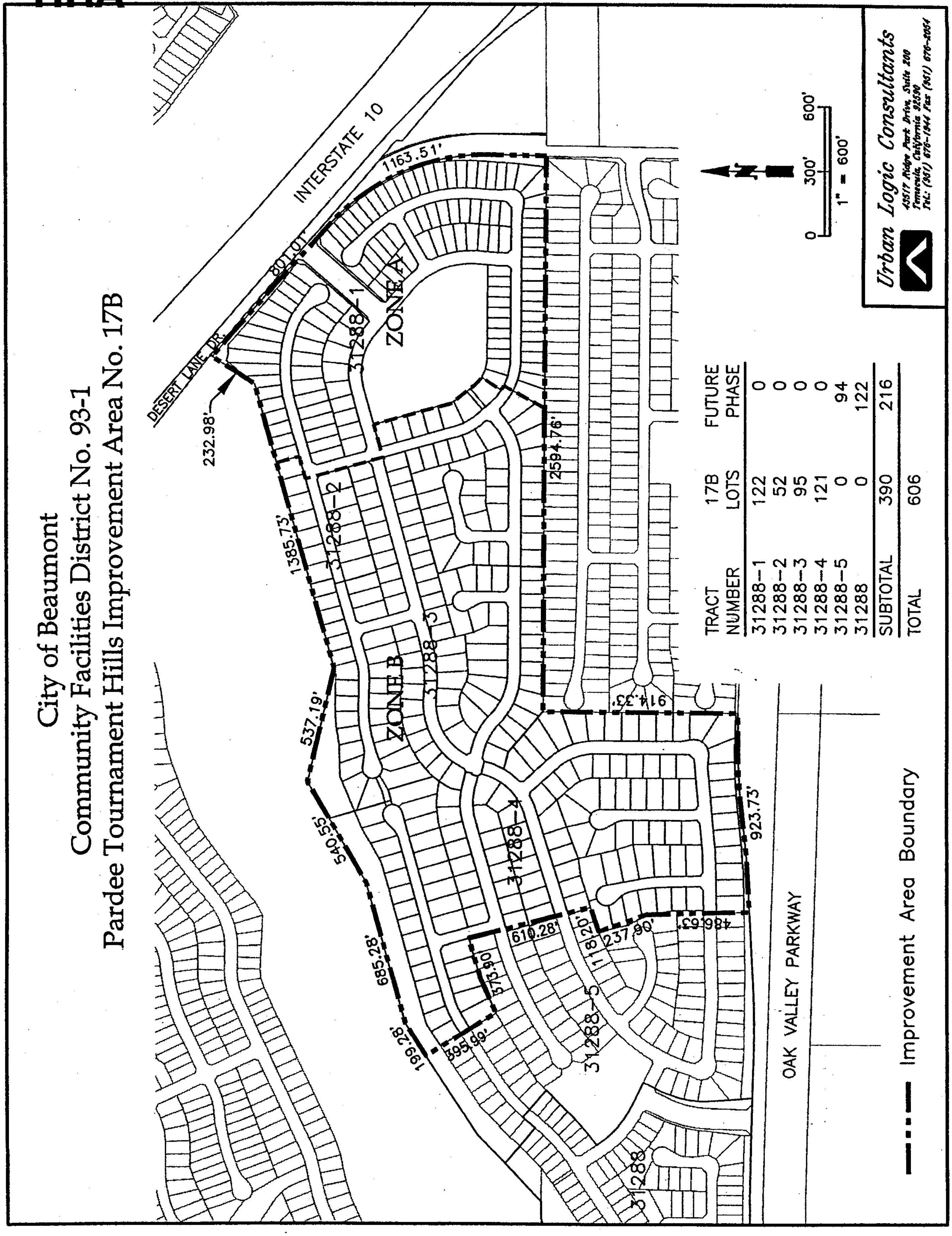
Improvement Area No. 17B is located southwest of Desert Lawn Drive and Interstate 10 and north of Oak Valley Parkway in the master planned community of Tournament Hills, in the City of Beaumont.

I. A. 17B includes four final tract maps. Final Tract Map No. 31288-1 includes 37.2 gross acres; Final Tract Map No. 31288-2 includes 15.65 gross acres; Final Tract Map No. 31288-3 includes 37.03 gross acres; and Final Tract Map No. 31288-4 includes 40.13 gross acres. According to the CFD Report, I. A. 17B is to contain a minimum of 73.02 taxable acres proposed for 390 single family dwellings.

Please refer to the next page for a copy of the boundary map for I. A. 17B.

Legal Description and Ownership

The table on page 5 includes the legal description, condition of the lots and dwellings and current ownership as of the date of appraisal. The table also reflects the number of homes sold to individual owners as of the date of value. Please refer to the Addenda of this report for the name of each homeowner, date of sale and sales price, as provided by the title company.



TRACT NUMBER	17B LOTS	FUTURE PHASE
31288-1	122	0
31288-2	52	0
31288-3	95	0
31288-4	121	0
31288-5	0	94
31288	0	122
SUBTOTAL	390	216
TOTAL	606	

Lot & Tract Numbers	Condition of Dwelling/Land	Ownership
I.A. 17B		
TR. 31288-1		
Lots 1-4, 83-86, 88-91, 102, 106-108, 111	17 Sold dwellings	17 individual homeowners
Lots 6 & 7	2 Model homes	Richmond American
Lots 100-101, 103-105, 108-109	7 Near completed dwellings	Richmond American
Lots 5, 8, 9-82, 87, 92-99, 112-122	96 Near finished lots	Richmond American
TR. 31288-2		
Lots 1-28, 33-45, 50-52	44 Sold dwellings	44 individual homeowners
Lots 46-49	4 Model homes	Pardee Homes
Lots 29-32	4 Near finished lots	Pardee Homes
TR. 31288-3		
Lots 11-15, 20-95	91 Sold dwellings	91 individual homeowners
Lots 16-19	4 Near complete dwellings	Pardee Homes
TR. 31288-4		
Lots 102-112	11 Sold dwellings	11 individual homeowners
Lots 75-92, 98-101	22 Near completed dwellings	Pardee Homes
Lots 62-74, 93-97, 113-121	27 Near Finished lots	Pardee Homes
Lots 1-61	61 Blue-top lots	Pardee Homes

Property History

The subject property, not transferred to Richmond American Homes and 163 individual homeowners has been under the ownership of Pardee Homes for over three years. Richmond American Homes purchased 111 finished lots in Tract No. 31288-1 on June 30, 2010 for $7,174,500 or $64,635 per near finished lot.

Definitions

Market Value[1]

The most probable price in terms of money which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

(a) Buyer and seller are typically motivated.

(b) Both parties are well informed or well advised, and each acting in what he considers his own best interest.

(c) A reasonable time is allowed for exposure in the open market.

(d) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto.

(e) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Minimum Market Value

It may be appropriate for projects that have built-out and occupied product to use mass appraisal techniques. When conforming groups of property types within the same CFD are built and have achieved a stabilized occupancy, appraisers may use a limited valuation analysis to value a sampling of similar properties. In this analysis, the overall average sales price per square foot is compared to the overall average Assessed Value per square foot for each group of parcels. A conservative estimate of value per square foot is used in estimating Minimum Market Value for the 163 Sold dwellings within Improvement Area 17B of CFD No. 17B.

Mass Appraisal

When a tract or project is built-out and absorbed, the appraiser may use an aggregate value estimate based upon *conservative per dwelling unit estimates*. It is implicit in mass appraisal that some individual value conclusions will not meet standards of reasonableness, consistency and accuracy. *However, appraisers engaged in mass appraisal have a professional responsibility to ensure that,* ***on an overall basis****, the value conclusions meet attainable standards of accuracy.* The appraisers have used an average conservative value, for the average size unit within each group of parcels. By utilizing average value estimates, individual home values could be higher or lower, depending on unit size. However, on an

[1] Part 563, subsection 563.17-1a (b) (2), Subchapter D, Chapter V, Title 12, Code of Federal Regulations.

overall basis, the value conclusions are reasonable and meet attainable standards of accuracy.

Fee Simple Estate[2]

Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government.

Fee Simple Estate Subject to Special Tax and Special Assessment Liens

Empirical evidence (and common sense) suggests that the selling prices of properties encumbered by such liens are discounted compared to properties free and clear of such liens. In new development projects, annual special tax and/or special assessment payments can be substantial, and prospective buyers take this added tax burden into account when formulating their bid prices. Taxes, including special taxes, are legally distinct from assessments.

The Market Value included herein, reflects the value potential buyers would consider given the special tax and encumbrances of 2011 Local Agency Revenue Bonds Series A (Improvement Area No. 17B) in the City of Beaumont.

Retail Value

Retail value should be estimated for all fully improved and sold properties. Retail value is an estimate of what an end user would pay for a finished property under the conditions requisite to a fair sale.

Blue-Top Graded Parcel

Blue-top graded parcel includes streets cut and padded lots to blue-top with utilities stubbed to the parcel and perimeter streets in.

Finished Site[3]

Land that is improved so that it is ready to be used for a specific purpose. (Improvements include padded lot, streets and utilities to the lot, and all fees required to issue a building permit paid.)

Near Finished Lot

Physically finished lot requiring development impact fees and possibly minor site work before development can proceed.

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[2] *The Dictionary of Real Estate Appraisal*, Third Edition, published by The Appraisal Institute, 1993, Page 140

[3] Ibid, Page 334

Mass-Graded Parcels

Mass-graded parcel with utilities stubbed to the site and perimeter streets in.

Critical Facilities

Critical Facilities are those which have the highest priority in terms of the City of Beaumont's Comprehensive Public Facilities Financing Program. Critical Facilities represent programs and improvements that have highest priority in terms of the City Program. Included in the Critical Facilities are City Program costs related to the domestic water system, the transportation system and program facilities which include upgrades to the City wastewater treatment plant and San Timoteo watershed improvements.

Joint Facilities

Joint Facilities are those facilities which have the second highest priority in terms of the City Program. Joint Facilities represent improvements which benefit multiple Improvement Areas within the District. Included in Joint Facilities is the Upper Potrero sewer system.

Individual Facilities

Individual Facilities are those facilities which have the lowest priority in terms of the City Program. Individual Facilities represent improvements that generally benefit individual Improvement Areas within the District. Included in Individual Facilities are master planned, in tract water, sewer and park improvements. Included in the financing are improvements to the local streets, sanitary sewer and storm drain system.

Assumptions and Limiting Conditions

The analyses and opinions set forth in this report are subject to the following assumptions and limiting conditions:

Standards Rule ("S.R.") 2-1(c) of the "Standards of Professional Appraisal Practice" of the Appraisal Institute requires the appraisers to "clearly and accurately disclose any extraordinary assumption or limiting condition that directly affects an appraisal analysis, opinion, or conclusion." In compliance with S.R. 2-1(c) and to assist the reader in interpreting the report, the following contingencies, assumptions and limiting conditions are set forth as follows:

Assumptions and Limiting Conditions
No responsibility is assumed by your appraisers for matters which are legal in nature. No opinion of title is rendered, and the property is appraised as though free of all encumbrances (other than the lien of the special tax) and the title marketable. No survey of the boundaries of the property was undertaken by your appraisers. All areas and dimensions furnished to your appraisers are presumed to be correct.

The date of value for which the opinions of Market Value are expressed in this report is November 15, 2011. The dollar amount of this value opinion is based on the purchasing power of the United States dollar on that date.

The appraisers were previously provided with preliminary title policies prepared by Chicago Title Company. The title policies include easements for public utilities, pipelines, ingress and egress and incidental purposes. The title policies include a Notice of Special Tax Lien for I. A. 17B of Community Facilities District No. 93-1 of the City of Beaumont. **For purposes of this appraisal, it is assumed that there are no easements, encroachments or restrictions that would adversely impact the value of the subject property.**

Information contained in this report has been gathered from sources which are believed to be reliable, and, where feasible, has been verified. No responsibility is assumed for the accuracy of information supplied by others.

Maps, plats, and exhibits included herein are for illustration only, as an aid for the reader in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced, or used apart from this report.

Oil, gas, mineral rights and subsurface rights were not considered in making this appraisal unless otherwise stated and are not a part of the appraisal, if any exist.

Since earthquakes are common in the area, no responsibility is assumed for their possible effect on individual properties, unless detailed geologic reports are made available.

Your appraisers have inspected, as far as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representations are made as to these matters unless specifically considered in the report.

The appraisers assume no responsibility for economic or physical factors which may occur after the date of this appraisal. The appraisers, in rendering these opinions, assume no responsibility for subsequent changes in management, tax laws, environmental regulations, economic, or physical factors which may or may not affect said conclusions or opinions.

No engineering survey, legal, or engineering analysis has been made by us of this property. It is assumed that the legal description and area computations furnished are reasonably accurate. However, it is recommended that an analysis be made for exact verification through appropriate professionals before demising, hypothecating, purchasing or lending occurs.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of the appraisers nor did the appraisers become aware of such during the appraisers' inspection. The appraisers have no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraisers, however, are not qualified to test for such substances or conditions.

The presence of such substances such as asbestos, urea formaldehyde, foam insulation, or other hazardous substances or environmental conditions may affect the value of the property. The value estimated herein is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field of environmental impacts upon real estate if so desired.

The cost and availability of financing help determine the demand for and supply of real estate and therefore affect real estate values and prices. The transaction price of one property may differ from that of an identical property because financing arrangements vary.

The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

The forecasts of future events which influence the valuation process are predicated on the continuation of historic and current trends in the market.

The property appraised is assumed to be in full compliance with all applicable federal, state, and local environmental regulations and laws, and the property is in conformance with all applicable zoning and use ordinances/restrictions, unless otherwise stated.

The *Americans with Disabilities Act ("ADA")* became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

We shall not be required, by reason of this appraisal, to give testimony or to be in attendance in court or any governmental or other hearing with reference to the property without prior arrangements having first been made with the appraisers relative to such additional employment.

In the event the appraisers are subpoenaed for a deposition, judicial, or administrative proceeding, and are ordered to produce their appraisal report and files, the appraisers will immediately notify the client.

The appraisers will appear at the deposition, judicial, or administrative hearing with their appraisal report and files and will answer all questions unless the client provides the appraisers with legal counsel who then instructs them not to appear, instructs them not to produce certain documents, or instructs them not to answer certain questions. These instructions will be overridden by a court order which the appraisers will follow if legally required to do so. It shall be the responsibility of the client to obtain a protective order.

The appraisers have personally inspected the subject property; however, no opinion as to structural soundness of existing improvements or conformity to city, County, or any other agency building code is made. No responsibility for undisclosed structural deficiencies/conditions is assumed by the appraisers. No consideration has been given in this appraisal to personal property located on the premises; only the real estate has been considered unless otherwise specified.

James B. Harris is a Member of the Appraisal Institute. The Bylaws and Regulations of the Institute require each Member and Associates to control the uses and distribution of each appraisal report signed by such Member or Associates. Except as hereinafter provided, possession of this report, or a copy of it, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers and in any event only with properly written qualification and only in its entirety. **The City of Beaumont, its underwriter and legal counsel may publish this report in the Official Statement for the 2011 Local Agency Revenue Bonds, Series A (Improvement Area No. 17B).**

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, public relations, news media or any other public means of communication without the prior consent and approval of the undersigned.

The acceptance of and/or use of this appraisal report by the client or any third party constitutes acceptance of the following conditions:

> **The liability of Harris Realty Appraisal and the appraisers responsible for this report is limited to the client only and to the fee actually received by the appraisers. Further, there is no accountability, obligation or liability to any third party. If the appraisal report is placed in the hands of anyone other than the client for whom this report was prepared, the client shall make such party and/or parties aware of all limiting conditions and assumptions of this assignment and related discussions. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at his own risk.**
>
> **If the client or any third party brings legal action against Harris Realty Appraisal or the signer of this report and the appraisers prevail, the party initiating such legal action shall reimburse Harris Realty Appraisal and/or the appraisers for any and all costs of any nature, including attorneys' fees, incurred in their defense.**

AREA DESCRIPTION

The following section of this report will summarize the major demographic and economic characteristics such as population, employment, income and other pertinent characteristics for the Southern California region, Riverside County, City of Beaumont and the subject market area.

Southern California Regional Overview

The Southern California region, as defined in this report, encompasses six individual counties including Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura Counties. The Southern California region extends from the California-Mexico border on the south to the Tehachapi mountain range on the north and from the Pacific Ocean on the west to the California-Arizona border on the east. The region covers an estimated 38,242 square miles and embodies a diverse spectrum of climates, topography, and level of urban development. Please refer to the following page for a location map.

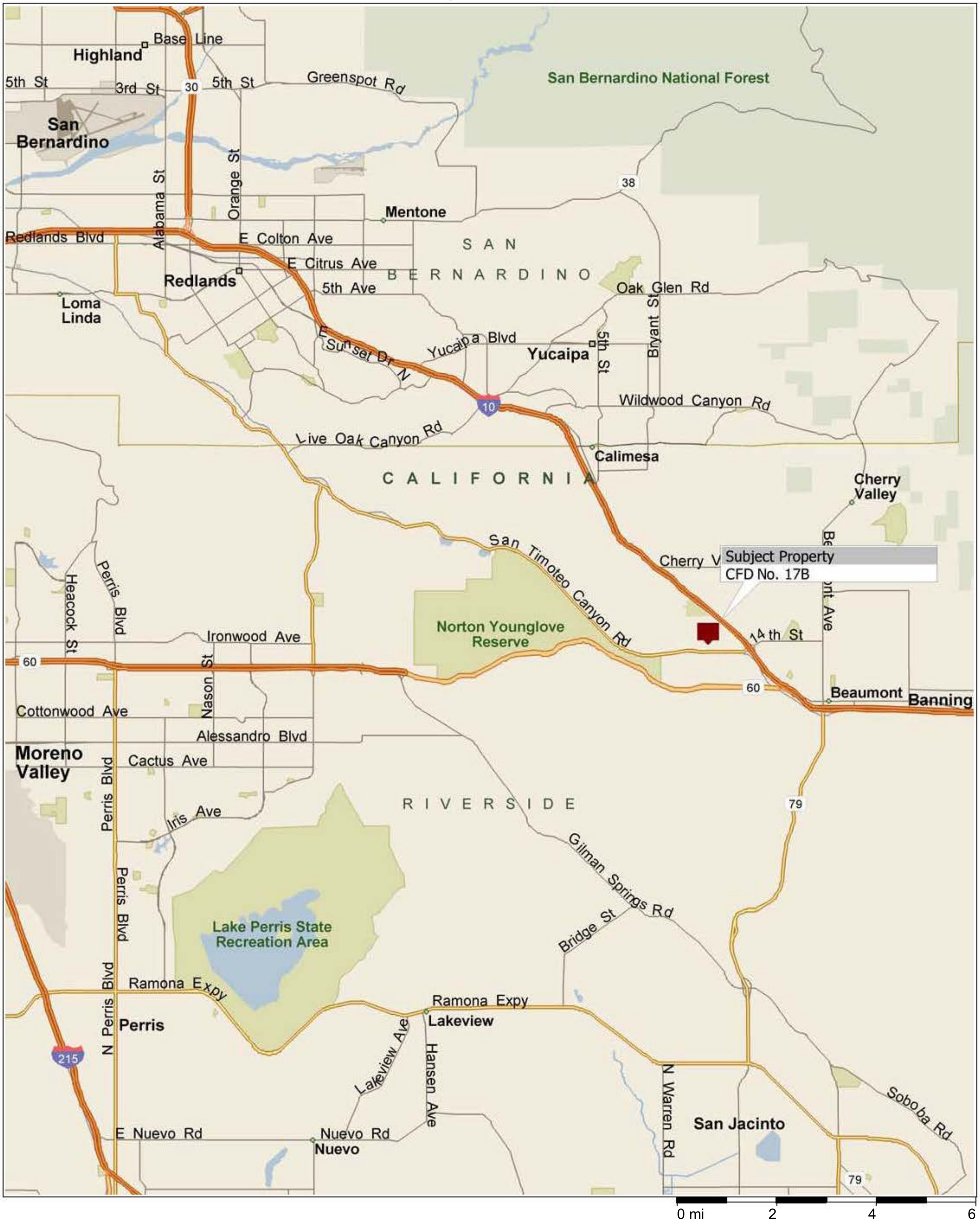
Population

The Southern California region has added about 8.1 million new residents since 1980 as indicated in the table shown on page 15. According to the California Department of Finance, the most recent data available indicate that as of January 2011, the regional population stood at over 21.1 million. If the region were an individual state, it would rank as one of the most populous in the nation.

Since 2000, annual population gains from natural increase and immigration have ranged from a negative 738,081 persons in 2010 up to 397,400 persons in 2002. These figures represent annual gains/losses of -3.4% to 2.0%. During the past five years, the population of the six-county Southern California region grew by a negative 3.4% to a positive 1.3% per annum.

As of January 2011 the population of the six-county area stood at 21,106,400 persons. Looking toward the future it is estimated that the region's population will continue

Regional Map



to climb as new residents seek out the Southern California area. Starting with the economic downturn from 1992 through 1996, and continuing through 2011, the population growth rate declined compared to the growth experienced in the late 1980s. The regional and county populations experienced a negative 3.4% adjustment in the year 2010. This was due to the U.S. Census. The U.S. Census actual counts were significantly less than the prior State of California projections.

Population Trends
1980-2011

		Average Annual Change	
Year	Population	Number	Percent
1980[1]	13,359,673	--	--
1990	17,029,545	366,987	2.7%
2000	19,187,487	215,795	1.3%
2001	19,522,500	335,000	1.7%
2002	19,919,900	397,400	2.0%
2003	20,299,100	379,200	1.9%
2004	20,629,300	330,200	1.6%
2005	20,902,600	273,300	1.3%
2006	21,147,200	244,600	1.2%
2007	21,430,300	266,100	1.3%
2008	21,491,700	61,400	0.3%
2009	21,710,400	218,700	1.0%
2010	20,972,319	(738,081)	(3.4%)
2011	21,106,400	134,081	0.6%

[1] April 1, 1980, 1990, 2000, and 2011 all other years January 1
Source: California Department of Finance 5/11

The future rate of growth will depend on a number of factors that may dramatically affect the region. Some of the major factors include availability of developable land, availability of water, national economic climate, and public policy toward growth and the assimilation of a large number of new foreign immigrants. The continued growth of the population within the region, even during periods of economic slowdown, provides a positive indicator as to the desirability of the Southern California region.

Employment

In conjunction with the population growth, a key indicator of the region's economic vitality is the trend in employment. The most common measure of employment growth is the change in non-agricultural wage employment. The table below illustrates the non-agricultural wage employment trends in Southern California.

Southern California Region
Employment Trends
1983-2010[1]

		Average Annual Change	
Year	Employment	Number	Percent
1983	5,691,000	--	--
1990	7,288,100	159,710	2.8%
2000	7,918,200	63,000	0.9%
2001	8,015,300	97,100	1.2%
2002	8,007,500	(7,800)	(0.1%)
2003	8,035,400	27,900	0.3%
2004	8,159,700	124,300	1.5%
2005	8,310,500	150,800	1.8%
2006	8,481,600	171,100	2.1%
2007	8,514,100	32,500	0.4%
2008	8,365,100	(149,000)	(1.8%)
2009	7,837,300	(527,800)	(6.3%)
2010	7,725,800	(111,500)	(1.4%)

[1] 2010 benchmark
Source: Employment Development Department 3/11

In the Southern California region, average annual non-agricultural employment has grown from 5,691,000 jobs in 1983, to a then peak employment of 8,015,300 in 2001. Employment declined to 8,007,500 in 2002. This decline was mostly caused by a 46,800 job decrease in Los Angeles County. Each year between 2003 and 2007, Southern California employment climbed to a new record level, 8,514,100 in 2007. This was in spite of Los Angeles County only adding an additional 139,000± net jobs in four years. In 2008, the number of jobs declined by 149,000 to 8,365,100. The job losses accelerated in 2009 to a loss of 527,800 jobs for a total of 7,837,300 jobs. The job losses moderated in 2010 to a loss of 111,500 jobs, for a total of 7,725,800 jobs. This three year decline wipes out over ten years of increases. This represents a decrease of over 190,000 new jobs since 2000 in Southern California.

As the economy entered into an economic recession during the latter part of 1990, employment growth slowed. The average annual gain in 1990 was approximately 192,100 jobs or 2.7%. In 1992 when the full weight of the recession was felt, area employment suffered the highest annual decline in jobs registered in the previous 25 years, losing nearly 204,000 jobs or a percentage decrease of 2.9%. This was followed by further employment declines of 102,600 jobs in 1993. It appears that by the middle of 1994, the economic recovery finally began to take hold in the Southern California region. The adverse employment issues experienced in the prior three years had abated. In 1998, total non-agricultural employment stood at 7.4 million, finally exceeding the prior high in 1990. As of year-end 2002, employment was over 8.0 million. Forecasts prior to September 11, 2001, indicated that job growth would continue to be positive in 2001 and increase moderately over the next one to two years. However, with the terrorist attack on the United States and the conflict with Iraq, we had a flat to slightly declining economy, during 2002 and first half of 2003, but then we began recovery during the second half of 2003. 2003 showed a small increase over the previous high mark in 2001. 2004 had a moderate gain over 2003. Employment gains continued to recover in 2005, 2006, and 2007 with an additional 354,400 new jobs or a 4.3% increase. 2008 showed the first major decline since 1991-1993 with a loss of 149,000 jobs, or a 1.8% decline from 2007. During 2009, an additional 527,800 jobs were lost, or a 6.3% decline from 2008. The losses continued in 2010 when 111,500 additional jobs were lost, or a 1.4% decline from 2009.

Employment among the individual industry categories reflects some fundamental regional changes in the economy during the past decade. The level of mining activity in Southern California continues to steadily decline as reflected in the consistent decrease in mining employment. Construction employment, as of 1989, was at a high level in response to the level of construction activity that had occurred in the region during the previous five years. During the period from 1991 through 1994, construction employment declined in response to decreased residential and commercial construction activity. From 1994 through 2006, as the economy rebounded, residential construction increased bringing back more than the construction jobs lost during the recession. Construction jobs have declined since the first quarter of 2007 as the residential market and commercial markets have weakened. As of 2010, there were 207,200 fewer construction jobs than in 2006.

Total manufacturing employment in the region has exhibited little gain from the levels recorded in 1980. Due to the high labor, land, and capital costs in most of the Southern California region, some manufacturing firms have expanded or relocated their manufacturing operations outside of the area.

The Southern California economy, which historically depended heavily on aerospace and defense related employment, was dealt a double blow. First from the reduction of the space program and reduced defense spending which affected manufacturers and suppliers, and second from the closure of several military bases which has had a ripple effect throughout the local economy. Areas heavily dependent on military spending will be impacted as the units are deployed abroad.

The finance, insurance, and real estate ("FIRE") employment category grew rapidly as the economy recovered from the 1981-1982 national recession. As the economy entered a new recessionary cycle, the FIRE employment sector exhibited little growth from 1991 through 1995. Over the last ten years, job growth in this sector has been significant. However, jobs declined in 2006 and continue to decline in 2007, 2008 and 2009 as real estate loan demand declined. Some of the manufacturing and aerospace jobs permanently displaced from the economy were slowly being replaced with administrative, marketing and research employment. It is reasonable to assume that similar stagnant growth in this area will be experienced during the current economy.

The employment group that has contributed most to the employment growth in the region is the service sector. Since 1980, the majority of all new jobs have been created in the service category. The service sector was the leader in new job growth during the last ten years.

Government employment tends to mirror the growth of the population that it services. It is expected that government employment will grow at a rate similar to the area population. The future employment growth in the Southern California region is expected to continue but at a level moderately lower than recent years. Factors that will affect employment growth include the direction of the national economy, wage levels, housing prices, and population trends. However, the California state budget deficit has negatively impacted both state and local government employment, with significant job losses.

Riverside County

Riverside County consists of 26 individual cities and numerous unincorporated communities. Riverside County is typically grouped with adjacent San Bernardino County to form the Riverside-San Bernardino Metropolitan Statistical Area ("MSA"). This area is commonly called the Inland Empire. Riverside County is bounded by Orange County to the west, San Bernardino to the north, the state of Arizona to the east, and San Diego County to the south.

The major urbanized areas are located in the western portion of the County. The major incorporated cities include the cities of Riverside, Corona, and Moreno Valley. These areas were the most active areas for new growth during the late 1990's until the recession took hold during 2008. The area which encompasses Beaumont, Murrieta, Menifee Valley and Temecula has also experienced rapid growth since the mid 1990's. The areas that experienced the most active growth during the last decade also suffered the most during the recent lengthy recession.

Population

Riverside County has more than tripled its population, adding approximately 1,444,400 new residents since 1980 as illustrated in the following table. As of the 2000 Census, the countywide population stood at 1,545,387 residents. The 2011 estimate by the State of California indicates that the County had 2,217,800 residents on January 1, 2011. Annual population gains, from natural increase and immigration, have ranged from

28,159 persons in 2011 up to 82,041 persons in 2010. Recent gains of 28,159 to 82,041 persons represent annual changes of 1.3% to 3.9% since 2004.

The future rate of growth within the County will depend on a number of factors. Some of the major factors include availability of developable land, availability of water, national and regional economic climate and public policy toward growth.

The areas within the County that will continue to experience the largest share of the new population growth will be the Corona-Riverside area and the area between Lake Elsinore, Menifee and Temecula.

Riverside County
Population Trends
1980-2011

		Average Annual Change	
Year	Population	Number	Percent
1980	663,199	--	--
1990	1,170,413	50,721	7.6%
2000	1,545,387	37,497	3.2%
2001	1,590,200	44,813	2.9%
2002	1,653,800	63,600	4.0%
2003	1,726,300	72,500	4.4%
2004	1,807,600	81,300	4.7%
2005	1,888,300	80,700	4.5%
2006	1,953,300	65,000	3.4%
2007	2,031,600	78,300	4.0%
2008	2,078,600	47,000	2.3%
2009	2,107,600	29,000	1.4%
2010	2,189,641	82,041	3.9%
2011	2,217,800	28,159	1.3%

April 1, 1980, 1990, 2000, 2010, all other years January 1.
Source: California Department of Finance, U.S. Census 6/11

Employment

Employment data for Riverside County are compiled for the entire MSA, which includes San Bernardino and Riverside Counties. These counties have a diverse economy, with manufacturing, construction and tourism being the major industry groups. In conjunction with the rapid population growth experienced in the past two decades, the employment base has continued to grow and diversify. The Inland Empire's unemployment rate is significantly above the Southern California average and higher than the State. The higher unemployment rate is due to the seasonal nature of agricultural employment in the area. The following exhibit illustrates the area's unemployment compared to California as of September 2011. Unemployment rates have increased 168% from the record low of 5%± in 2006.

	Labor Force	Unemployment
California	18,166,000	11.4%
Inland Empire	1,753,800	13.4%

The most common measure of employment growth is the increase in nonagricultural employment. Nonagricultural employment is outlined in the following exhibit. Beginning in the 1980's, the Inland Empire's employment base expanded rapidly as the area moved away from its military and government oriented employment base to a more fully diversified economy.

Nonagricultural employment has grown from an annual average of 443,100 jobs in 1983 to 1,111,200 jobs in 2010. This represents an increase of over 668,000 new jobs created in San Bernardino and Riverside Counties during the past 27 years. Job gains peaked in 1990 with 67,000 new jobs. Since 2000, job increases have ranged from 3,200 new jobs in 2007, to a near record increase of 62,000 new jobs in 2005. However, over the last three years, the Inland Empire had losses of 159,700 jobs. This has reduced employment back to 2003-2004 levels. Over the last five years, job growth has ranged from -7.5% to 3.7%. The following table illustrates the annual employment trends from 1983 through 2010. In September 2011, the non-agricultural employment was 1,111,500 a 1.2% increase from September 2010.

San Bernardino-Riverside MSA
Employment Trends
1983-2010

		Average Annual Change	
Year	Employment	Number	Percent
1983	443,100	--	
1990	735,200	41,700	9.4%
2000	988,400	25,300	3.4%
2001	1,029,700	41,300	4.2%
2002	1,064,500	34,800	3.4%
2003	1,099,200	34,700	3.3%
2004	1,160,000	60,800	5.5%
2005	1,222,000	62,000	5.3%
2006	1,267,700	45,700	3.7%
2007	1,270,900	3,200	0.3%
2008	1,223,800	(47,100)	(3.7%)
2009	1,131,900	(91,900)	(7.5%)
2010	1,111,200	(20,700)	(1.8%)

2010 Benchmark
Source: Employment Development Department 8/11

Employment among the individual industry categories reflects changes in the Inland Empire economy during the past decade. Construction employment gains generally mirror the regional economy. In response to the high level of construction activity that occurred in the County during the period from 1984 to 1989, construction employment reached nearly three times the level recorded in 1982. From 1992 through 1995, construction employment declined in response to decreased building activity. The 2006 levels were more than double the 1993 low. However, since 2006, construction jobs are down 47.1% to 67,400 jobs in 2009.

The number of manufacturing jobs in the Inland Empire has increased over 45% from the levels recorded in 1991. However, manufacturing jobs declined 5.5% from the 2000 high of 120,000 jobs to 113,400 jobs by 2003, then increased back to 124,000 in 2006, but declined to 88,500 in 2009. Due to the high labor and capital costs in Los Angeles and Orange Counties, manufacturing firms have expanded or relocated some of their manufacturing operations to Riverside and San Bernardino Counties to take advantage of the labor force and lower land costs. The following table lists the largest employers in San Bernardino and Riverside Counties.

Inland Empire
Major Employers

Name of Company	Local Employees	Type of Business or Entity
County of San Bernardino	19,000	Local Government
County of Riverside	18,456	Local Government
Stater Bros. Markets	14,805	Grocery Retailer
Loma Linda University Adventist Health	12,817	Health Care and Education
Marine Air Ground Task Force	12,486	Military
Wal-Mart Stores, Inc.	12,263	Retailer
National Training Center	10,000	Military
Kaiser Permanente	9,668	Medical Services
March Air Reserve Base	8,600	Military
University of California, Riverside	7,321	Higher Education
UPS	5,304	Parcel Shipment
Riverside Unified School District	5,099	Public Education
Fontana Unified School District	4,808	Public Education
Pechanga Resort and Casino	4,000	Casino
Abbott Labs	4,000	Medical Technology

Based on ranking of total local employees for businesses that qualify for Book of List Rankings
Source: The Business Press, 2010 Book of Lists

Transportation and public utilities employment tend to mirror population growth. In the Inland Empire the finance, insurance and real estate ("FIRE") category is still a small segment of the employment picture.

A significant number of the new jobs created in the last 15 years have been created in the service sector. The service sector will continue to play a major role in employment growth during the next few years. Government employment is a major employment sector in the Inland Empire due to the rapid growth. Government employment was at a near record high of 224,300 jobs in 2010.

The future employment growth in the Inland Empire is expected to continue as more firms relocate to the area to take advantage of lower land prices and the abundant labor pool. Factors that will affect employment growth include the direction of the state and national economy, and consumer confidence. Due to the terrorist attack on September 11, 2001, and the Iraq conflict, consumer confidence was negatively impacted. Most economists report that we were in a flat economy in 2002 and the first half of 2003, but that we began recovery during the second half of 2003. The recovery continued into 2007. Since 2008, the U.S. Economy has been in a major recession. However, recent reports indicate that the economy has bottomed and is beginning the process to growth.

Income

The average household income in Riverside County is estimated to be $70,309. The median household income stands at $53,981. These figures are moderately below the Southern California region average. The lower income level is due to the lower wages in agriculture, manufacturing, service and government employment. The household income distribution for Riverside County is illustrated in the following table.

County of San Riverside
Household Income Distribution
2011

Income Range	Households	Percent 1/
Less than $15,000	76,329	11.21%
$15,000 - $24,999	71,442	10.49%
$25,000 - $34,999	71,799	10.55%
$35,000 - $49,999	99,857	14.67%
$50,000 - $74,999	131,947	19.38%
$75,000 - $99,999	88,892	13.06%
$100,000 - $149,999	91,331	13.42%
$150,000 - $199,999	25,944	3.81%
$200,000 or more	23,334	3.42%
Total	680,875	100.00%
Median Household Income		$53,981
Average Household Income		$70,309

1/ Percent of total distribution
Source: Claritas 11/11

Retail Sales

Retail demand continues to be fueled by the growth in population as outlined previously. For Riverside County, taxable retail sales have increased from $3.9 billion in

1985 to over $7.4 billion by 1995 and to over $21.8 billion by 2006. However, in 2007, 2008, and 2009 retail sales declined. The 2009 total of $16,057,488 billion is back to the 2003 retail sales level. During the past five years, retail sales growth has ranged from a low of a negative $2.631 billion in 2008 to 2.123 billion in 2005. Annual data for 2010 are not official as of the date of this report, but are reportedly up 4% to 5% from 2009 sales.

The increases in retail sales are due to the exceptionally high County population growth rates experienced during the period from 1983 through 1990. During the period from 1991 through 1993, retail sales were stagnant due to the economic recession. From 1994, and continuing through 2006, there was a significant rebound in retail sales. Due to the current recession, sales declined in 2007, 2008, and 2009 and were 28.8% below the 2006 sales levels. In the future, retail sales growth should reflect the population growth in the County.

Riverside County
Retail Sales Trends 1/
1985-2009

Year	Taxable Retail Sales (000's)	Average Annual Change Number (000's)	Percent
1985	$3,974,400	$319,632	8.7%
1990	$6,596,974	$524,515	13.2%
2000	$12,190,474	$559,350	8.5%
2001	$13,173,281	$982,807	8.1%
2002	$14,250,753	$1,077,472	8.2%
2003	$16,030,952	$1,780,199	12.5%
2004	$18,715,949	$2,684,997	16.7%
2005	$20,839,212	$2,123,263	11.3%
2006	$21,842,345	$1,003,133	4.8%
2007	$21,242,516	($599,829)	(2.7%)
2008	$18,689,249	($2,553,267)	(12.0%)
2009	$16,057,488	($2,631,761)	(14.1%)

1/ Taxable Retail Sales Total (not adjusted for inflation)
Source: State Board of Equalization 6/11

Transportation

Riverside County is served by a major airport, Ontario International, located in adjoining San Bernardino County. Several major airlines have flights into Ontario, while international flights can be booked out of Los Angeles International Airport.

A network of freeways links most urbanized areas of the County. The major north-south arterials are the Corona (15) and Escondido (215) Freeways. The Pomona Freeway (60) provides east-west access to Los Angeles and the desert areas of Riverside County. The Riverside Freeway (91) provides access to Orange and Los Angeles Counties.

Real Estate

The following table shows Riverside County in relation to the remaining Southern California counties for median price and number of dwellings sold.

Southern California Home Sales

	No. Sold – All Homes			Median Price – All Homes		
County	Oct. 2010	Oct. 2011	Pct. Chg.	Oct. 2010	Oct. 2011	Pct. Chg.
Los Angeles	5,470	5,830	6.6%	$325,000	$300,000	-7.7%
Orange County	2,298	2,241	-2.5%	$438,000	$405,000	-7.5%
Riverside	**3,264**	**3,026**	**-7.3%**	**$198,000**	**$187,000**	**-5.6%**
San Bernardino	2,343	2,300	-1.8%	$150,000	$150,000	0.0%
San Diego	2,750	2,759	0.3%	$334,500	$315,000	-5.8%
Ventura	619	673	8.7%	$355,000	$335,000	-5.6%
Southern California	16,744	16,829	0.5%	$283,000	$270,000	-9.6%

Source: DQNews.com 7/10

During the period from 1988 through 1989, housing values appreciated at rates approaching an average of 15% per annum throughout much of Riverside County and Southern California. During the period from 1990 through 1993 as the economic recession influenced all segments of potential homebuyers, the rate of house price appreciation fell dramatically with decreases of approximately 4% to 6% per annum. During 1996 home prices stabilized, and most new subdivisions experienced significant price increases from 1997 to mid-2005 with annual double digit appreciation. Over the past 60± months sales prices have significantly decreased. In Riverside County, 3,026 homes were reported to trade hands in October 2011, which is a decrease of 7.3% from October 2010. This is the 28th month of declining year over year sales. Sales for October are more than 25% below the 10-year average of October home sales for Riverside County. The number of sales during all of 2010 was over 20.0% below the annual average sales from 1988 to 2010. Over the past 12 months, the median sales price has decreased 5.6%, according to DataQuick. This is a vast improvement from the 20% to 25% annual declines on a monthly basis in 2007 and 2008.

Conclusion

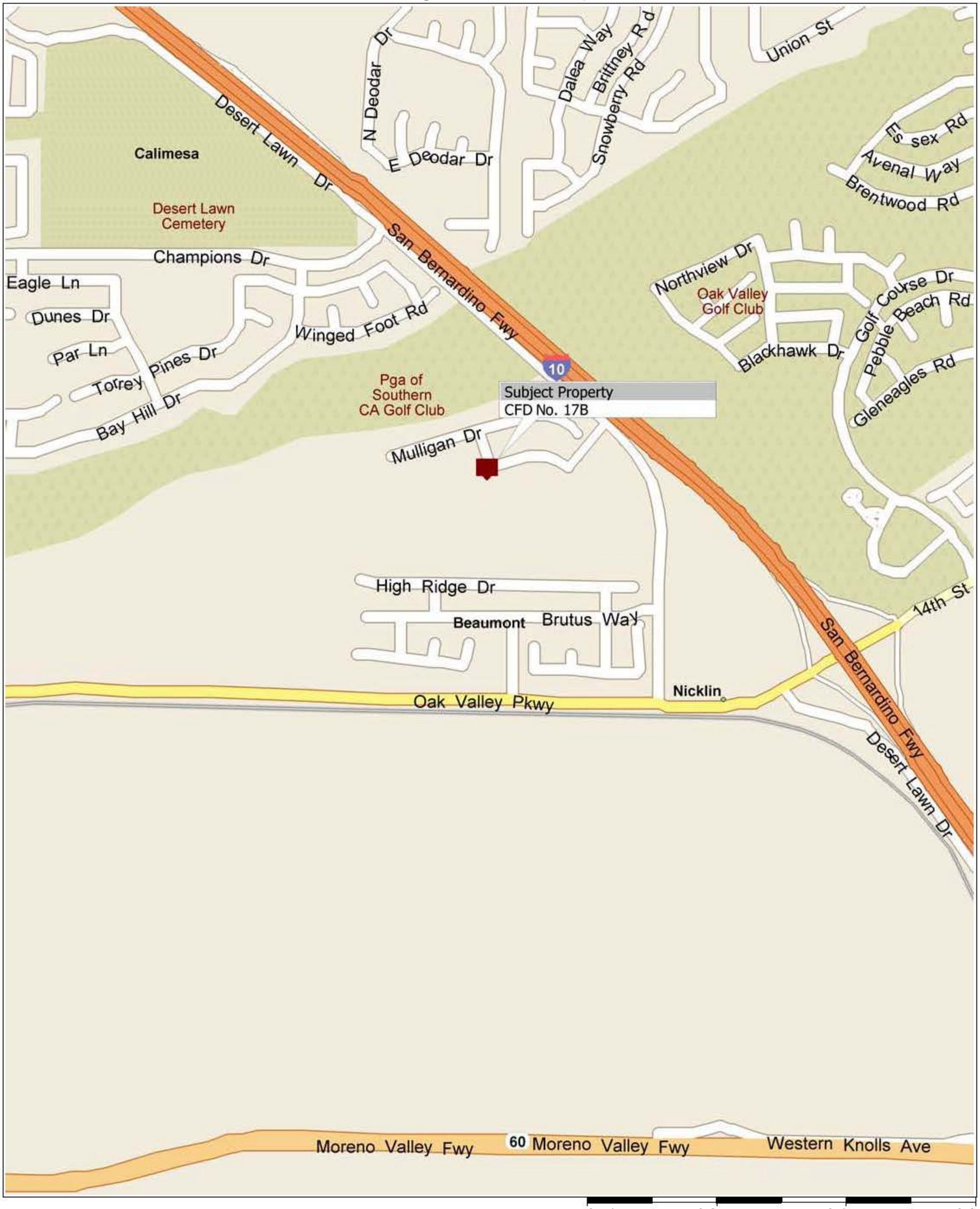
In summary, the region exhibited very strong population and employment growth during the 1980 to 1989 period. The recession of the early 1990s had significantly slowed population growth and resulted in overall job losses from 1990 to 1995. During the following decade, as the economy recovered, population and employment growth were stronger than during the prior growth years of the 1980s. As the current recession took hold, Riverside County was impacted particularly hard, with plummeting home prices and related job losses. The long-term outlook for the region remains positive as the elements of abundant affordable land and labor still exist. Future growth will continue to be affected by the trends in the overall economy. Riverside County's economic environment should follow a path similar to that of the other Southern California counties.

City of Beaumont

The subject property is located in the City of Beaumont. Beaumont is a small, outlying residential community in the San Gorgonio Pass area of Riverside County. Please refer to the location map on the following page. The City has developed on either side of the San Bernardino (I-10) Freeway, south of the San Gorgonio Mountains. The "Pass Area" includes the communities of Cherry Valley, Beaumont, Banning, Cabazon and the Morongo Indian Reservation. The area had seen limited growth since the early 1940s and 1950s with only a few new infill residential areas built. However, from 2001 to 2008, residential development increased significantly. The last three years have seen residential decline 35% to 40% from the peak of the market.

Beaumont is located just south of Calimesa and the San Bernardino County line. Banning is located immediately to the east and reports a population of 29,800 in 2011. Banning and Beaumont are often referred to together due to their proximity and similar nature. The City of Beaumont reports a 2011 population of 38,200 persons or an increase of 4.7% over its 2010 population. Beaumont has almost quadrupled its 2000

Neighborhood Map



census of 11,384 people. Please refer to the following page for a Neighborhood map of the subject property.

The average estimated household income for the City of Beaumont for 2011 is $56,091 with $40,930 being the median household income. The average household income is projected to increase to $59,226 by 2016, according to a Claritas report prepared in November 2011. This projection represents an annual 1%± increase over the five year period. The estimated 2008 income report indicates that almost 60% of the households earn less than $50,000 per year. About 16% have incomes between $50,000 and $75,000 annually and approximately 24% of households have income over $75,000 annually.

New growth in the City, as reported by the City of Beaumont, includes the following major projects currently under construction or in an active sales program.

- *Sundance, 4,716 maximum dwelling units, a 15-acre shopping center site, 242 acres for a school and parks being built by Pardee Homes, Woodside Homes, William Lyon Homes, and KB Home, under construction, in a sales program*
- *Tournament Hills, 1,094 maximum dwelling units by Pardee Homes, under construction, in a sales program*
- K. Hovnanian's Four Seasons at Beaumont Planned Community, 2,400± maximum dwelling units, designed for adults of 55 years and older, under construction, in an active sales program
- Seneca Springs, 955 maximum dwelling units, several builders, nearing completion, in an active sales program
- Fairway Canyon, 3,566 maximum dwelling units, several builders, developed by SunCal, under construction, sales on hold
- Heartland Planned Community, 922 maximum dwelling units, a shopping center site and a 52-acre industrial park, on hold
- Shadow Creek, 241 proposed homes, on hold

The City of Beaumont also reports that it has approved the following master-planned projects which are not yet under construction:

- Kirkwood Ranch, 403 maximum dwelling units, approved Tentative Tract Map and Specific Plan
- Potrero Creek Estates, 700 maximum dwelling units, Specific Plan Approved (1989)
- Noble Creek Vistas, 648 maximum dwelling units, Specific Plan, Annexation Approved
- Jack Rabbit Trail, 2,000 maximum dwelling units, Specific Plan, Annexation Pending
- The Preserve/Legacy Highlands, 3,412 maximum dwelling units, Specific Plan Approved, Annexation Pending.
- Tournament Hills 3, 233 maximum dwelling units, specific plan approved.

The existing commercial development in the area is characterized as older, grade C properties which have suffered from age, stagnant population growth and limited income levels of the existing residents. All this is changing as new development has begun to reach the San Gorgonio Pass area. The first of two major commercial changes was the development of the Desert Hills Outlet Mall, a 474,000 square foot discount mall that has 118 stores and employs approximately 1,500 workers.

The second major change, further to the east, was the 1,000± acre Morongo Indian Reservation and its Casino. This was one of the first and most successful casinos in California. It is currently over 100,000 square feet in size and employs approximately 1,600 people.

South of the subject property, west of Highland Springs Avenue and south of I-10 is the Wal-Mart and Home Depot supercenter in Beaumont. In addition, Wells Fargo Bank, Wicks Furniture, Chili's Restaurant, El Pollo Loco, and McDonald's are open for business.

A Holiday Inn Express is open for business at the northwest corner of Oak Valley Parkway and Golf Club Drive. A mini storage facility, Aim All Storage, is also complete and open for business located west of I-10, at the terminus of Desert Lawn Drive, south of Oak Valley Parkway. At the northwest corner of Second Street and Highland Spring Avenue, The Market Place at Beaumont has recently been completed with tenants that include Best Buy, Ross, Bed Bath & Beyond, Petco, Staples, Bank of America, Washington Mutual and Starbucks.

About 200 acres at the intersection of Interstate 10 and Highway 60 are planned for a regional shopping center. Developers are in the process of acquiring the land for the retail center. More than one million square feet of retail space are planned for the site. The current vision is for a significant portion of the center to be open air and recreate the look of an old-fashioned small town with quaint streets similar to developments in the 1940's and 1950's. Construction is not anticipated to begin for several years. This significant commercial interest supports the idea that Beaumont's economy is expanding as an influx of consumers occupy Beaumont's larger supply of new homes.

The outlook for Beaumont and the San Gorgonio Pass area is for a period of long-awaited growth. The prior expansion included new homes and golf courses complete and under construction. New homes, families and employment are bringing new life into the community, a process that continued during the period of strong housing growth. The area has attracted residents due to the large numbers of affordable homes and the relocation of employers from Los Angeles and Orange counties, where real estate and labor costs are higher. When the economy and housing market return to equilibrium, employment opportunities improve closer to the subject area, and the cities close to the more urbanized areas become even more expensive areas to live and operate a business in, the City of Beaumont and the District are anticipated to continue to experience growth.

MARKET OVERVIEW

The attractiveness of residential development anywhere in Riverside County is evidenced by market activity which has taken place over the last 15± years. Beginning in 1996/1997 and continuing through 2005, significant price increases occurred and incentives and concessions disappeared. The general consensus was that demand for residential land exceeded supply over the 10± year period. Both land sales and home sales showed annual double-digit appreciation from 1996/1997 through 2005.

The current condition of the housing market is that there has been a decline in sales and appreciation over the past 60± months. During the beginning of the downturn there were significant increases in cancellation rates particularly by investors; significant decreases in sales, significant increases in inventory, rising interest rates and significant decreases in sales prices. Incentives and concessions have returned in most markets. First concessions were seen, which were difficult to quantify as most sales agents were often not forthright in this information. It appears that the amount of concessions and/or incentives can vary for a home that may have just fallen out of escrow and is now standing inventory, to homes that may not be ready to close escrow for 3 to 4 months. However, in most markets there have been actual price reductions, particularly for projects that have just entered the market. The decline in demand for residential homes appears to have started in November 2005. There is a delay in the time it takes for prices to adjust to reduced sales. The slowdown in sales activity appears to have hit the more affordable markets more than the higher end markets. The lack of sub-prime and ALT-A lenders along with more restrictive loan underwriting standards negatively impacted the affordable market segment. According to sales agents and most builders, incentives, other than price reductions, did not prove very effective in stimulating sales.

According to DataQuick, October 2011 home sales declined 7.3% compared to October 2010. The large inventory of homes on the market has continued to negatively impact home prices. Riverside County saw the second biggest percentage of decline within the Southern California market, with the median home price falling 38.9% to $187,000 from March 2008. Discretionary sales have all but disappeared. Only those that must sell their homes due to personal or financial circumstances are currently in the market. One of the reasons for the Inland Empire's sharp decline in housing demand is due to the lending that was geared to the marginal homebuyer. The region also had the most new-home construction in Southern California where builders were lowering prices and giving other incentives to sell their inventories. Foreclosed houses are continuing to come into the market in large numbers in Riverside County. The sales of the foreclosed homes are driving prices downward while boosting sales numbers from recent levels. Most economists are predicting that sales rates may remain relatively similar as they currently are, but that sales prices will continue to decline into 2012. The new homes that are in sales programs currently are much smaller and much cheaper that the new homes that were for sale in 2008/2009.

According to Hanley Wood Market Intelligence, the price of a new single family home in Riverside County increased 4.3% between June 2010 and June 2011. The June median price of a new detached home in Riverside County is reported to be $310,500. This price is still lower than the county median price in December 2008. It is about 9.0% higher than the low median reached in September 2008.

The rate of sales in Riverside County has declined 44.4% between June 2010 and June 2011, according to Hanley Wood Market Intelligence. The general thinking is that the extreme slowdown in sales is due to lack of demand, largely caused by fear of further price declines or lack of financing. The general opinion is that sales prices, particularly for new homes, have reached an affordable level that is supported by economic growth. Once financing becomes available, demand and sales activity is expected to resume. This could take 6 to 12 months.

Inventory of available homes in the Riverside County marketplace increased dramatically in 2006 and 2007 and home prices began to decline. The rising mortgage rates, tighter loan standards and over-priced homes were considered the main reasons for the slow down in sales and declining prices. In addition, the investor/speculator has disappeared in most markets, which has also hurt demand. Between 2006 and 2008, sales activity continued to slow, causing inventories of unsold homes to rise. Builders have slowed down the pace of construction, and the number of homes built, and unsold inventory has started to decline in Riverside County over the last three years. The current residential market has now been through three spring-summer sales seasons with extremely sluggish sales. We are of the opinion that the housing market will remain slow in Riverside County throughout 2011 and into 2012, similar to many other markets.

The sharply lower lot values in the region, combined with a trend toward building smaller and/or less amenitized homes, has resulted in houses priced under $250,000. The builders are able to offer better values in homes that buyers can afford and qualify to buy. It is anticipated that the smaller and lower priced homes should help to stimulate sales.

Builders within Riverside County sold 3,575 new single-family detached homes and 232 condominiums during 2010. Total sales have significantly declined from 2005. Second quarter sales represent a decrease of 44.4% for new detached product over the second quarter of 2010. Most of the detached homes sold in Riverside County during the second quarter of 2011 are priced under $350,000, which comprise 65%± of the total sales. Sales of homes priced between $250,000 and $299,999 continue to see the most activity, comprising 21%± of the detached market. The number of active detached projects in Riverside County was down 29 projects from the second quarter of 2011. The submarkets with the greatest number of projects are the South, Central and Desert submarkets at 49, 41 and 76 projects, respectively.

Standing (completed, but unsold) detached inventory declined 24.7% in the second quarter of 2011 compared to the second quarter of 2010 to 623 units in Riverside County. At the current sales rate, that is about a 2.6-month supply of detached homes. Total detached (built, under construction, planned) unsold inventory consisted of 24,743 units at the second quarter of 2011, which is up from 16,682 units one year ago. At the current sales rates, this level of inventory equates to a 103.8-

month supply, which is up from 59.1-months in June 2011. This rapid increase in inventory has intensified builder competition and price reductions.

According to an interest rate survey published weekly in the Los Angeles Times, the typical 30-year, fixed rate conforming loan is between 4.50% and 5.00% as of the date of this report. Mortgage rates have been in the 4.00% to 5.25% range over the past year. While a slight increase in rates may impact demand, we do not anticipate a significant drop in demand, due to the interest rate increases, as long as rates remain near or below the 8.00% level. The current level of interest rates, along with record low sales prices over the past 5 to 6 years, should help to increase sales activity, for qualified buyers.

Riverside - North Central Submarket

The Competitive Market Area ("CMA") is defined as the North Central portion (Banning, Beaumont, Calimesa, Cherry Valley, Romoland, San Jacinto, Sun City and Winchester) of Riverside County. The subject's submarket accounted for 460 detached sales during 2010, down about 29% from 2009's 650 sales. The median price for a new detached home in the North Central submarket has increased 10.1% over the past year to $271,500. Although still the most affordable submarket in Riverside County with a price per square foot ratio of $101.00, the price per square foot in the subject's submarket decreased by 11.3%, and the average size of a detached home decreased 15.0% from the previous year.

During the second quarter of 2011, the subject's submarket sold 16 homes priced under $250,000; 21 detached homes priced between $250,000 and $299,999; 3 detached homes priced between $300,000 and $349,999; 3 detached homes priced between $350,000 and $399,999; and 6 detached homes priced between $400,000 and $499,990. The subject's submarket was the only submarket in Riverside County without any sales over $500,000. There were no attached units that sold in the subject's submarket during the second quarter of 2011.

Within the North Central submarket there are 27 active projects, which is four less than last year at this time. The subject's market area reports 23 units under construction. This is the lowest inventory level in Riverside County. Total inventory which includes units built, under construction and future construction totals 1,560 units which equates to a 65.0 month supply at the current sales rate. One year ago, total inventory was at 2,666 units, and the time to absorb was 67.2 months.

The subject's primary market area, Beaumont, emerged as an important new home market in 2001-2002. This activity established the City as a viable new home location. Once market conditions stabilize, sales activity is anticipated to resume. Continued demand in this market will likely result in the development of one or more of the several major planned communities that are planned in the market area. Competition should continue to be moderate throughout the build-out of the District, with the smaller and lower priced products. Since opening for sales, the new projects have met with adequate demand from the market place given current market conditions.

Beaumont Competitive Market Survey

Please refer to the table on page 38 that summarizes the currently selling projects in Beaumont. The survey date was November 10, 2011. As indicated on the table, overall sales activity has been slow in the Beaumont market. The sales rates generally range from 0.7 to 2.3 units per month.

The golf course community of Tournament Hills (I.A. 17B) currently has two projects available for sale. All projects opened for sales during 2010 and 2001. The two projects are experiencing overall absorption rates between 0.7 and 1.2 units per month.

There was one project adjacent to the planned community of Seneca Springs. The one project currently selling has experienced an absorption rate of less than one unit per month.

The age-restricted community of K. Hovnanian's Four Seasons at Beaumont offers five projects in an active sales program. The overall absorption rate is 2.3 units per month.

The Beaumont market was strong until the first quarter of 2006. Since that time, demand has dramatically decreased which has created downward pressure on sales prices. All tracts have reduced size and amenities and lowered prices. Current absorption is generally around 1.0 to 2.0 units per month.

Beaumont Market Area
Comparable Residential Project Summary
Detached Single Family Homes
November 1, 2011

No.	Project Location	Units	Lot Size	Base Price	Unit Size	Price/ Sq. Ft.	No. Sold Start Dt.	Overall Mo. Abs.
	K.HOVNANIAN COLLECTIONS	**1,874**					**980**	**2.3**
	FOUR SEASONS AT BEAUMONT						**Nov-04**	**AVG. PER**
				Prices for Four Seasons 12/1/08				**PRODUCT**
1	**Collanades Collection**	n/a	5,500	$195,900	1,706	$114.83	included above	
	K. Hovnanian Homes			$177,990	1,404	$126.77		
	Beaumont			$200,990	1,484	$135.44		
				$186,990	1,559	$119.94		
2	**Landmark Collection**	n/a	6,300	$208,990	1,884	$110.93	included above	
	K. Hovnanian Homes			$211,990	2,036	$104.12		
	Beaumont			$231,990	2,166	$107.11		
				$243,990	2,239	$108.97		
				$240,990	2,324	$103.70		
3	**Heritage Collection**	n/a	5,000	S/O	2,023	$0.00	included above	
	K. Hovnanian Homes			$232,392	2,037	$114.09		
	Beaumont			$216,236	2,102	$102.87		
4	**Monarch Collection**	n/a	3,400	$146,000	1,444	$101.11	included above	
	K. Hovnanian Homes			S/O	1,540	$0.00		
	Beaumont			$176,352	1,556	$113.34		
5	**Woodhaven @ Seneca Springs**	102	5,000	$188,950	1,500	$125.97	50	0.7
	Hearthside Homes			$199,950	1,800	$111.08	Jan-06	
	Beaumont			$230,990	2,000	$115.50		
				$246,990	2,600	$95.00		
6	**Kensington @Tournament Hills**	111	4,725	$230,950	1,663	$138.88	6	0.6
	Richmond American Homes			$239,950	2,022	$118.67	Jan-11	
	Beaumont			$249,950	2,298	$108.77		
	Subject			$249,950	2,422	$103.20		
				$269,950	2,654	$101.71		
7	**Living Smart @ Tournament Hills**	190	7,700	$175,990	1,132	$155.47	20	1.2
	Pardee Homes			$184,990	1,303	$141.97	Jun-10	
	Beaumont			$199,490	1,597	$124.92		
	Subject			$212,990	1,900	$112.10		
				$217,490	2,030	$107.14		
				$229,490	2,315	$99.13		
				$242,990	2,664	$91.21		
				$257,490	3,099	$83.09		

SITE ANALYSIS

General

The participating projects within the boundaries of 2011 Local Agency Revenue Bonds Series A (Improvement Area No. 17B) are currently proposed for 390 dwelling units that will be subject to special tax within the planned community of Tournament Hills in the City of Beaumont. The land ranges in condition from blue-top lots to completed and occupied dwellings. The condition of the land is as of the inspection date of November 13, 2011.

The District has four recorded tract maps. The 390 proposed homes within Improvement Area No. 17B include 6 completed model homes, 163 completed and occupied dwelling units, 33 dwellings near completion, 127 near finished lots and 61 lots in blue-top lot condition with wet utilities under construction.

Location

The subject property is located in the City of Beaumont in the north central area of Riverside County. The unincorporated area of Cherry Valley and the City of Calimesa are located to the north and northwest of Beaumont. The City of Banning is located to the east and unincorporated County areas are located to the southeast, south and southwest. The City of Moreno Valley is located to the West along the S-60 Highway.

Improvement Area 17B is within the planned community of Tournament Hills which is located southwest of Desert Lawn Drive and I-10 and north of Oak Valley Parkway.

Current Site Condition

The subject property is in various stages of site and unit construction. Please refer to the following table for a summary of the proposed products, legal descriptions, and stage of site and unit construction for the 390 lots within Improvements Area No. 17B. The site descriptions are as of the date of inspection, November 13, 2011. Please refer to the beginning of this report for an aerial photograph of the subject property. The aerial photograph was flown during November 2011.

Lot & Tract Numbers	Condition of Dwelling/Land	Ownership
I.A. 17B		
TR. 31288-1		
Lots 1-4, 83-86, 88-91, 102, 106-108, 111	17 Sold dwellings	17 individual homeowners
Lots 6 & 7	2 Model homes	Richmond American
Lots 100-101, 103-105, 108-109	7 Near completed dwellings	Richmond American
Lots 5, 8, 9-82, 87, 92-99, 112-122	96 Near finished lots	Richmond American
TR. 31288-2		
Lots 1-28, 33-45, 50-52	44 Sold dwellings	44 individual homeowners
Lots 46-49	4 Model homes	Pardee Homes
Lots 29-32	4 Near finished lots	Pardee Homes
TR. 31288-3		
Lots 11-15, 20-95	91 Sold dwellings	91 individual homeowners
Lots 16-19	4 Near complete dwellings	Pardee Homes
TR. 31288-4		
Lots 102-112	11 Sold dwellings	11 individual homeowners
Lots 75-92, 98-101	22 Near completed dwellings	Pardee Homes
Lots 62-74, 93-97, 113-121	27 Near finished lots	Pardee Homes
Lots 1-61	61 Blue-top lots	Pardee Homes

Size and Shape

Improvement Area No. 17B consists of 4 recorded final tract maps. Tract Map No. 31288-1 consists of 37.2 gross acres; Tract Map No. 31288-2 consists of 15.65 gross acres; Tract Map No. 31288-3 consists of 37.03 gross acres; and Tract Map No. 31288-4 consists of 40.13 gross acres. Total site area for I. A. 17B is 130.01 gross acres according to the recorded tract maps. (Please refer to the Addenda for copies of the Final Tract Maps.)

Soils and Geology

The appraisers have requested soils and geological reports for I.A. 17B. As of the date of this appraisal, such reports have not been provided for review. However the entire District has been graded to at least blue-top condition. **It is a specific assumption and contingency of this appraisal that all required studies have been completed on the property and the land can be developed as currently proposed.**

Topography and Drainage

Improvement Area No. 17B consists of level to gently rolling topography. Upon construction of the lots, most on-site run-off will be channeled into the streets where it is collected by curbs and gutters and carried into the storm drains located at various locations along the streets.

It is a specific assumption of this appraisal that the subdivider/builder will fulfill all grading and drainage requirements of the City of Beaumont prior to construction of dwelling units.

Zoning

The subject property is within the City of Beaumont. The overlying zone designation is SP, Specific Plan. All of the District has recorded final tract maps. The current improvements are consistent with the Specific Plan and Final Tract Maps.

Improvement Area No. 17B includes Final Tract Map No. 31288-1 recorded on December 20, 2005; Final Tract map No. 31288-2 recorded on February 7, 2007; Final Tract Map No. 31288-3 recorded on April 24, 2007; and Final Tract Map No. 31288-4 recorded on July 23, 2007. The existing and proposed improvements are legal and conforming uses.

Access and Circulation

The City of Beaumont's regional access is provided via State Route 60 (Moreno Valley Freeway) and Interstate 10 in an east/west direction and by State Route 79 (Beaumont Avenue) in a north/south direction. These transportation corridors connect the City to eastern and southern Riverside County as well as the abutting counties of Orange, Los Angeles, San Diego and San Bernardino. Ontario International Airport is located 40± miles northwest of the City of Beaumont providing both passenger and freight airline service.

The existing and proposed subdivisions provide internal residential streets that are improved with concrete curbs, gutters and sidewalks and offer one lane in each direction.

Easements

For Improvement Area No. 17B, the appraisers were previously provided with four preliminary title policies prepared by Chicago Title Company. The title policies include easements for public utilities, pipelines, ingress and egress and incidental purposes. The title policies include a Notice of Special Tax Lien for I. A. 17B of Community Facilities District No. 93-1 of the City of Beaumont. The title policies are retained in the appraisers' work files. ***For purposes of this appraisal, it is assumed that there are no easements, encroachments or restrictions that would adversely impact the value of Improvement Area No. 17B.***

Utilities

The subject properties are served by the following companies/agencies:

Electricity	Southern California Edison Company
Water	Beaumont Cherry Valley Water District
Gas	Southern California Gas Company
Sewer	City of Beaumont
Telephone	Verizon
Police	City of Beaumont Police Department
Fire	Riverside County Fire Department
Storm Drain	City of Beaumont

Earthquake, Flood Hazards, and Nuisances

The subject property, as of the date of valuation, is not located in a designated Earthquake Study Zone as determined by the State Geologist. However, all of Southern California is subject to seismic activity. According to the geotechnical report, the nearest active fault is the San Jacinto-San Jacinto Valley fault, located approximately 7 miles southwest of the subject property.

According to Federal Emergency Management Agency Community Panel Nos. 06065C0805G and 06065C0785G, effective date August 25, 2008, the subject properties are in a Zone X designated area that references an area of minimum flooding. Flood insurance is not required. No other nuisances or hazards were observed on physical inspection of the subject property as of the date of value.

Environmental Issues

The appraisers have requested, but have not been provided with, a Phase I or Phase II Environmental Site Assessment Report for review. The entire District has been graded to at least blue-top lot condition. Significant site improvements and dwelling units have been constructed within the District. According to the developer, there are no known environmental issues that would preclude the issuance of a building permit.

For purposes of this appraisal and values included herein, it is a specific assumption and contingency that the land is suitable for the proposed developments, and all required state and federal permits have been issued to allow development of the property as proposed.

Taxes and Special Assessments

The subject property generally has a base tax rate of around 1.36706% of assessed value. In addition, there are special taxes that range from $1,785 to $3,100 per unit depending on the size of the dwelling. The overall tax rate is estimated around 2.0% of value for the proposed dwelling units. Improvement Area No. 17B has undeveloped special tax for final mapped property that ranges from $10,458 to $13,574 per acre. Please refer to the City's special tax consultant's report prepared by General Government Management Services which provides specific information on individual taxes. *The appraisers have requested, but have not been provided with, property tax information for each lot and tract within the District.* ***For purposes of this appraisal it is assumed that all property taxes due are paid in full.***

PROPOSED IMPROVEMENT DESCRIPTION

General

Improvement Area No. 17B was originally proposed for development of three projects of larger and more expensive homes than are currently being offered. Due to market conditions in 2008 and 2009, the Muirfield, Prestwick and Tanglewood products were discontinued. Currently, there are two products being offered. Living Smart, by Pardee Homes, ranges in size from 1,132 square feet to 3,099 square feet. There are eight floorplans. Base sales prices range from $175,990 to $257,490. This project opened for sales in 2010. Kensington, by Richmond American Homes, ranges in size from 1,663 square feet to 2,654 square feet. There are five floorplans. Base sales prices range from $230,950 to $269,950. This project also opened for sales in 2010. Please review the following tables for a breakdown of the two projects.

Pardee Homes
Living Smart

Floor Plan	Size	Base Price	
1	1,132	$175,990	$155.47
2	1,303	$184,990	$141.97
3	1,597	$199,490	$124.92
4	1,900	$212,990	$112.10
5	2,030	$217,490	$107.14
6	2,315	$229,490	$99.13
7	2,664	$242,990	$91.21
7X	3,099	$257,490	$83.09

Richmond American Homes
Kensington

Floor Plan	Size	Base Price	
1	1,663	$230,950	$138.88
2	2,022	$239,950	$118.67
3	2,298	$239,950	$104.42
4	2,422	$249,950	$103.20
5	2,654	$269,950	$101.71

The appraisers have inspected the model homes and reviewed floor plans included in the sales brochures. For purposes of this appraisal, we have assumed that the quality of construction, functional utility, amenities and features will continue to meet market demand for new product in the subject market area. The following table represents the proposed number of units, lot sizes, home sizes and current base prices for the proposed homes as indicated by the sales brochures and sales agents.

Product	Total Dwellings Planned	Unit Sizes	Minimum Lot Size	Base Sales Price
Tanglewood	13	2,756-3,681	7,000	Discontinued
Prestwick	29	2,628-3,562	7,500	Discontinued
Muirfield	47	2,041-3,062	6,000	Discontinued
Kensington	111	1,663-2,654	4,725	$230,950-$269,950
Living Smart	190	1,132-3,099	6,000	$175,990-$257,490
Total I. A. No. 17B	***390***			

Functional Utility

It is an assumption of this appraisal that all of the floor plans are functional, and competitive with current design standards.

Remaining Economic Life

The total/remaining economic life, according to the Marshall Valuation Service, is considered to be 50 years from date of completion.

Homeowners' Association Dues

The homeowner's association dues are reported to be between $145.00 and $147.00 per month within Improvement Area No. 17B. The HOA will be responsible for maintaining all of the common areas within the Association Property including all recreation facilities, streets, gates, landscaping and open space lots.

HIGHEST AND BEST USE

The term *highest and best use* is an appraisal concept, which has been defined as follows:

> 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.[4]

It is implied in these definitions that determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners. Hence, in certain situations, the highest and best use of land may be for parks, greenbelts, preservation, conservation, wildlife habitats, and the like. A use which does not meet the needs of the public will not meet the highest and best use criteria.

The determination of highest and best use, therefore, requires a separate analysis for the land as legally permitted, as if vacant. Next, the highest and best use of the property with its improvements must be analyzed to consider any deviation of the existing improvements from the ideal. "The highest and best use of both land as though vacant and property as improved must meet four criteria. The highest and best use must be: legally permissible, physically possible, financially feasible, and maximally productive. These criteria are often considered sequentially."[5] The four criteria interact and, therefore, may also be considered in concert. A use may be financially feasible, but it is irrelevant if it is physically impossible or legally prohibited.

Legally Permissible Use

The legal factors affecting the sites and their potential uses are often the most restrictive. These would typically be government regulations such as zoning and building codes.

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[4] *The Appraisal of Real Estate*, 10th Edition, Pub. by the Appraisal Institute, Chicago, IL, p. 275.

[5] Ibid, p. 280.

The subject property is within the City of Beaumont. The overlying zone designation is SP, Specific Plan. All of the District has recorded final tract maps. The existing and proposed improvements are a legal and conforming use.

Physically Possible Use

The subject properties are located in the City of Beaumont. Beaumont is located in Riverside County and is accessed by SR-60 and I-10. These transportation corridors connect the City to eastern and western Riverside County as well as to the abutting counties of Orange, Los Angles, San Diego and San Bernardino.

The specific site location of Improvement Area No. 17B is considered average. Improvement Area No. 17B is within the planned community of Tournament Hills which is located southwest of Desert Lawn Drive and I-10 and north of Oak Valley Parkway.

All of the subject property has been graded to at least blue-top lot condition. Approximately 85% of I. A. No. 17B is in near finished lot to finished lot condition. Improvement Area 17B has been under unit construction for at least 4 years. Production homes have been sold to individual homeowners

The size, access and topography of the subject property make it physically suited for several types of development; however, the existing development of residential products within the master planned communities make the subject property more suitable for residential use.

Based on the physical analysis, the subject property appears to be best suited for residential development.

Financial Feasibility and Market Conditions

The financial feasibility of the development of the subject property is based on its ability to generate sufficient income and value in excess of the costs to develop the property to its highest and best use. Please refer to the Valuation section of this report, which gives support to the financial feasibility of the District.

As discussed in the Market Overview section of this report, the current projections for the housing market indicate that a decline in sales activity and price has occurred over the past 5 years. It appears that prices have achieved an affordability level more consistent with current economic growth. Most economists are predicting a return to a more balanced and normal market within the next 12 to 18 months. Over the past 60± months, sales activity has been drastically reduced along with prices. It takes several months for prices to respond to declining sales. Similarly, it is expected that for prices to stabilize, it will take several months of a reasonable sales level for the market to adjust.

Most projects throughout Beaumont and similar markets started to plateau during the first quarter of 2006. Incentives and price reductions were apparent in most tracts in an attempt to find the "new" equilibrium in absorption and sales price, given current market conditions. Please refer to the table on page 38 of this report that summarizes the actively selling projects in the City. As indicated, demand has been slow and projects similar to that of the subject are generally experiencing sales rates around 2 units per month. The two subject tracts, Kensington and Living Smart have had similar absorption to most of the competing tracts in Beaumont with sales between 1. 2 and 2.8 units per month since opening.

Market conditions have deteriorated sharply over the past 60 months in the Inland Empire market area. The previous products of Muirfield and Prestwick are no longer considered the highest and best use of the sites. Declining sales prices make these projects not feasible at this time. Currently, two new projects are being offered. Both are much smaller and less amenitized than the previous projects. These new projects meet the current market demand for Beaumont.

Maximally Productive

In considering what uses would be maximally productive for the subject property, we must consider the previously stated legal considerations. We are assuming the land use allowed under the existing zoning, SP with the City of Beaumont, is the most productive use that will be allowed at the present time. Current demand indicates that other alternative uses are not feasible at this time.

Between 2002 and 2005, the Beaumont market area was well received by home buyers. Builders continued to offer projects with larger and more expensive homes, with more amenities of a planned community. Prices continued to increase until 2006. Based on current market demand, it appears that development of smaller and less amenitized homes would better meet market demand. Given the smaller sizes of the existing dwelling units within the District, it is our opinion that the current development of Kensington and Living Smart provide the highest land value and is, therefore, maximally productive.

Conclusion

Legal, physical, and market considerations have been analyzed to evaluate the highest and best use of the property. This analysis is presented to evaluate the type of uses which will generate the greatest level of future benefits possible from the land.

After reviewing the alternatives available and considering this and other information, it is the opinion of the appraisers that the highest and best use for the subject property, as vacant, is for residential of development homes similar to the current subject property.

As Vacant

After reviewing the alternatives available and considering this and other information, it is these appraisers' opinion that ultimate development of single-family detached for-sale products similar to the smaller dwellings in the Living Smart and Kensington projects are considered the highest and best use of the property.

As Improved

The current projects are a legal use of the property as outlined in this report, and the value of the property as improved will far exceed the value of the site if vacant. This means that the current projects will contribute substantial value to the land. Based on these considerations, it is our opinion that the Kensington and Living Smart developments constitute the highest and best use of the subject property.

VALUATION METHODOLOGY

Basis of Valuation

Valuation is based upon general and specific background experience, opinions of qualified informed persons, consideration of all data gathered during the investigative phase of the appraisal, and analysis of all market data available to the appraiser.

Valuation Approaches

Three basic approaches to value are available to the appraiser:

Cost Approach

This approach entails the preparation of a replacement or reproduction cost estimate of the subject property improvements new (maintaining comparable quality and utility) and then deducting for losses in value sustained through age, wear and tear, functionally obsolescent features, and economic factors affecting the property. This is then added to the estimated land value to provide a value estimate.

Income Approach

This approach is based upon the theory that the value of the property tends to be set by the expected net income therefrom to the owner. It is, in effect, the capitalization of expected future income into present worth. This approach requires an estimate of net income, an analysis of all expense items, the selection of a capitalization rate, and the processing of the net income stream into a value estimate.

Direct Comparison Approach

This approach is based upon the principle that the value of a property tends to be set by the price at which comparable properties have recently been sold or for which they can be acquired. This approach requires a detailed comparison of sales of comparable properties with the subject property. One of the main requisites, therefore, is that sufficient transactions of comparable properties be available to provide an accurate indicator of value and that accurate information regarding price, terms, property description, and proposed use be obtained through interview and observation.

Static Residual Analysis is used to estimate the merchant builder finished lot value. From the estimated base retail home price, all costs associated with the home construction including direct construction costs, indirect construction costs, financing and profit are deducted. Following the deduction of costs, the residual figure is an estimate of the merchant builder finished lot value.

The Direct Comparison Approach is used for the valuation of land when sufficient comparable sales are available. Their sales prices would be considered the best indicators of value, assuming the sales are current and in a similar land condition. The Income Approach is typically used when appraising income producing properties. This approach is not applicable in the valuation of land as land is not typically held to generate monthly income, but rather purchased to construct an end product that may or may not generate income. The Cost Approach is not an appropriate tool in the valuation of land.

For the near finished lots under the ownership of the merchant builders, the Direct Comparison Approach is used to value the merchant builder lots. Valuation by the Direct Comparison Approach is with similar merchant builder land sales. The Static Residual Analysis is also used for valuation purposes as it more closely reflects current market conditions. A near finished lot value is estimated with consideration from each analysis.

As previously discussed, there are 163 completed dwelling units which sold to individual homeowners between 2007 and November 1, 2011. Due to the built-out status of this portion of the District, the appraisers have utilized a mass appraisal technique in the valuation of the completed dwelling units. When implementing a mass appraisal, conservative estimates are to be used in the valuation. It is implicit in mass appraisal that some individual value conclusions will not meet standards of reasonableness, consistency and accuracy. *However, appraisers engaged in mass appraisal have a professional responsibility to ensure that,* ***on an overall basis****, the value conclusions meet attainable standards of accuracy.* The appraisers have used an average conservative value, for the weighted average size unit for the sold dwellings. By utilizing average value estimates, individual home values could be higher or lower, depending on unit size. However, on an overall basis, the value conclusions are reasonable and meet attainable standards of accuracy.

In addition to the 163 completed and sold dwelling units, there are six models complete. Seven production Kensington dwellings are essentially built but not sold. Similarly, 22 Living Smart production dwellings are essentially built but not sold. Given market acceptance for the two projects, we have used their current base prices, less current incentives to value the dwellings. The completed model homes are given 100% of the value for each floor plan and the unsold productions dwellings are conservatively valued at 85% of the value for each floor plan.

VALUATION OF DWELLING UNITS

Valuation of Completed and Sold Dwelling Units

As previously discussed, there are 163 completed dwelling units which sold to individual homeowners between 2007 and November 1, 2011. Please refer to the Addenda of this report for a unit by unit summary of each ownership, date of sale, and sales price. Due to the built-out status of this portion of the District, the appraisers have utilized a mass appraisal technique in the valuation of the completed dwelling units. When implementing a mass appraisal, conservative estimates are to be used in the valuation. It is implicit in mass appraisal that some individual value conclusions will not meet standards of reasonableness, consistency and accuracy. *However, appraisers engaged in mass appraisal have a professional responsibility to ensure that, **on an overall basis,** the value conclusions meet attainable standards of accuracy.* The appraisers have used an average conservative value, for the weighted average size unit for the sold dwellings. By utilizing average value estimates, individual home values could be higher or lower, depending on unit size. However, on an overall basis, the value conclusions are reasonable and meet attainable standards of accuracy.

The 163 dwellings include sales within three projects that started sales before the impact of the recent recession and the significant negative impact to the residential market. The three projects; Prestwick, Tanglewood and Muirfield, discontinued production in 2008. At that time the builder, Pardee Homes, reevaluated the market and designed the current Living Smart product to better meet current market demands. Also included in the 163 sold dwellings are recent sales of a project built by Richmond American Homes, known as Kensington.

The older product and sales were for larger and more expensive homes than are currently selling. As indicated on the summary sheets included in the Addenda, the average size units for sales in 2007, 2008 and 2009 were around 2,750 square feet. The average size units for the two currently selling products are closer to 2,175 square feet. These sales occurred in 2010 and 2011.

Given the state of the residential market during the sales of the subject property, assuming a relatively similar average size dwelling unit, it would be reasonable to expect the 2010/2011 average price per square foot to be below that of the 2009 average price per square foot and for the 2009 average price per square foot to be below that of the 2008 average price per square foot and for the 2008 average price per square foot to be below the 2007 average price per square foot, due to the declining prices over this time frame. It is also important to note, that as a dwelling unit size decreases, all else being similar, the price per square foot usually increases. Please refer to the following table which summarizes the average size unit, average sales price and average price per square foot for each year. Also included is the aggregate average unit size, sales price and price per square foot.

Summary of Subject Sales

Year	No. of Sales	Avg. Size	Avg. S/P	Avg. $/SF
2007	37	2,720 SF	$447,145	$165.62
2008	28	2,818 SF	$339,054	$122.42
2009	17	2,726 SF	$280,765	$103.21
2010	42	2,198 SF	$249,988	$119.33
2011	39	2,162 SF	$243,051	$118.96
2007-2011	*163*	*2,470 SF*	*$311,591*	*$126.71*

The next table summarizes the two actively selling projects within I. A. 17B. Also, please refer to the Improvement Description section of this report that includes a list of each floor plan, unit size, base sales price before incentives and base price per square foot net. The Living Smart product offers Plan 6 with a size of 2,315 square feet for $99.13 per square foot. Plan 7 is 2,664 square feet and is offered at $91.21 per square foot. The overall size for the 163 sold units is between the unit sizes of Plans 6 and 7. The Kensington product offers a Plan 3 that is close in size at 2,422 square feet with a price per square foot of $99.07.

Summary of Current Products			
Year	Avg. Size	Avg. S/P	Avg. $/SF
Living Smart	2,005 SF	$215,115	$107.29
Kensington	2,212 SF	$246,150	$111.28

The actual sales within the subject tracts reflect the state of the residential market over the timeframe of the sales. The change in price per square foot from 2007 to 2008 is approximately a 26% decrease for a similar size unit. The change in price per square foot from 2008 to 2009 is approximately a 16% decrease for a similar size unit. Sales during 2010 and 2011 were for the new products of Living Smart and Kensington with significantly smaller floor plans, with fewer amenities and lower sales prices. As indicated, the sales price per square foot has remained relatively constant over the 18± month sales period.

A review of the subject's market area indicated limited active projects. The base pricing for the two actively selling products at Tournament Hills reflects an average price per square foot of $107.00 for an average 2,005 square foot dwelling and $111.00 per square foot for an average 2,212 square foot dwelling. The Living Smart product is the smaller of the two projects with a lower price per square foot. The Living Smart product is experiencing a better sales rate than the Kensington product, as discussed in the Market Overview section of this report.

A review of the active listings within Improvements Area 17B typically shows mostly "short-sales" for the larger and more expensive homes purchased in 2007 and 2008. In general the price per square foot is around $85.00 to $100.00 per square foot.

The appraisers have given consideration to the recent sales in the subject tracts, and market acceptance for the smaller and more affordable homes as well as the current listings for the larger and more expensive homes. The overall size for the 163 sold dwellings is 2,470 square feet, which is about 18% larger than product currently selling. As previously mentioned, all else being equal, larger homes would sell for a lower price per square foot than similar smaller homes. We have estimated a value of $95.00 per square foot for the 163 sold dwellings within I. A. 17B. The indicated Minimum Market Value for the 163 sold dwelling units within Improvement Area 17B of CFD No. 93-1 is:

2,470 square feet X $95.00/SF X 163 Dwellings = $38,247,050.
Rounded to: $38,000,000

Valuation of Completed Model Units and Dwellings Under Construction

In addition to the 163 completed and sold dwelling units, there are two models complete for the Kensington product and four models complete for the Living Smart product. In addition, seven production Kensington dwellings are essentially built but not sold. Similarly, 26 Living Smart production dwellings are essentially built but not sold. Given market acceptance for the two projects, we have used their current base prices, less current incentives to value the dwellings. The completed model homes are given 100% of the value for each floor plan and the unsold productions dwellings are conservatively valued at 85% of the value for each floor plan. For the model homes, we have not deducted the current incentives due to the upgrades in each model home. Please refer to the table on the next page which estimates the Minimum Market Value for the 6 model homes and 33 production dwellings. The estimated Minimum Market Value for each merchant builder ownership is:

Richmond American Homes – 9 dwellings: $1,900,000
Pardee Homes – 30 dwellings: $5,500,000

APN	TR No.	Lot	Address	Owner Name	Site Condition	DU Sz	Base S/P	Incentives	% Complete	MMV
400-130-001	31288-1	6	38714 Amateur Way	Richmond American Homes	Model Home	2,022	$239,950	0%	100%	$239,950
400-130-002	31288-1	7	38728 Amateur Way	Richmond American Homes	Model Home	2,654	$269,950	0%	100%	$269,950
400-120-037	31288-1	100	38145 Mulligan Dr	Richmond American Homes	Built/Not Sold	2,298	$249,950	-3%	85%	$206,084
400-120-038	31288-1	101	38101 Mulligan Dr	Richmond American Homes	Built/Not Sold	2,022	$239,950	-3%	85%	$197,839
400-120-040	31288-1	103	38047 Mulligan Dr	Richmond American Homes	Built/Not Sold	2,022	$239,950	-3%	85%	$197,839
400-120-041	31288-1	104	38031 Mulligan Dr	Richmond American Homes	Built/Not Sold	2,298	$249,950	-3%	85%	$206,084
400-120-042	31288-1	105	38019 Mulligan Dr	Richmond American Homes	Built/Not Sold	2,654	$269,950	-3%	85%	$222,574
400-120-068	31288-1	108	38120 Mulligan Dr	Richmond American Homes	Built/Not Sold	2,298	$249,950	-3%	85%	$206,084
400-120-069	31288-1	109	38152 Mulligan Dr	Richmond American Homes	Built/Not Sold	2,022	$239,950	-3%	85%	$197,839
		9								**$1,944,241**
									rounded to:	**$1,900,000**
400-110-046	31288-2	46	37818 Divot Dr	Pardee Homes	Model Home	1,131	$175,990	0%	100%	$175,990
400-110-047	31288-2	47	37836 Divot Dr	Pardee Homes	Model Home	2,030	$217,490	0%	100%	$217,490
400-110-048	31288-2	48	37862 Divot Dr	Pardee Homes	Model Home	1,597	$199,490	0%	100%	$199,490
400-110-049	31288-2	49	37890 Divot Dr	Pardee Homes	Model Home	2,664	$242,990	0%	100%	$242,990
400-100-016	31288-3	16	37093 Gallery Ln	Pardee Homes	Built/Not Sold	1,597	$199,490	-3%	85%	$164,480
400-100-017	31288-3	17	37027 Gallery Ln	Pardee Homes	Built/Not Sold	2,030	$217,490	-3%	85%	$179,321
400-100-018	31288-3	18	37015 Gallery Ln	Pardee Homes	Built/Not Sold	1,303	$184,990	-3%	85%	$152,524
400-100-019	31288-3	19	37026 Gallery Ln	Pardee Homes	Built/Not Sold	1,132	$175,990	-3%	85%	$145,104
400-590-007	31288-4	75		Pardee Homes	Built/Not Sold	2,664	$242,990	-3%	85%	$200,345
400-600-004	31288-4	76		Pardee Homes	Built/Not Sold	2,030	$217,490	-3%	85%	$179,321
400-600-005	31288-4	77		Pardee Homes	Built/Not Sold	1,597	$199,490	-3%	85%	$164,480
400-600-006	31288-4	78		Pardee Homes	Built/Not Sold	2,030	$217,490	-3%	85%	$179,321
400-600-007	31288-4	79		Pardee Homes	Built/Not Sold	1,900	$212,990	-3%	85%	$175,610
400-600-008	31288-4	80		Pardee Homes	Built/Not Sold	2,315	$229,490	-3%	85%	$189,215
400-600-009	31288-4	81		Pardee Homes	Built/Not Sold	2,030	$217,490	-3%	85%	$179,321
400-600-010	31288-4	82		Pardee Homes	Built/Not Sold	3,099	$257,490	-3%	85%	$212,301
400-600-011	31288-4	83		Pardee Homes	Built/Not Sold	1,900	$212,990	-3%	85%	$175,610
400-600-012	31288-4	84		Pardee Homes	Built/Not Sold	3,099	$257,490	-3%	85%	$212,301
400-600-013	31288-4	85		Pardee Homes	Built/Not Sold	2,315	$229,490	-3%	85%	$189,215
400-600-014	31288-4	86		Pardee Homes	Built/Not Sold	1,132	$175,990	-3%	85%	$145,104
400-600-015	31288-4	87		Pardee Homes	Built/Not Sold	1,597	$199,490	-3%	85%	$164,480
400-600-016	31288-4	88		Pardee Homes	Built/Not Sold	2,030	$217,490	-3%	85%	$179,321
400-600-017	31288-4	89		Pardee Homes	Built/Not Sold	1,132	$175,990	-3%	85%	$145,104
400-600-018	31288-4	90		Pardee Homes	Built/Not Sold	3,099	$257,490	-3%	85%	$212,301
400-600-019	31288-4	91		Pardee Homes	Built/Not Sold	2,315	$229,490	-3%	85%	$189,215
400-600-020	31288-4	92		Pardee Homes	Built/Not Sold	1,597	$199,490	-3%	85%	$164,480
400-600-021	31288-4	98		Pardee Homes	Built/Not Sold	2,030	$217,490	-3%	85%	$179,321
400-600-022	31288-4	99		Pardee Homes	Built/Not Sold	1,597	$199,490	-3%	85%	$164,480
400-600-023	31288-4	100		Pardee Homes	Built/Not Sold	2,315	$229,490	-3%	85%	$189,215
400-600-024	31288-4	101	36836 Gallery Ln	Pardee Homes	Built/Not Sold	2,030	$217,490	-3%	85%	$179,321
		30								**$5,446,762**
									rounded to:	**$5,500,000**

VALUATION OF NEAR FINISHED LOTS

General Information

The land without unit construction is improved from blue-top lots with water and sewer under construction to near finished lots. The land valued in this section of the report will be the finished lots or near finished lots. The blue-top land within I.A. 17B will be valued in the following section of this report.

The actual sales price of a particular parcel is always considered the best indication of value, assuming the transaction is arm's length, current and meets the definition of Market Value. Due to the downturn in the residential market over the past 5 years and lack of demand for merchant builder land, there has been limited recent comparable land sales within the subject market place. However, we have included three closed sales within the Beaumont area which closed during 2010 and 2011. Nos. 1 through 3 are located within the master planned communities of Tournament Hills, Sundance and a parcel adjacent to Seneca Springs. Due to the weakness of the current market, no significant time adjustments are required to the sales. A discussion of the market data will precede the valuation of the finished lots.

Direct Comparison Approach

The Direct Comparison Approach is based upon the premise that, when a property is replaceable in the market, its value tends to be set by the purchase price necessary to acquire an equally desirable substitute property, assuming no costly delay is encountered in making the decision and the market is reasonably informed. In appraisal practice, this is known as the Principle of Substitution.

This approach is a method of analyzing the subject property by comparison of actual sales of similar properties, when available. These sales are evaluated by weighing both overall comparability and the relative importance of such variables as time, terms of sale, location of sale property, and lot characteristics. For the purpose of this report, the unit of comparison utilized is the price per unit for the residential land. Please refer to the following page that summarizes the sales considered similar to the subject parcels.

In addition to the three merchant builder land sales that follow, we are aware of nine other recent merchant builder parcel sales in southern Riverside County. The sales have taken place over the last 15 months. The sales have similar to superior locations. They sold for $80,000 to $100,000 per finished lot and provide support for our value conclusions.

Land Sales Summary

Data No./ Project	Buyer/ Seller	Sale Date	Lot Size	No. of Lots	Sales Price	Finished Price/Lot	Land Condition
No. 1 SWC Birdie Dr. and Desert Lawn Dr. Beaumont	Richmond American Homes Pardee Homes (Por Tr.31288-1)	6/10	4,725	111	$7,174,500	$64,635	Near finished lots
No. 2 SWC Portero Blvd. and Manzanita Park Rd. Beaumont	RSI Development, LP Loma Vista, Inc. (Por Tr. 31426)	6/11	6,500	77	$3,865,000	$50,195	Near finished lots
No. 3 SWC Starlight Ave. and Tiger Flower Dr. Beaumont	Richmond American Homes Pardee Homes (Por Tr. 31488-5)	3/11	7,000	71	$4,500,000	$63,380	Near finished lots

Land Sale Data No. 1

Portion of Subject Property

Location:	Southwest corner of Birdie Drive and Desert Lawn Drive, Beaumont
Legal Description:	Portion of Tract No. 31288-1
Buyer:	Richmond American Homes
Seller:	Pardee Homes
Parcel Size:	24.56 net acres
No. of Units:	111 lots
Lot Size:	4,725 square feet, minimum size
Zoning:	SP
Intended Use:	To construct 111 detached dwellings
Date Recorded:	June 30, 2010
Sale Price:	$7,174,500
"As Is" Price/Lot:	$64,635
Finished Lot Cost:	$86,650
Site Condition:	Near finished lot at sale date
Special Tax:	Yes, P.A. 7 of CFD 17B
Financing:	All cash to seller
Verification:	Seller, public records
Comments:	This is the purchase of 111 near finished lots. This sale is being developed with the Kensington project. The CFD is established.

Land Sale Data No. 2

Location:	Southwest Corner of Portrero Boulevard and Manzanita Park Road, Beaumont
Legal Description:	Portion of Tract No. 31426
Buyer:	RSI Development, LP
Seller:	Loma Vista, Inc.
Parcel Size:	21.309 gross acres
No. of Units:	77 lots
Lot Size:	6,500 square feet, minimum size
Zoning:	R-SF
Intended Use:	To construct 77 detached dwellings
Date Recorded:	June 17, 2011
Sale Price:	$3,865,000
"As Is" Price/Lot:	$50,195
Finished Lot Cost:	$75,000
Site Condition:	Nearly physically finished at sale date
Special Tax:	Yes, I.A. 20
Financing:	All cash to seller
Verification:	Buyer, Public Records
Comments:	This is the purchase of 77 lots. The original tract had 106 lots, but only 29 dwellings were built prior to stopping development. This parcel is not within a master planned community.

Land Sale Data No. 3

Location:	Southwest corner of Starlight Avenue and Tiger Flower Drive, Beaumont
Legal Description:	Portion of Tract No. 31468-5
Buyer:	Richmond American Homes
Seller:	Pardee Homes
Parcel Size:	16.85 net acres
No. of Units:	71 lots
Lot Size:	7,000 square feet, minimum size
Zoning:	SP
Intended Use:	To construct 71 detached dwellings
Date Recorded:	March 3, 2011
Sale Price:	$4,500,000
"As Is" Price/Lot:	$63,380
Finished Lot Cost:	$86,250
Site Condition:	Near finished lot condition at sale date
Special Tax:	Yes, P.A. 18 of CFD 8C
Financing:	All cash to seller
Verification:	Seller, Public Records
Comments:	This is the sale of the remaining 71 lots in the 110 lot Planning Area 18 of Sundance. Originally, Improvement Area 18 was to be developed with dwellings ranging from 2,400 square feet to 2,800 square feet. Richmond American will probably be building dwellings between 1,500 square feet and 2,500 square feet. The CFD is established.

We have surveyed residential sales in the Beaumont market area. The three sales are the comparables considered most helpful in valuing the subject property. We have reviewed and inspected all of the data items. The data includes the finished lot prices for merchant builder parcels. The comparable land sales have sold in a near physically finished lot condition. Costs to bring the land from the condition at the time of sale to finished lot condition were made available by the builders to analyze the data. Therefore, the analysis will conclude at an indication of the "As Is" near finished lot value for the subject parcels.

Between the date of sale and the date of value, market conditions have been stable. The residential land market continued to improve until October 2005, however, until 2010 the market deteriorated. Sales slowed significantly and sales prices declined for all products. The Inland Empire was more negatively impacted, due in part, to the rapid increases in dwelling prices between 2002 and 2006. The residential lot market has finally bottomed out and is now experiencing minimal strength.

Analysis

Financing

All of the comparable sales were all cash transactions or financing considered to be cash, therefore, no adjustments for financing were warranted.

Property Rights Conveyed

All of the comparables involved the transfer of the fee simple interest. The subject fee simple interest is appraised in this report, and therefore, no adjustment is warranted.

Time of Sale

During the 10± years from 1996 to 2006, Southern California sharply rebounded from its lengthy 1990's recession. Demand for land sales dramatically exceeded supply. Prices paid for residential land increased annually by 15% to 20% and more from 1997 to 2003. However, the second half of 2004 saw a leveling of land prices, only to increase again in February 2005. However, from November 2005 to the 2010 timeframe, sales activity continued to decrease. Incentives and concessions for homes reappeared and price reductions occurred over the past 60± months. Home prices continued to decline from 2006 to the present time. Home prices were subject to incentives, concessions and price reductions numerous times over the past 60± months. Current incentives in the market place are typically around 2% to 5% of sales prices. Builders are building smaller phases to meet market demand in an attempt to eliminate or at least greatly reduce standing inventory. The price reductions and incentives for the homes equated to a 60% to 70% decrease in land price between 2005 and 2010. Based on current market conditions for home sales, land prices appear to be stable, but home sales have not improved enough to spur an increase over current price levels.

Conditions of Sale

Typically, adjustments for conditions of sale reflect the motivations of the buyer and the seller in the transfer of real property. The conditions of sale adjustment reflects the difference between the actual sales price of the comparable and its probable sales price if it were sold in an arms-length transaction with typical motivations. Some circumstances of comparable sales that will need adjustment include sales made under duress, eminent domain transactions and sales that were not arm's length. All of the transactions were reported to be arm's length in nature. Accordingly, no adjustment is indicated.

Location

The location adjustment is based on proximity to existing infrastructure and employment. The three sales are located in the City of Beaumont. No adjustments are indicated.

Entitlement/Map Status

All of the sales are entitled. No adjustment is required.

Tax Rate

The subject property is expected to have an average overall tax rate around 2% of base sales price. Because the comparable sales all have similar CFDs, no adjustment is required.

Lot Size

The comparables have minimum lot sizes that range from 4,725 square feet to 7,000 square feet. The minimum lot sizes for the subject parcels range between 4,725 and 7,700 square feet. Because of the market weakness, adjustments have not been made to the comparables.

Condition of Lots

All of the data had prices based on a near finished condition, which is the "As Is" condition of the subject lots. According to the builder, there will be minimal costs associated with the near finished lots within I. A. 17B. Because the sales will have similar cost and fee structures, no adjustment is necessary.

Finished Lot Values by Direct Comparison

Please refer to Page 69 for the adjustment grid of the three comparable land sales. The adjusted near finished lot values range from $60,000 to $65,000 per lot. We have concluded at $65,000 for the near finished lots in the Living Smart and Kensington projects in Tournament Hills.

As previously discussed, the residential market has been changing significantly over the past 60± months. Sales have slowed dramatically, incentives are being offered, prices have been reduced numerous times at the same project and cancellations are common place. In a rapidly changing market the better indication of land value can be estimated by the Static Residual Analysis which reflects current dwelling sales prices and market conditions. Page 70 begins the discussion of the Static Residual Analysis for the District.

RESIDENTIAL LAND SALES ADJUSTMENT GRID

Data No./ Location	Date of Sale	No. Units	Lot Size	Near Finished Lot Price	Time	Adjusted Price	Location	View Potential	Adjusted Price/Unit
No. 1									
SWC Birdie Dr. and	6/30/2010	111	4,725	$64,635	0%	$64,635	0%	0%	$64,635
Desert Lawn Dr.									
Beaumont									
No. 2									
SWC Portreo Blvd. and	6/17/2011	71	6,500	$50,195	0%	$50,195	20%	0%	$60,234
Manzanita Park Rd.									
Beaumont									
No. 3									
SWC Starlight Ave. and	3/3/2011	71	7,000	$63,380	0%	$63,380	0%	0%	$63,380
Tiger Flower Dr.									
Beaumont									

Static Residual Analysis to Finished Lot Value

The merchant builder land is valued by the Direct Comparison Approach and by the Static Residual Analysis. The purpose of this analysis is to estimate a value for the land assuming no direct construction has taken place. This method is particularly helpful when development for a subdivision represents the highest and best use and when competitive house sales are available. Reportedly, this analysis is by far the most commonly used by merchant builders when determining price for land.

This analysis is useful for projects that will have a typical holding period of one to two years which represents the typical holding period sought by merchant builders. The Static Residual Analysis best replicates the investor's analysis when determining what can be paid for the land based on proposed product. Purchase of the land is simply treated as one of the components necessary to build the houses to sell to the homeowner. When all the components of the end-product can be identified and reasonable estimates of costs and profit can be allocated, the Static Residual Analysis becomes the best indicator of value to a merchant builder for a specific product. Specific product information is available, which makes this analysis particularly meaningful.

The analysis uses an estimated average base sales price, less incentives, for a specific product, then deducts the various costs including direct and indirect costs of construction, marketing, taxes and overhead, as well as the required profit margin to attract an investor in light of the risks and uncertainties of the project and residential market. This analysis is most helpful when significant lot and or view premiums are not present. When negotiating land price, builders typically will consider the value of lot premiums when they are significant, but typically do not give the premiums full consideration. When a downturn in the market occurs or a slight stall in a sales program, premiums are typically the first to be negotiated away.

End-product Sales Prices

The analysis uses the average base sales price without lot premiums. As previously mentioned, the previous larger projects within I. A. 17B have been stopped due to the lack of market demand for such product at this time. The Kensington and Living Smart projects are in an active sales program and have met with adequate response. Therefore, for use in the analysis, we have used product information and costs associated with the Kensington and Living Smart products as a feasible product to be developed on the finished lots within I. A. 17B. Our estimate of base sales price includes a review of the subject current sales prices included within the Improvement Description section of this report, review of actively selling projects in the market area, and a review of closed sales prices. A summary of the closed sales and average sales price per Improvement Area is included in the Addenda. For the valuation, we have used the current base pricing as previously summarized and deducted typical incentives for each project.

Direct Development Costs

The builders have provided direct construction costs to build each product. We have also interviewed local builders in the Riverside County market area for estimates of direct construction costs for the proposed products. The builders have estimated direct construction costs of $45.00 per square foot and $44.00 per square foot for the Kensington and Living Smart products. Based on the proposed quality of construction, home size and functional utility, the builders cost appear reasonable.

Indirect construction costs have been estimated at 4% of sales price, which is found to be an industry standard for use in this analysis.

General and Administrative

General and administrative costs are estimated at 3% of retail value. This category covers such expenses as administrative, professional fees, real estate taxes, HOA dues, and miscellaneous costs. This estimate is typical and consistent with the market.

Marketing and Warranty

Marketing and sales expenses plus warranty costs are estimated at 6% of retail value. This category covers such expenses as advertising and sales commissions and home warranties. This estimate is typical and consistent with the market.

Developer Profit

The line item for profit reflects the required margin to attract an investor in light of the risk and uncertainties of the specific project. This analysis assumes a finished lot and no on-site construction. Therefore, additional risk of development is unknown. Given the current residential market, and demand for the proposed projects, the risk of development is more than in a healthy residential market.

Based on surveys of builders, current profit requirements are typically between 8% and 12% of revenues, with occasional responses as high as 15%. These profit estimates are for projects that can be constructed and sold out in a two-year period. Higher profits can be required for longer construction/sellout periods and riskier projects. Lower profits can be accepted in inexpensive land cost areas where homes sell quickly. The District is proposed for detached products in an area of decreased demand over the past 60± months. Based on a review of the absorption for the subject products and competing subdivisions, a sales rate of 1 to 2± units per month for the products appears reasonable.

The line item for profit is based on a typical holding period sought by merchant builders; that of 1 to 2 years. Based on current market conditions and the outlook for the next 24 to 36 months, an 8% line item for profit, would seem appropriate for a 2-year hold. Because Kensington has 96 lots, a three year to four year absorption is anticipated. A 12% line item for profit is appropriate. Due to current absorption, the groups of lots would likely require a longer holding time. Based on the number of lots within I. A. 17B, we have used a profit margin of 8% to reflect the holding time for the Living Smart product and 12% for the Kensington product.

Interest During Holding Period

A typical allowance for financing during the holding period has been between 5% and 7%. Based on recent interviews with builders in the subject market area, we have chosen a 5% deduction for financing during the holding period.

Site Costs

Because this analysis residuals to a near finished lot condition, deductions for costs to bring to a finished lot condition are not required. There are only remaining fees not covered by previous CFD bond sales required to be paid for each Improvement Area. Costs have been provided by the City. According to the City, a portion of the remaining fees within I. A. 17B have been waived. The following pages illustrate the Static Residual Analysis for the Kensington product and the Living Smart project within Tournament Hills. This analysis indicates a near finished lot value of $66,000 for the Living Smart lots and $67,500 for the Kensington lots.

PARDEE HOMES
Living Smart
Improvement Area 17B
Near Finished Lot Value

Floor Plan	Size	Base Price
1	1,132	$175,990
2	1,303	$184,990
3	1,597	$199,490
4	1,900	$212,990
5	2,030	$217,490
6	2,315	$229,490
7	2,664	$242,990
7X	3,099	$257,490
Average	2,005	$215,115

Incentives at 3%: **$6,453**

31 Finished Lots
7,700 Square Foot Minimum Lot

				Land Ratio
Average Retail Value of Improvements		$208,662	$104.07 (Per sq. ft.)	
Average Dwelling Size (Sq. Feet)	2,005			
Direct Building Cost Per Sq. Ft.	$44.00	$88,220		
Indirect Construction Costs	4.00%	$8,346		
General & Administrative Costs	3.00%	$6,260		
Marketing and Warranty Costs	6.00%	$12,520		
Builder's Profit	8.00%	$16,693		
Interest During Holding Period	5.00%	$10,433		
Costs to bring to Finished Lot		None		
Near Finished Lot Estimate of Value		**$66,190**		
		$66,000	**Finished Lot**	**0.32**

RICHMOND AMERICAN HOMES
Kensington
Improvement Area 17B
Near Finished Lot Value

Floor Plan	Size	Base Price
1	1,663	$230,950
2	2,022	$239,950
3	2,422	$239,950
4	2,298	$249,950
5	2,654	$269,950
Average	**2,212**	**$246,150**

Incentives at 3%: **$7,385**

				Land Ratio
96 Finished Lots				
4,725 Square Foot Minimum Lot				
Average Retail Value of Improvements		$238,766	$107.95 (Per sq. ft.)	
Average Dwelling Size (Sq. Feet)	2,212			
Direct Building Cost Per Sq. Ft.	$45.00	$99,531		
Indirect Construction Costs	4.00%	$9,551		
General & Administrative Costs	3.00%	$7,163		
Marketing and Warranty Costs	6.00%	$14,326		
Builder's Profit	12.00%	$28,652		
Interest During Holding Period	5.00%	$11,938		
Costs to bring to Finished Lot		None		
Near Finished Lot Estimate of Value		**$67,605**		
		$67,500		
			Finished Lot	**0.28**

Conclusion of Near Finished Lot Values

The following table summarizes the conclusions of finished lot values by the Direct Comparison Approach, the Static Residual Analysis and the concluded finished lot value. Due to the recent dynamic changes in the residential market and limited land sales, we have given equal consideration to the sales and the results of the Static Residual Analyses.

Near Finished Lot Value Conclusions

Product	Direct Comparison Approach	Static Residual Analysis	Finished Lot Ratio	Concluded Finished Lot Value
Living Smart	$65,000	$66,000	32%	$65,000
Kensington	$65,000	$67,500	28%	$65,000

Based on the data presented, we have concluded on an "As Is" near finished lot value of $65,000 per lot.

Richmond American			
96 Near Finished Lots	X	$65,000 =	$6,240,000
		Say	**$6,240,000**
Pardee			
31 Near Finished Lots	X	$65,000 =	$2,015,000
		Say	**$2,010,000**

VALUATION OF BLUE-TOP LOTS

General Information

The land without unit construction is improved from blue-top lots to finished lots. The land valued in this section of the report will be the land in blue-top lot condition with water and sewer under construction. The finished lots were valued in the preceding section of this report.

Tract Map No. 31288-4, within Improvement Area No. 17B, has land graded to blue-top condition for 61 7,700 square foot lots. The land is currently under site construction with completion to near finished lots expected by mid-December 2011.

In today's market, the general consensus among persons active in the residential market is that blue-top land does not have value in Riverside County, due to the current level of home prices and absorption. A review of the estimated finished lot values within the preceding section of this report gave an indication of $65,000 for the near finished lot value. This consensus is supported when builders are estimating the costs to improve the lot at around $62,000±.

We have expanded our search to include speculative land sales. As of the date of value, we have not been able to uncover current sales of raw land or blue-top land considered helpful in valuing the subject properties. Therefore, given the CDIAC guidelines and the lack of market data, we have not attributed value to 61 blue-top lots in Tract 31288-4.

VALUATION CONCLUSIONS

Based on the investigation and analyses undertaken, our experience as real estate appraisers and subject to all the premises, assumptions and limiting conditions set forth in this report, the following opinions of Market Value are formed as of November 15, 2011.

IMPROVEMENT AREA NO. 17B

FIFTY-THREE MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS

$53,650,000

163 Individual Homeowners
Thirty Eight Million Dollars
$38,000,000

Richmond American Homes
Eight Million One Hundred Forty Thousand Dollars
$8,140,000

Pardee Homes
Seven Million Five Hundred Thousand Ten Dollars
$7,510,000

CERTIFICATION

We hereby certify that during the completion of this assignment, we personally inspected the property that is the subject of this appraisal and that, except as specifically noted:

We have no present or contemplated future interest in the real estate or personal interest or bias with respect to the subject matter or the parties involved in this appraisal.

We have provided appraisal services regarding the subject property within the last three years to our client, the City of Beaumont.

To the best of our knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.

Our engagement in this assignment was not contingent upon developing or reporting predetermined results. The 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.

The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

As of the date of this report, James B. Harris has completed the requirements of the continuing education program of the Appraisal Institute.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.

No one provided significant real property appraisal assistance to the persons signing this certificate.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. In furtherance of the aims of the Appraisal Institute to develop higher standards of professional performance by its Members, we may be required to submit to authorized committees of the Appraisal Institute copies of this appraisal and any subsequent changes or modifications thereof.

Respectfully submitted,

Berri Cannon Harris

Berri Cannon Harris
Vice President
AG009147

James B Harris

James B. Harris, MAI
President
AG001846

ADDENDA

QUALIFICATIONS

HARRIS REALTY APPRAISAL
5100 Birch Street, Suite 200
Newport Beach, CA 92660
(949) 851-1227

QUALIFICATIONS
OF
JAMES B. HARRIS, MAI

PROFESSIONAL BACKGROUND

Actively engaged as a real estate analyst and consulting appraiser since 1971. President and Principal of **Harris Realty Appraisal,** with offices at:

5100 Birch Street, Suite 200
Newport Beach, California 92660

Before forming Harris Realty Appraisal, in 1982, was employed with Real Estate Analysts of Newport, Inc. (REAN) as a Principal and Vice President. Prior to employment with REAN was employed with the Bank of America as the Assistant Urban Appraisal Supervisor. Previously, was employed by the Verne Cox Company as a real estate appraiser.

PROFESSIONAL ORGANIZATIONS

Member of the Appraisal Institute, with MAI designation No. 6508
- Director, Southern California Chapter – 1998, 1999
- Chair, Orange County Branch, Southern California Chapter -1997
- Vice-Chair, Orange County Branch, Southern California Chapter - 1996
- Member, Region VII Regional Governing Committee - 1991 to 1995, 1997, 1998
- Member, Southern California Chapter Executive Committee - 1990, 1997 to 1999
- Chairman, Southern California Chapter Seminar Committee - 1991
- Chairman, Southern California Chapter Workshop Committee - 1990
- Member, Southern California Chapter Admissions Committee - 1983 to 1989
- Member, Regional Standards of Professional Practice Committee -1985 - 1997

Member of the International Right-of-Way Association, Orange County Chapter 67.

California State Certified Appraiser, Number AG001846

EDUCATIONAL ACTIVITIES

B.S., California State Polytechnic University, Pomona, 1972.

Successfully completed the following courses sponsored by the Appraisal Institute and the Right-of-Way Association:

Course I-A	Principles of Real Estate Appraisal
Course I-B	Capitalization Theory
Course II	Urban Properties
Course IV	Litigation Valuation
Course VI	Investment Analysis
Course VIII	Single-Family Residential Appraisal
Course SPP	Standards of Professional Practice
Course 401	Appraisal of Partial Acquisitions

Has attended numerous seminars sponsored by the Appraisal Institute and the International Right-of-Way Association.

TEACHING AND LECTURING ACTIVITIES

Seminars and lectures presented to the Appraisal Institute, the University of California-Irvine, UCLA, California Debt and Investment Advisory Commission, Stone & Youngberg and the National Federation of Municipal Analysts.

MISCELLANEOUS

Member of the Advisory Panel to the California Debt and Investment Advisory Commission, regarding Appraisal Standards for Land Secured Financing (March 2003 through June 2004)

LEGAL EXPERIENCE

Testified as an expert witness in the Superior Court of the County of Los Angeles and the County of San Bernardino and in the Federal Bankruptcy Courts five times concerning the issues of Eminent Domain, Bankruptcy, and Specific Performance. He has been deposed numerous times concerning these and other issues. This legal experience has been for both Plaintiff and Respondent clients. He has prepared numerous appraisals for submission to the IRS, without having values overturned. He has worked closely with numerous Bond Counsel in the completion of 175 Land Secured Municipal Bond Financing appraisals over the last five years.

SCOPE OF EXPERIENCE

Feasibility and Consultive Studies

Feasibility and market analyses, including the use of computer-based economic models for both land developments and investment properties such as shopping centers, industrial parks, mobile home parks, condominium projects, hotels, and residential projects.

Appraisal Projects

Has completed all types of appraisal assignments from San Diego to San Francisco, California. Also has completed out-of-state appraisal assignments in Arizona, Florida, Georgia, Hawaii, Nevada, New Jersey, Oklahoma, Oregon, and Washington.

Residential

Residential subdivisions, condominiums, planned unit developments, mobile home parks, apartment houses, and single-family residences.

Commercial

Office buildings, hotels, motels, retail store buildings, restaurants, power shopping centers, neighborhood shopping centers, and convenience shopping centers.

Industrial

Multi-tenant industrial parks, warehouses, manufacturing plants, and research and development facilities.

Vacant Land

Community Facilities Districts, Assessment Districts, master planned communities, residential, commercial and industrial sites; full and partial takings for public acquisitions.

QUALIFICATIONS
OF
BERRI CANNON HARRIS

PROFESSIONAL BACKGROUND

Actively engaged as a real estate appraiser since 1982. Vice President of ***Harris Realty Appraisal***, with offices at:

5100 Birch Street, Suite 200
Newport Beach, California 92660

Before joining Harris Realty Appraisal was employed with Interstate Appraisal Corporation as Assistant Vice President. Prior to employment with Interstate Appraisal was employed with Real Estate Analysts of Newport Beach as a Research Assistant.

PROFESSIONAL ORGANIZATIONS

Candidate of the Appraisal Institute for the MAI designation.
Co-Chair, Southern California Chapter Hospitality Committee - 1994 - 1998
Chair, Southern California Chapter Research Committee - 1992, 1993

Women in Commercial Real Estate, Member Orange County Chapter.
Chair, Special Events – 1998, 1999, 2000, 2001, 2002, 2003
Second Vice-President - 1996, 1997
Treasurer - 1993, 1994, 1995
Chair, Network Luncheon Committee - 1991, 1992

California State Certified Appraiser, Number AG009147

EDUCATIONAL ACTIVITIES

B.S., University of Redlands, Redlands, California

Successfully completed the following courses sponsored by the Appraisal Institute:

Principles of Real Estate Appraisal
Basic Valuation Procedures
Capitalization Theory and Techniques - A
Capitalization Theory and Techniques - B
Report Writing and Valuation Analyses
Standards of Professional Practice
Case Studies in Real Estate Valuation

Has attended numerous seminars sponsored by the Appraisal Institute. Has also attended real estate related courses through University of California-Irvine.

LECTURING ACTIVITIES

Seminars and lectures presented to UCLA, California Debt and Investment Advisory Commission, and Stone & Youngberg.

MISCELLANEOUS

Member of the Advisory Panel to the California Debt and Investment Advisory Commission, regarding Appraisal Standards for Land Secured Financing (March 2003 through June 2004)

SCOPE OF EXPERIENCE

Appraisal Projects

Has completed all types of appraisal assignments from San Diego to San Francisco, California. Also has completed out-of-state appraisal assignments in Arizona and Hawaii.

Residential

Residential subdivisions, condominiums, planned unit developments, mobile home parks, apartment houses, and single-family residences.

Commercial

Office buildings, retail store buildings, restaurants, neighborhood-shopping centers, strip retail centers.

Industrial

Multi-tenant industrial parks, warehouses, manufacturing plants, and research and development facilities.

Vacant Land

Residential sites, commercial sites, industrial sites, large multi-unit housing, master planned unit developments, and agricultural acreage. Specializing in Community Facilities District and Assessment District appraisal assignments.

PARTIAL LIST OF CLIENTS

Lending Institutions

Bank of America
Bank One
Commerce Bank
Downey S&L Assoc.
Fremont Investment and Loan
Institutional Housing Partners
NationsBank
Preferred Bank
Santa Monica Bank
Tokai Bank
Union Bank
Wells Fargo Bank

Public Agencies

Army Corps of Engineers
California State University
Caltrans
City of Adelanto
City of Aliso Viejo
City of Beaumont
City of Camarillo
City of Corona
City of Costa Mesa
City of Encinitas
City of Fontana
City of Fullerton
City of Hesperia
City of Honolulu
City of Huntington Beach
City of Indian Wells
City of Indio
City of Irvine
City of Lake Elsinore
City of Loma Linda
City of Los Angeles
City of Moreno Valley
City of Newport Beach
City of Oceanside
City of Ontario
City of Palm Springs
City of Perris
City of Rialto
City of Riverside
City of San Marcos
City of Tustin
City of Victorville
City of Yucaipa
County of Hawaii
County of Orange
County of Riverside
County of San Bernardino
Eastern Municipal Water District
Orange County Sheriff's Department
Ramona Municipal Water District
Rancho Santa Fe Comm. Services District
Capistrano Unified School District
Hemet Unified School District
Hesperia Unified School District
Romoland School District
Saddleback Valley Unified School District
Santa Ana Unified School District
Sulphur Springs School District
Val Verde Unified School District
Yucaipa-Calimesa Joint Unified School Dist.

Law Firms

Arter & Hadden
Bronson, Bronson & McKinnon
Bryan, Cave, McPheeters & McRoberts
Richard Clements
Cox, Castle, Nicholson
Gibson, Dunn & Crutcher
Hill, Farrer & Burrill
McClintock, Weston, Benshoof, Rochefort & MacCuish
Palmiri, Tyler, Wiener, Wilhelm, & Waldron
Sonnenschein Nath & Rosenthal
Strauss & Troy
Wyman, Bautzer, Rothman, Kuchel & Silbert

FINAL TRACT MAPS

CITY

-11/17

SHEET 4 OF 13 SHEETS

IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

TRACT NO. 31288-1

BEING A SUBDIVISION OF A PORTION OF PARCEL 1, LOT LINE ADJUSTMENT No. 06-LLA-10, RECORDED NOVEMBER 16, 2006 AS INSTRUMENT No. 2006-0848857 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, LYING WITHIN SECTION 31 AND 32, TOWNSHIP 2 SOUTH RANGE 1 WEST, SAN BERNARDINO MERIDIAN, STATE OF CALIFORNIA

LEVI D. COX, L.S. 7930 — RBF CONSULTING — DECEMBER, 2006

SURVEYOR'S NOTES:

1. ( ) = INDICATES RECORD INFORMATION.
2. (RAD) DENOTES RADIAL BEARING
3. ALL MONUMENTS SHOWN AS SET WILL BE SET WITHIN ONE YEAR AFTER THE ACCEPTANCE OF IMPROVEMENTS BY CITY COUNCIL.
4. ALL SET MONUMENTS ARE SET PER RIVERSIDE COUNTY STANDARD.
5. SET 1" IRON PIPE TAGGED "L.S. 7930" IN GROUND, FLUSH, OR A LEAD, TACK AND TAG "L.S. 7930", IN CONCRETE AT ALL LOT CORNERS EXCEPT LOT CORNERS THAT ABUT A STREET WHICH WILL BE MARKED ON A 6.75 FOOT OFFSET INSIDE STREET RIGHT-OF-WAY ON SIDELINES PRODUCED EXCEPT ON AMATEUR WAY WHICH WILL BE MARKED ON A 11.75 FOOT OFFSET INSIDE STREET RIGHT OF WAY ON SIDE LINES PRODUCED, ALSO EXCEPT BIRDIE DRIVE WHICH WILL BE MARKED ON A 9.75 FOOT OFFSET INSIDE STREET RIGHT OF WAY ON SIDELINES PRODUCED, UNLESS OTHERWISE NOTED. (NO MONUMENTS WILL BE SET FOR CORNER CUTOFFS, B.C'S, E.C.'S, P.C.C.'S OR P.R.C.'S THAT ABUT A STREET WHICH ARE NOT LOT CORNERS MARKING SIDELINES, UNLESS OTHERWISE NOTED.)
6. ○ SET 2" IRON PIPE & TAG "LS 7930", FLUSH, IN THE GROUND OR IN ASPHALT, OR A LEAD, TACK AND TAG "LS 7930" IN CONCRETE. AT ALL TRACT BOUNDARY CORNERS AND ANGLES POINTS.
7. △ INDICATES SET 5/8" COPPER CLAD STEEL PIN W/1-1/2" BRASS CAP STAMPED "LS 7930", IN ASPHALT, FLUSH, (RIVERSIDE COUNTY STD. 903, TYPE "B" MON), UNLESS NOTED OTHERWISE.

BASIS OF BEARINGS AND COORDINATES

BEARINGS AND COORDINATES AS SHOWN HEREON ARE IN TERMS OF THE CALIFORNIA COORDINATE SYSTEM OF 1983 (EPOCH 2004.00), ZONE 6: BASED LOCALLY UPON THE FOLLOWING CSRC STATIONS AS PUBLISHED BY THE CSRC:

Name	Northing (ft)	Easting (ft)	Ellipse.Hgt. (ft)
CRFP	2322764.069	6304246.059	2259.407
CTMS	2352688.681	6525221.205	3170.417
MATH	2347786.009	6271429.242	1084.001
PIN1	2302853.383	6271429.242	5885.688

EXISTING EASEMENT NOTES:

15 INDICATES AN EASEMENT FOR A PRIVATE ROAD GRANTED TO SOUTHERN CALIFORNIA GAS COMPANY OF CALIFORNIA, A CORPORATION, RECORDED DECEMBER 7, 1951 IN BOOK 1325, PAGE 83, OF OFFICIAL RECORDS.

18 INDICATES AN EASEMENT GRANTED TO THE COUNTY OF RIVERSIDE FOR PUBLIC ROAD AND DRAINAGE PURPOSES, INCLUDING PUBLIC UTILITY AND PUBLIC SERVICES PURPOSES RECORDED JUNE 2, 1988 AS INSTRUMENT NO. 241545, OFFICIAL RECORDS.

28 INDICATES AN EASEMENT GRANTED TO THE SOUTHERN CALIFORNIA SECTION OF THE PROFESSIONAL GOLFER'S ASSOCIATION OF AMERICA, FOR FLIGHT AND IMPACT OF ERRANT GOLF BALLS RECORDED DECEMBER 28, 2000 AS INSTRUMENT NO. 2000-516796, OFFICIAL RECORDS. SAID EASEMENT EXTEND 1000' SOUTHERLY FROM THE SOUTH LINE OF THE GOLF COURSE AND IS BLANKET IN NATURE.

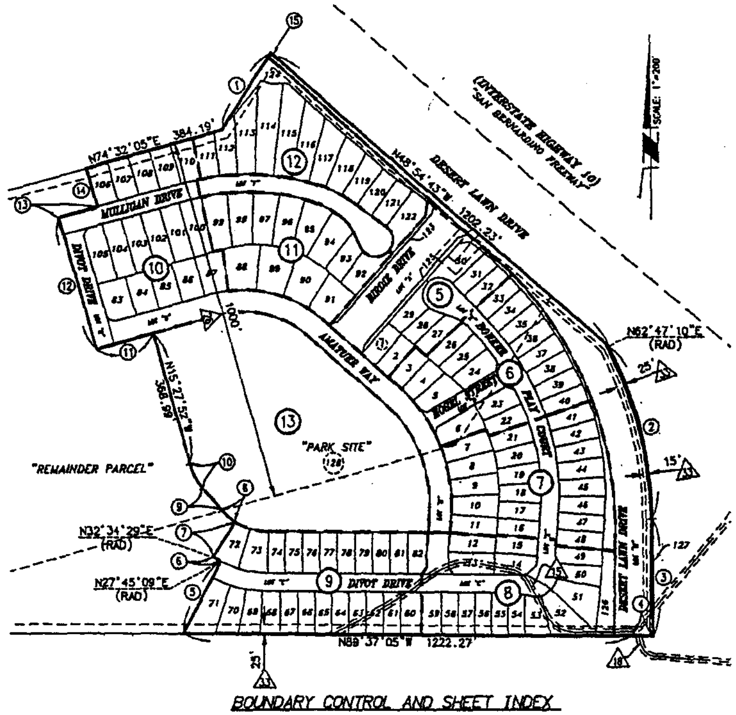
33 INDICATES A 25 FOOT WIDE EASEMENT FOR DRIVEWAYS, CURB CUTS, PERIMETER WALLS OR FENCES, LANDSCAPING OR DRAINAGE SYSTEMS AND LIKE IMPROVEMENTS, AND A 15 FOOT WIDE EASEMENT FOR UTILITIES, UTILITY FACILITIES, MONUMENT OR DIRECTIONAL SIGNS RECORDED JULY 15, 2003 AS NO. 2003-526433, OFFICIAL RECORDS.

ABBREVIATION LEGEND:

BC	BEGINNING OF CURVE	NF	NOT FOUND
CF	CALCULATED FROM	NS	NOT SEARCHED
COR	CORNER	OR	OFFICIAL RECORDS
CONC	CONCRETE	PI	POINT OF INTERSECTION
CTR	CENTER	P.O.T.	POINT ON TANGENT
DN	DOWN	P	PROPORTIONED
EC	END OF CURVE	R	RECORD
FD	FOUND	REF	REFERENCE
FTC	FROM TRUE CORNER	SNF	SEARCHED, NOTHING FOUND
IP	IRON PIPE	UPRR	UNION PACIFIC RAILROAD
MON	MONUMENT	W/	WITH

NOTE

SEE SHEET 2 AND 3 FOR ADDITIONAL BOUNDARY CONTROL



BOUNDARY CONTROL AND SHEET INDEX

(#) DENOTES SHEET NUMBER

GRAPHIC SCALE: 1" = 200'

NO	BEARING/DELTA	RADIUS	LENGTH
1	N32°53'02"E	—	244.39'
2	26°50'32"	1044.00'	489.10'
3	N00°22'18"W	—	313.00'
4	N89°38'06"E	—	56.79'
5	N27°45'09"E (R)	—	220.47'
6	04°49'20"	275.00'	23.15'
7	N32°34'29"E (R)	—	110.00'
8	16°53'49"	165.00'	48.66'

NO	BEARING/DELTA	RADIUS	LENGTH
9	N40°31'42"W	—	81.77'
10	25°03'50"	165.00'	72.18'
11	N74°32'08"E	—	160.00'
12	N15°27'52"W	—	375.96'
13	N74°32'08"E	—	109.00'
14	N15°27'32"W	—	109.68'
15	N51°46'28"W	—	13.87'

MONUMENT NOTES

● DENOTES FOUND MONUMENTS DESCRIBED BELOW

1 FD 1" IP W/LS 3018 TAG, FLUSH, PER R1, ACCEPTED FOR NORTH LINE SEC 6.

2 FD 1" IP W/LS 3018 TAG, FLUSH, PER R1, DISTURBED N 0°06'37"E 4984' FROM NW COR SEC 6.

3 FD 1" IP W/LS 3018 TAG, FLUSH, PER R1, DISTURBED N 0°00'08"W 99.79' FROM NW COR SEC 6.

4 FD 3/4" IP TAGGED RCE 9876 UP 1.2' PER R2, ACCEPTED AS NORTH 1/4 CORNER SEC 6.

5 FD 3/4" IP TAGGED RCE 9876 UP 0.5' PER R1, ACCEPTED AS S-1/4 COR SEC 32.

6 FD 1" IP TAGGED LS 5348 PER R4, ACCEPTED AS N-1/4 COR SEC 32.

7 2"X 2" HUB TAGGED "RIVERSIDE COUNTY SURVEYOR" PER R4, SNF .

8 FD 2" IP TAGGED LS 7330, IN LIEU OF 3/4" IP TAG NOT LEGIBLE PER R4 AND 1" IP PLASTIC PLUG RCE 28738 PER R1.

9 1" IP, PLASTIC PLUG STAMPED LS 5348 PER R3, SNF.

10 FD 1" IP TAGGED RCE 8591, UP 0.3' PER R2.

11 FD 1" IP TAGGED LS 3018, PER R2, FLUSH.

12 FD 3/4" IP TAGGED LS 2851, DN 0.6' PER RS 71/82.

13 FD 1 "IP & TAG NOT LEGIBLE IN LIEU OF NAIL & TACK IN STADDLES PER R1, ACCEPTED AS POINT ON WEST LINE OF SEC 6 T3S R1W.

14 FD 1/2" IP TAGGED LS 3018, UP 0.2' W/RIVERSIDE COUNTY PLASTIC PADDLE PER R1, ACCEPTED FOR W 1/4 SEC 6.

15 2" IP TAGGED LS 3018, PER R2, SNF, ESTABLISHED AT RECORD DISTANCE PER R2 ALONG THE WEST LINE OF SEC 6 FROM THE FOUND W 1/4 CORNER SEC 6.

16 FD 2"X 2" HUB, FLUSH, OVER 5/8" STEEL PIN W/CO SURV PLASTIC PLUG, DN 1.5' PER R1.

17 FD RAILROAD SPIKE W/PUNCH MARK, MARKED "BC" FLUSH, PER R1.

18 FD RAILROAD SPIKE W/PUNCH MARK, MARKED "31" FLUSH FOR PI NO 31 PER R1.

19 FD RAILROAD SPIKE W/PUNCH MARK, MARKED "EC" FLUSH, PER R1.

20 SEARCHED, NF, POSITIONED BY SINGLE PROPORTION.

21 FD 1" IP, NO TAG, FLUSH, NO REF, PER R2.

22 FD 1" IP WITH PLASTIC PLUG STAMPED LS 3018, FLUSH, PER R2.

23 FD 6"X 6" CONCRETE MON, FLUSH, PER R1.

24 FD 6"X 6" CONC MON UP 0.2', ACCEPTED AS R/W N48°54'43"W 3.44' FTC.

25 FD 2" IP WITH CONC & NAIL DN 1.0' S73°42'44"E 0.23' FTC, ESTABLISHED PER 758/125 OR.

26 FD 2" IP WITH CONC & NAIL DN 1.2' S61°38'01"E 0.17' FTC, ESTABLISHED PER 758/125 OR.

27 FD 6"X 6" CONC MON, PER R1 UP 0.3', ON CTR LINE SEC 32 S1°40'17"W 0.30' FTC.

28 FD 6"X 6" CONC MON, PER R1 UP 0.5', ACCEPTED AS R/W S48°53'58"E 0.42' FTC.

29 FD 6"X 6" CONC MON, PER R1 UP 0.5'.

30 1-1/4" IP TAGGED RE 6371 PER R1, SNF, ESTABLISHED PER R10.

31 FD 1" IP TAGGED LS 3018, FLUSH PER R3.

CITY 415/91

IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

SHEET 2 OF 7 SHEETS

TRACT NO. 31288-2

BEING A SUBDIVISION OF A PORTION OF PARCEL 1, LOT LINE ADJUSTMENT NO. 06-LLA-10, RECORDED NOVEMBER 16, 2006 AS INSTRUMENT NO. 2006-0848657 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, LYING WITHIN SECTION 31 AND 32, TOWNSHIP 2 SOUTH, RANGE 1 WEST, S.B.M.

LEVI D. COX, L.S. 7930 — RBF — DECEMBER, 2006

SURVEYOR'S NOTES:

1. ( ) = DENOTES RECORD AND MEASURED DATA PER TRACT NO. 31288-1, RECORDED IN MAP BOOK 415, PAGES 14 THRU 26, OF OFFICIAL RECORDS, COUNTY OF RIVERSIDE.
3. (R) DENOTES RADIAL BEARING
4. ALL MONUMENTS SHOWN AS SET WILL BE SET WITHIN ONE YEAR AFTER THE ACCEPTANCE OF IMPROVEMENTS BY CITY COUNCIL.
5. ALL SET MONUMENTS ARE SET PER RIVERSIDE COUNTY STANDARD.
6. SET 1" IRON PIPE TAGGED "L.S. 7930" IN GROUND, FLUSH, OR A LEAD, TACK AND TAG "L.S. 7930", IN CONCRETE AT ALL LOT CORNERS EXCEPT LOT CORNERS THAT ABUT A STREET WHICH WILL BE MARKED ON A 6.75 FOOT OFFSET INSIDE STREET RIGHT-OF-WAY ON SIDELINES PRODUCED EXCEPT ON GALLERY LANE WHICH WILL BE MARKED ON A 11.75 FOOT OFFSET INSIDE STREET RIGHT OF WAY ON SIDE LINES PRODUCED, UNLESS OTHERWISE NOTED. (NO MONUMENTS WILL BE SET FOR CORNER CUTOFFS, B.C.'S, E.C.'S, P.C.C.'S OR P.R.C.'S THAT ABUT A STREET WHICH ARE NOT LOT CORNERS MARKING SIDELINES, UNLESS OTHERWISE NOTED.)
7. ○ INDICATES SET 2" IRON PIPE & TAG "LS 7930", FLUSH, IN THE GROUND OR IN ASPHALT, OR A LEAD, TACK AND TAG "LS 7930" IN CONCRETE.
8. △ INDICATES SET 5/8" COPPER CLAD STEEL PIN W/1-1/2" BRASS CAP STAMPED "LS 7930", IN ASPHALT, FLUSH, (RIVERSIDE COUNTY STD. 903, TYPE "B" MON).

EASEMENT NOTES:

28 INDICATES AN EASEMENT GRANTED TO THE SOUTHERN CALIFORNIA SECTION OF THE PROFESSIONAL GOLFER'S ASSOCIATION OF AMERICA, FOR FLIGHT AND IMPACT OF ERRANT GOLF BALLS RECORDED DECEMBER 28, 2000 AS INSTRUMENT NO. 2000-516796, OFFICIAL RECORDS. SAID EASEMENT EXTEND 1000' SOUTHERLY FROM THE SOUTH LINE OF THE GOLF COURSE AND IS BLANKET IN NATURE.

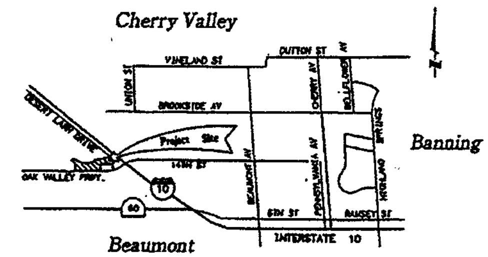
33 INDICATES A 25 FOOT WIDE EASEMENT FOR DRIVEWAYS, CURB CUTS, PERIMETER WALLS OR FENCES, LANDSCAPING OR DRAINAGE SYSTEMS AND LIKE IMPROVEMENTS, AND A 15 FOOT WIDE EASEMENT FOR UTILITIES, UTILITY FACILITIES, MONUMENT OR DIRECTIONAL SIGNS RECORDED JULY 15, 2003 AS NO. 2003-526433, OFFICIAL RECORDS.

MONUMENT NOTES

- ● FOUND 2" IRON PIPE & TAG "LS 7930" FLUSH PER R1 UNLESS NOTED OTHERWISE AND DESCRIBED HEREON.
- [1] FD 3/4" IP TAGGED RCE 9876 UP 1.2' PER R2. ACCEPTED AS NORTH 1/4 CORNER SEC 6.
- [2] FD 3/4" IP TAGGED RCE 9876 UP 0.5' PER R4. ACCEPTED AS S-1/4 COR SEC 32.
- [3] FD 1" IP TAGGED RCE 8501, UP 0.3' PER R2.
- [4] FD 1" IP TAGGED LS 3018, PER R2, FLUSH.
- [5] FD RAILROAD SPIKE W/ PUNCH MARK MK'D "EC" FLUSH, PER 4.
- [6] FD RAILROAD SPIKE W/ PUNCH MARK MK'D "31" FLUSH, FOR PI NO. 31 PER R4.
- [7] 1" IP WITH PLASTIC PLUG STAMPED LS 3018, FLUSH, PER R2

REFERENCE LEGEND

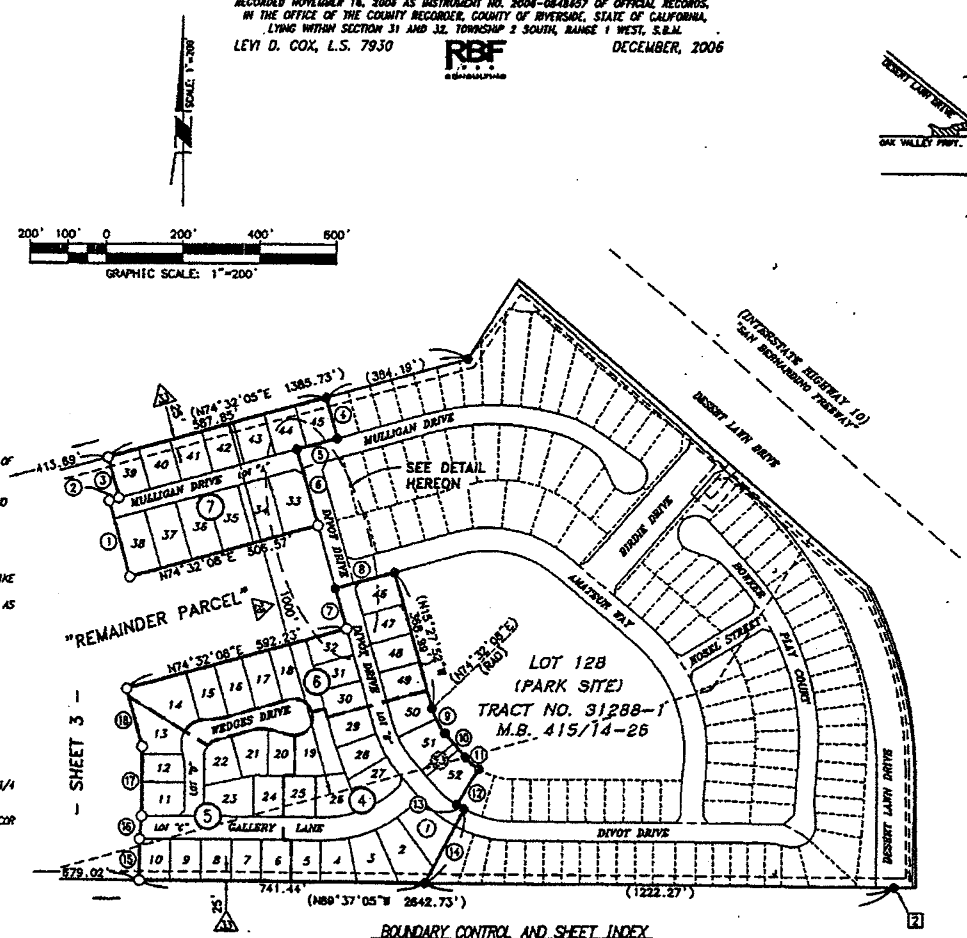
R1 TRACT 31288-1 M.B. 415/14-26
R2 RS 84/52
R3 RS 109/11
R4 RS 80/85
R5 DOCUMENT No. 2006-0848657, O.R. (LLA 06-10)



VICINITY MAP

NTS

		DATA TABLE	
NO	BEARING/DELTA	RADIUS	LENGTH
1	N15°27'52"W	—	205.96'
2	N74°32'08"E	—	27.72'
3	N15°27'52"W	—	109.87'
4	(N15°27'52"W)	—	(109.88')
5	(N74°32'08"E)	—	(109.00')
6	(N15°27'52"W)	—	(205.96')
7	(N15°27'52"W)	—	(110.00')
8	(N74°32'08"E)	—	(180.00')
9	25°03'50"	165.00'	(72.18')
10	(N40°31'42"W)	—	(81.77')
11	16°53'49"	165.00'	(48.66')
12	(N32°34'29"E) (R)	—	(110.00')
13	04°49'20"	275.00'	(23.15')
14	(N27°45'09"E)	—	(220.47')
15	N00°22'55"E	—	110.00'
16	N04°54'21"E	—	60.19'
17	N00°22'55"E	—	181.94'
18	N15°27'52"W	—	154.42'



BOUNDARY CONTROL AND SHEET INDEX

SCALE: 1" = 200'

(#) DENOTES SHEET NUMBER

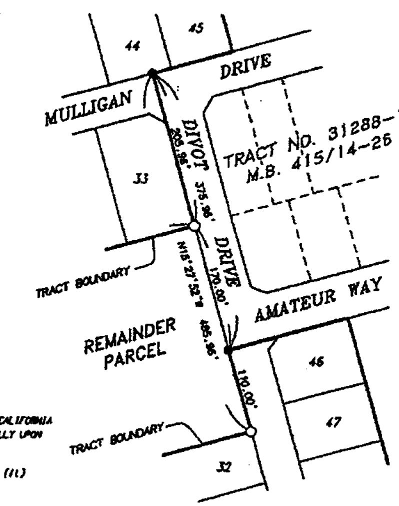
NOTE

SEE SHEET 3 FOR BOUNDARY CONTROL.

BASIS OF BEARINGS AND COORDINATES

BEARINGS AND COORDINATES AS SHOWN HEREON ARE IN TERMS OF THE CALIFORNIA COORDINATE SYSTEM OF 1983 (EPOCH 2004.00), ZONE 6 BASED LOCALLY UPON THE FOLLOWING CSRC STATIONS AS PUBLISHED BY THE CSRC:

Name	Northing (ft)	Easting (ft)	Ellipse Hgt. (ft)
CRFP	2322764.089	6304246.059	2258.407
CTMS	2352688.681	6525221.205	3170.417
MATH	2347786.008	6271429.242	1084.001
PIN1	2392853.383	6271429.242	5685.688



DETAIL

NOT TO SCALE

IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

SHEET 4 OF 10 SHEETS

TRACT NO. 31288-3

BEING A SUBDIVISION OF PARCEL 1 AND 2, 06-LLA-10, RECORDED NOVEMBER 16, 2006 AS INSTRUMENT No. 2006-0848657 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, AND A PORTION OF PARCEL 8, 03-LLA-11, RECORDED A JULY 7, 2003 AS INSTRUMENT No. 2003-500693 OF OFFICIAL RECORDS, ALL LYING WITHIN SECTION 31 AND 32, T.2S., R.1W., AND FRACTIONAL SECTION 6, T.3S., R.1W., SAN BERNARDINO MERIDIAN, STATE OF CALIFORNIA

LEVI D. COX, L.S. 7930 — RBF CONSULTING — DECEMBER, 2006

SURVEYOR'S NOTES:

1. ( ) = DENOTES RECORD DATA PER TRACT NO. 31288-1, RECORDED IN MAP BOOK 415, PAGES 14 THRU 26, OF OFFICIAL RECORDS, COUNTY OF RIVERSIDE.
2. (( )) = DENOTES RECORD AND MEASURED DATA PER TRACT NO. 31288-2 RECORDED IN MAP BOOK 415, PAGES 89 THRU 95, OF OFFICIAL RECORDS, COUNTY OF RIVERSIDE.
3. (R) DENOTES RADIAL BEARING
4. ALL MONUMENTS SHOWN AS SET WILL BE SET WITHIN ONE YEAR AFTER THE ACCEPTANCE OF IMPROVEMENTS BY CITY COUNCIL.
5. ALL SET MONUMENTS ARE SET PER RIVERSIDE COUNTY STANDARD.
6. SET 1" IRON PIPE TAGGED "L.S. 7930" IN GROUND, FLUSH, OR A LEAD, TACK AND TAG "L.S. 7930", IN CONCRETE AT ALL LOT CORNERS EXCEPT LOT CORNERS THAT ABUT A STREET WHICH WILL BE MARKED ON A 8.75 FOOT OFFSET INSIDE STREET RIGHT-OF-WAY ON SIDELINES PRODUCED EXCEPT ON SUNDANCE DRIVE WHICH WILL BE MARKED ON A 9.75 FOOT OFFSET INSIDE STREET RIGHT OF WAY ON SIDE LINES PRODUCED, UNLESS OTHERWISE NOTED. (NO MONUMENTS WILL BE SET FOR CORNER CUTOFFS, B.C.'S, E.C.'S, P.C.C.'S OR P.R.C.'S THAT ABUT A STREET WHICH ARE NOT LOT CORNERS MARKING SIDELINES, UNLESS OTHERWISE NOTED.)
7. ○ INDICATES SET 2" IRON PIPE & TAG "LS 7930", FLUSH, IN THE GROUND OR IN ASPHALT, OR A LEAD, TACK AND TAG "LS 7930" IN CONCRETE.
8. △ INDICATES SET 3/8" COPPER CLAD STEEL PIN W/1-1/2" BRASS CAP STAMPED "LS 7930", IN ASPHALT, FLUSH, (RIVERSIDE COUNTY STD. 903, TYPE "B" MON).

BASIS OF BEARINGS AND COORDINATES

BEARINGS AND COORDINATES AS SHOWN HEREON ARE IN TERMS OF THE CALIFORNIA COORDINATE SYSTEM OF 1983 (EPOCH 2004.00), ZONE 6; BASED LOCALLY UPON THE FOLLOWING CSRC STATIONS AS PUBLISHED BY THE CSRC:

Name	Northing (ft)	Easting (ft)	Ellipse Hgt. (ft)
CRFP	2322764.089	6304246.059	2258.407
CTMS	2352688.681	6525221.205	3170.417
MATH	2347786.009	6271429.242	1054.001
PIN1	2392653.393	6271429.242	5685.688

ABBREVIATION LEGEND:

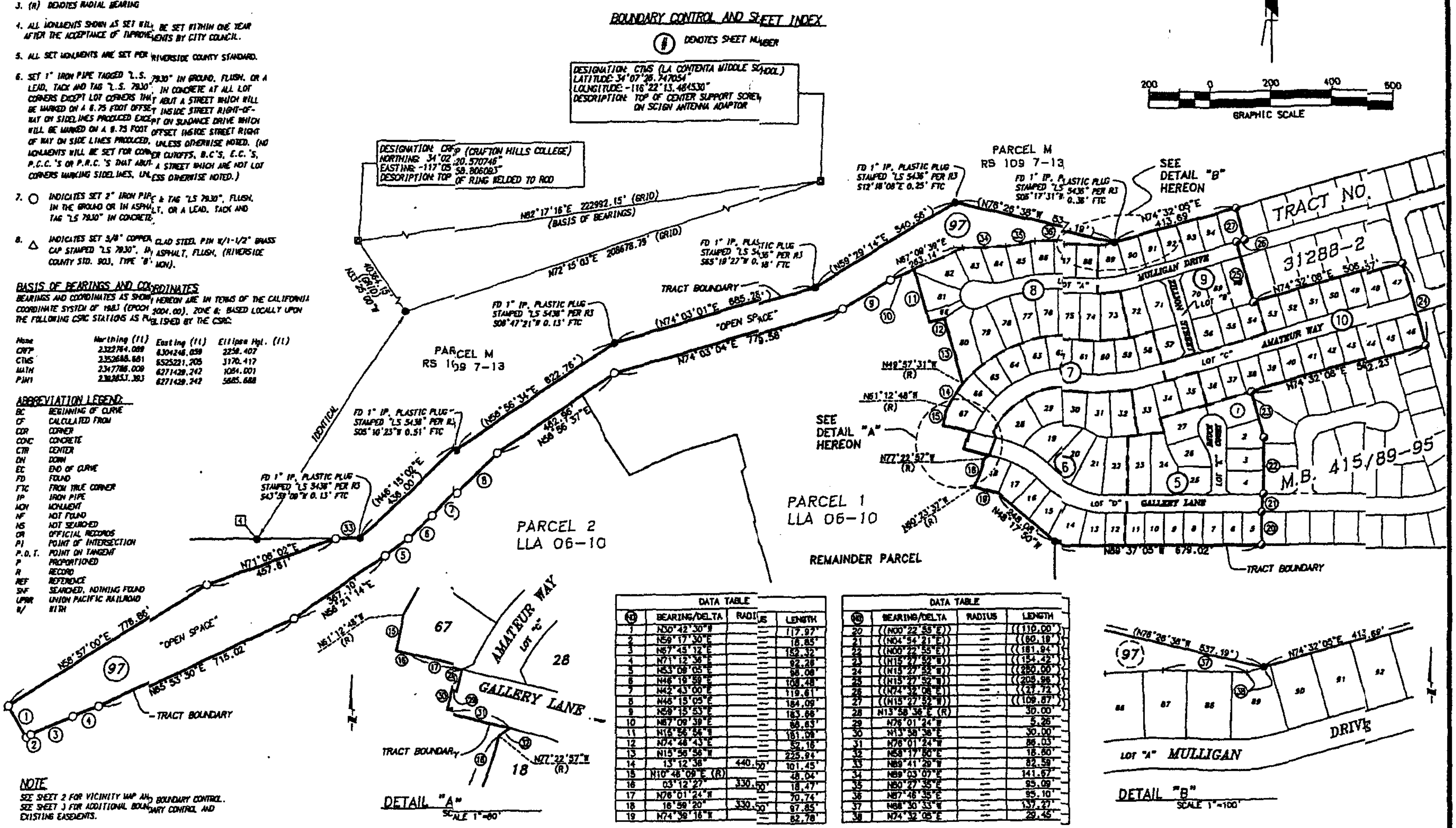
BC	BEGINNING OF CURVE
CF	CALCULATED FROM
COR	CORNER
CONC	CONCRETE
CTR	CENTER
DN	DOWN
EC	END OF CURVE
FD	FOUND
FTC	FROM TRUE CORNER
IP	IRON PIPE
MON	MONUMENT
NF	NOT FOUND
NS	NOT SEARCHED
OR	OFFICIAL RECORDS
PI	POINT OF INTERSECTION
P.O.T.	POINT ON TANGENT
P	PROPORTIONED
R	RECORD
REF	REFERENCE
SNF	SEARCHED, NOTHING FOUND
UPRR	UNION PACIFIC RAILROAD
W/	WITH

NOTE

SEE SHEET 2 FOR VICINITY MAP AND BOUNDARY CONTROL.
SEE SHEET 3 FOR ADDITIONAL BOUNDARY CONTROL AND EXISTING EASEMENTS.

BOUNDARY CONTROL AND SHEET INDEX

(#) DENOTES SHEET NUMBER



(#)	BEARING/DELTA	RADIUS	LENGTH
1	N30°42'30"W	—	117.97'
2	N59°17'30"E	—	18.85'
3	N67°45'12"E	—	152.32'
4	N71°12'36"E	—	92.28'
5	N53°08'05"E	—	98.08'
6	N46°19'59"E	—	108.48'
7	N42°43'00"E	—	119.61'
8	N46°15'05"E	—	184.09'
9	N59°15'53"E	—	183.66'
10	N67°09'39"E	—	86.63'
11	N16°56'56"W	—	181.09'
12	N74°48'43"E	—	52.16'
13	N15°56'56"W	—	225.94'
14	13°12'38"	440.50'	101.45'
15	N10°46'09"E (R)	—	48.04'
16	03°12'27"	330.00'	18.47'
17	N76°01'24"W	—	70.74'
18	16°59'20"	330.00'	97.85'
19	N74°39'16"W	—	82.78'

(#)	BEARING/DELTA	RADIUS	LENGTH
20	((N00°22'55"E))	—	((110.00'))
21	((N04°54'21"E))	—	((80.19'))
22	((N00°22'55"E))	—	((181.94'))
23	((N15°27'52"W))	—	((154.42'))
24	((N15°27'52"W))	—	((250.00'))
25	((N15°27'52"W))	—	((205.98'))
26	((N74°32'08"E))	—	((27.72'))
27	((N15°27'52"W))	—	((109.87'))
28	N13°58'36"E (R)	—	30.00'
29	N76°01'24"W	—	5.26'
30	N13°58'36"E	—	30.00'
31	N76°01'24"W	—	86.03'
32	N58°17'50"E	—	18.60'
33	N89°41'29"W	—	82.59'
34	N89°03'07"E	—	141.67'
35	N80°27'35"E	—	95.09'
36	N87°46'35"E	—	95.10'
37	N88°30'33"W	—	137.27'
38	N74°32'05"E	—	29.45'

Copy 407

IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

TRACT NO. 31288-4

BEING A SUBDIVISION OF PARCEL 1 AND 2, LOT LINE ADJUSTMENT NO. 06-LLA-10, RECORDED NOVEMBER 16, 2006 AS INSTRUMENT NO. 2006-0848657 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, LYING WITHIN SECTION 31 AND 32, TOWNSHIP 2 SOUTH, RANGE 1 WEST, AND A PORTION OF FRACTIONAL SECTION 6, TOWNSHIP 3 SOUTH, RANGE 1 WEST, SAN BERNARDINO MERIDIAN, STATE OF CALIFORNIA

LEVI D. COX, L.S. 7930 RBF CONSULTING DECEMBER, 2006

SURVEYOR'S NOTES:

1. ( ) = DENOTES RECORD AND MEASURED DATA PER TRACT NO. 31288-1, RECORDED IN MAP BOOK 415, PAGES 14 THRU 26 OF OFFICIAL RECORDS, COUNTY OF RIVERSIDE.
2. (( )) = DENOTES RECORD AND MEASURED DATA PER TRACT No. No. 31288-3 RECORDED IN MAP BOOK 419, PAGES 94 THRU 103, OF OFFICIAL RECORDS, COUNTY OF RIVERSIDE.
3. (R) DENOTES RADIAL BEARING
4. ALL MONUMENTS SHOWN AS SET WILL BE SET WITHIN ONE YEAR AFTER THE ACCEPTANCE OF IMPROVEMENTS BY CITY COUNCIL.
5. ALL SET MONUMENTS ARE SET PER RIVERSIDE COUNTY STANDARD.
6. SET 1" IRON PIPE TAGGED "L.S. 7930" IN GROUND, FLUSH, OR A LEAD, TACK AND TAG "L.S. 7930", IN CONCRETE AT ALL LOT CORNERS EXCEPT LOT CORNERS THAT ABUT A STREET WHICH WILL BE MARKED ON A 6.75 FOOT OFFSET INSIDE STREET RIGHT-OF-WAY ON SIDELINES PRODUCED EXCEPT ON SUNDANCE DRIVE WHICH WILL BE MARKED ON A 9.75 FOOT OFFSET INSIDE STREET RIGHT OF WAY ON SIDE LINES PRODUCED, UNLESS OTHERWISE NOTED. (NO MONUMENTS WILL BE SET FOR CORNER CUTOFFS, B.C.'S, E.C.'S, P.C.C.'S OR P.R.C.'S THAT ABUT A STREET WHICH ARE NOT LOT CORNERS MARKING SIDELINES, UNLESS OTHERWISE NOTED.)
7. ○ INDICATES SET 2" IRON PIPE & TAG "LS 7930", FLUSH, IN THE GROUND OR IN ASPHALT, OR A LEAD, TACK AND TAG "LS 7930" IN CONCRETE.
8. △ INDICATES SET 5/8" COPPER CLAD STEEL PIN W/1-1/2" BRASS CAP STAMPED "LS 7930", IN ASPHALT, FLUSH, (RIVERSIDE COUNTY STD. 903, TYPE "B" MON).

EASEMENT NOTES:

△26 AN EASEMENT FOR GOLF COURSE USE AND INCIDENTAL PURPOSES RECORDED DECEMBER 28, 2000 AS INSTRUMENT NO. 2000-516796 OF OFFICIAL RECORDS. SAID EASEMENT EXTENDS 1000' SOUTHERLY FROM THE SOUTH LINE OF THE GOLF COURSE AND IS BLANKET IN NATURE.

△33 INDICATES A 25 FOOT WIDE EASEMENT FOR DRIVEWAYS, CURB CUTS, PERIMETER WALLS OR FENCES, LANDSCAPING OR DRAINAGE SYSTEMS AND LIKE IMPROVEMENTS.

△45 INDICATES AN EASEMENT RECORDED APRIL 15, 2004 AS INSTRUMENT NO. 2004-0272901, OFFICIAL RECORDS

△47 INDICATES AN EASEMENT GRANTED TO SOUTHERN CALIFORNIA GAS COMPANY, A CALIFORNIA CORPORATION, ITS SUCCESSORS AND ASSIGNS FOR TRANSPORTATION OF GAS, ENERGY, COMMUNICATIONS, PETROLEUM PRODUCTS AND OTHER SUBSTANCES RECORDED SEPTEMBER 2, 2005 AS INSTRUMENT NO. 2005-0728194, OFFICIAL RECORDS AND RECORDED JULY 20, 2006 AS INSTRUMENT NO. 2006-0532383, OFFICIAL RECORDS

△15 INDICATES AN EASEMENT GRANTED TO SOUTHERN CALIFORNIA EDISON COMPANY FOR ELECTRIC LINES RECORDED MAY 6, 1969 AS INSTRUMENT NO. 44332, OFFICIAL RECORDS

EASEMENT NOTES:

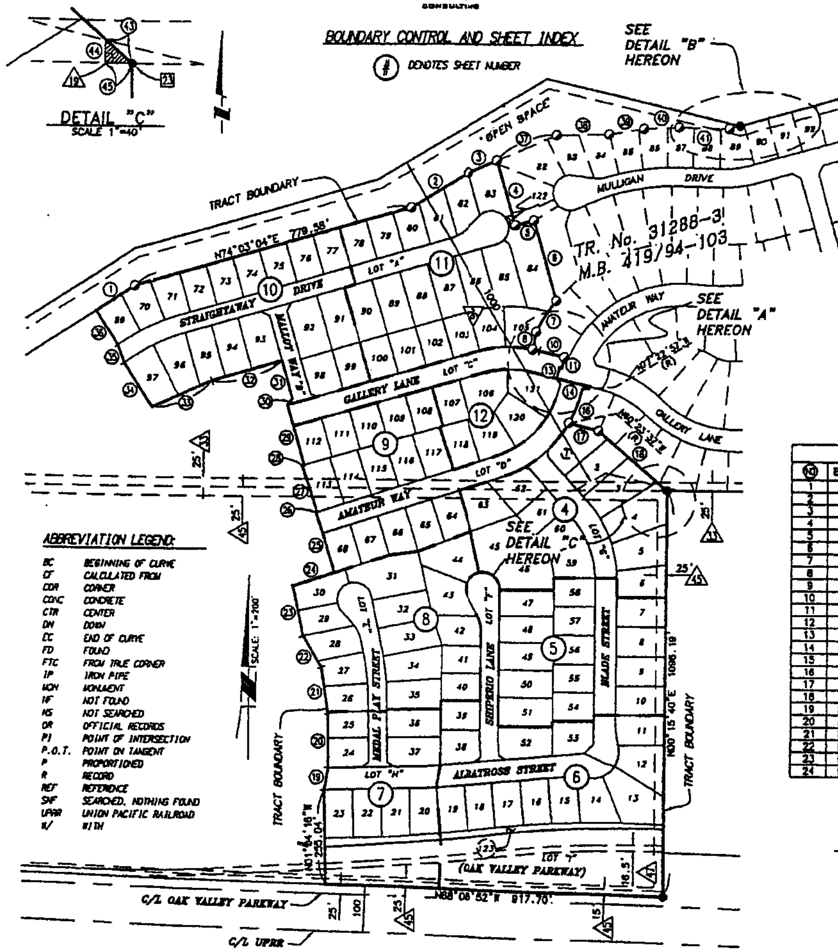
(A) INDICATES AN EASEMENT IN FAVOR OF THE CITY OF BEAUMONT OVER ALL OF LOT 122 FOR SEWER EASEMENT AND LANDSCAPE MAINTENANCE PURPOSES.

SOILS REPORT NOTE

PRELIMINARY SOILS INVESTIGATION REPORT FOR TENTATIVE TRACT NO. 31288, DATED JANUARY 20, 2005, AS WORK ORDER 700048, WAS PREPARED BY PACIFIC SOILS ENGINEERING, INC., AS REQUIRED BY SECTIONS 17953 OF THE CALIFORNIA HEALTH AND SAFETY CODE AND AS REQUIRED BY SECTION 66434.5 OF THE CALIFORNIA GOVERNMENT CODE. A COPY OF SAID REPORT IS ON FILE FOR PUBLIC INSPECTION IN THE CITY ENGINEERS OFFICE.

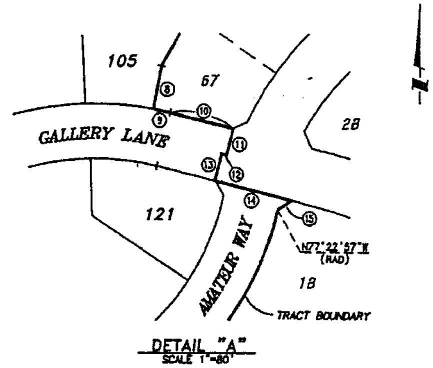
NOTE:

SEE SHEET 2 FOR VICINITY MAP, MONUMENT NOTES, AND BOUNDARY CONTROL.



ABBREVIATION LEGEND:

BC BEGINNING OF CURVE
CF CALCULATED FROM
COR CORNER
CONC CONCRETE
CTR CENTER
DN DOWN
EC END OF CURVE
FD FOUND
FTC FROM TRUE CORNER
IP IRON PIPE
MON MONUMENT
NF NOT FOUND
NS NOT SEARCHED
OR OFFICIAL RECORDS
PI POINT OF INTERSECTION
P.O.T. POINT ON TANGENT
P PROPORTIONED
R RECORD
REF REFERENCE
SNF SEARCHED, NOTHING FOUND
UPRR UNION PACIFIC RAILROAD
W/ WITH



BASIS OF BEARINGS AND COORDINATES:

BEARINGS AND COORDINATES AS SHOWN HEREON ARE IN TERMS OF THE CALIFORNIA COORDINATE SYSTEM OF 1983 (EPOCH 2004.00), ZONE 6; BASED LOCALLY UPON THE FOLLOWING CSRC STATIONS AS PUBLISHED BY THE CSRC:

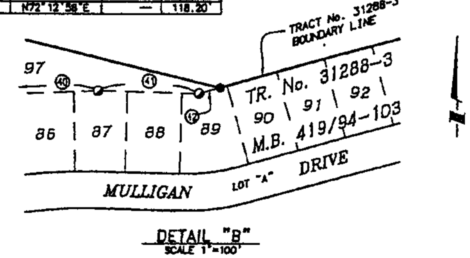
Name	Northing (ft)	Easting (ft)	Ellipse Hgt. (ft)
CRFP	2322764.069	6304246.059	2259.407
CTMS	2352688.681	6525221.205	3170.417
MATH	2347786.009	6271429.242	1084.001
PIN1	2392853.393	6271429.242	5685.688

LINE AND CURVE DATA TABLE

NO	BEARING/DELTA	RADIUS	LENGTH
1	N58°56'37"E	—	127.70'
2	N59°15'53"E	—	183.86'
3	N67°09'39"E	—	86.63'
4	N15°56'56"W	—	181.09'
5	N74°46'43"E	—	52.16'
6	N15°56'56"W	—	225.94'
7	13°12'38"	440.00'	101.45'
8	N10°46'09"E	—	48.04'
9	03°12'28"	330.00'	18.48'
10	N76°01'24"W	—	70.74'
11	N13°58'36"E	—	30.00'
12	N76°01'24"W	—	5.26'
13	N13°58'36"E	—	30.00'
14	N76°01'24"W	—	86.03'
15	N58°17'50"E	—	18.60'
16	16°59'20"	330.00'	97.85'
17	N74°39'16"W	—	82.78'
18	N48°17'50"W	—	246.08'
19	N10°11'24"E	—	61.18'
20	N01°04'16"W	—	145.06'
21	N08°20'29"W	—	127.43'
22	N30°33'04"W	—	99.21'
23	N11°49'03"W	—	138.69'
24	N72°12'58"E	—	118.20'

LINE AND CURVE DATA TABLE

NO	BEARING/DELTA	RADIUS	LENGTH
25	N17°47'02"W	—	170.00'
26	N72°12'58"E	—	2.83'
27	N17°47'02"W	—	134.61'
28	N74°00'27"E	—	5.99'
29	N15°47'09"W	—	170.41'
30	N38°12'48"E	—	22.20'
31	N15°56'56"W	—	107.00'
32	N74°03'04"E	—	198.12'
33	N65°38'55"E	—	175.76'
34	N33°03'23"W	—	142.21'
35	N20°29'46"W	—	51.23'
36	N33°03'23"W	—	110.00'
37	N67°09'39"E	—	176.51'
38	N89°03'07"E	—	141.87'
39	N90°27'35"E	—	95.09'
40	N87°46'35"E	—	95.10'
41	N88°30'33"W	—	137.27'
42	N74°32'05"E	—	29.45'
43	N48°17'50"W	—	20.01'
44	N00°15'40"E	—	13.23'
45	N58°41'29"W	—	15.00'



SUMMARY OF SOLD DWELLING UNITS

City of Beaumont
CFD No. 93-1, I. A. 17B
Tournament Hills
Sales by Year

2007

APN	Tract No.	Lot	Address	Street	Owner Name	Bldg. SF	Sale Price	Price/SF	Recording Date	Doc. #
400-110-041	31288-2	41	37838	Mulligan Dr	Feng & Mei Guey Chao	2,753	$497,000	$180.53	3/30/2007	220663
400-110-036	31288-2	36	37827	Mulligan Dr	Jacob Behney	2,753	$473,500	$171.99	4/6/2007	236066
400-110-042	31288-2	42	37884	Mulligan Dr	Theodore C & Marjorie Jo Tessner	3,055	$572,500	$187.40	4/11/2007	243461
400-110-040	31288-2	40	37756	Mulligan Dr	Priscilla Ann Zarichny	3,043	$525,000	$172.53	4/26/2007	282037
400-110-028	31288-2	28	37955	Divot Dr	Glenn & Laura J Freeman	2,786	$479,500	$172.11	6/8/2007	376865
400-110-050	31288-2	50	37946	Divot Dr	Bernie Joseph & Lydia Renteria Balland	2,618	$488,500	$186.59	6/8/2007	378913
400-120-004	31288-1	4	38670	Amateur Way	David Tellyer	1,895	$366,000	$193.14	6/19/2007	400134
400-110-061	31288-3	46	37961	Amateur Way	Jesse N & Linda Hamrick	2,040	$434,045	$212.77	6/21/2007	406554
400-110-052	31288-2	52	37988	Divot Dr	Song & Myung Hong	3,078	$703,000	$228.40	6/26/2007	415868
400-110-058	31288-3	43	37867	Amateur Way	David L & Cindy Gruber	2,411	$417,000	$172.96	6/26/2007	414117
400-110-027	31288-2	27	37967	Divot Dr	Cynthia C Bodely	2,618	$462,500	$176.66	6/29/2007	428068
400-110-034	31288-2	34	37915	Mulligan Dr	Angela Marie Brady	2,753	$459,500	$166.91	6/29/2007	426585
400-110-062	31288-3	47	37978	Amateur Way	Bac Hm Lns Svcng Lp	2,411	$396,500	$164.45	6/29/2007	426610
400-110-066	31288-3	51	37790	Amateur Way	Myles C & Maria I Ramsey	2,411	$416,500	$172.75	7/6/2007	443720
400-110-065	31288-3	50	37852	Amateur Way	Melissa Bazanos	2,040	$375,000	$183.82	7/10/2007	448174
400-110-057	31288-3	42	37825	Amateur Way	Jon & Pamella Paulien	2,834	$458,500	$161.79	7/13/2007	459445
400-110-064	31288-3	49	37884	Amateur Way	Leonila Pesigan	3,106	$485,500	$156.31	7/31/2007	496522
400-110-068	31288-3	53	37672	Amateur Way	Jeremiah L & Julie M Clouse	2,834	$512,500	$180.84	8/2/2007	500485
400-100-037	31288-3	37	37563	Amateur Way	Marjorie R & Gregory S White	2,040	$364,500	$178.68	8/7/2007	509222
400-100-041	31288-3	56	37540	Amateur Way	Ronald A & Pamela S Lillard	2,411	$461,000	$191.21	8/14/2007	523200
400-110-059	31288-3	44	37905	Amateur Way	Teresita C Benigno	3,106	$456,000	$146.81	8/15/2007	525596
400-110-022	31288-2	22	13074	Wedges Dr	Peter Carrillo	2,618	$438,000	$167.30	8/16/2007	528892
400-100-039	31288-3	54	37636	Amateur Way	Ty Antinucci	2,411	$385,000	$159.68	8/17/2007	533315
400-110-056	31288-3	41	37751	Amateur Way	Paul & Regina Meszinger	2,040	$379,500	$186.03	8/22/2007	540292
400-110-023	31288-2	23	13096	Wedges Dr	John P & Dana P Pina	3,078	$467,500	$151.88	8/29/2007	553031
400-110-039	31288-2	39	37678	Mulligan Dr	Rudolph J & Chetera E Walker	3,055	$523,818	$171.46	9/7/2007	572184
400-110-024	31288-2	24	37780	Gallery Ln	Thomas Vincent Dauria	3,078	$405,000	$131.58	9/12/2007	577656
400-110-026	31288-2	26	37896	Gallery Ln	Michael C & Brenda Spandakis	2,786	$390,000	$139.99	9/28/2007	611140
400-110-037	31288-2	37	37739	Mulligan Dr	Frank A & Deborah Foster Johnson	2,825	$425,500	$150.62	9/28/2007	610622
400-110-067	31288-3	52	37746	Amateur Way	Dieu T Troung	3,106	$382,000	$122.99	9/28/2007	608261
400-110-072	31288-2	44	37962	Mulligan Dr	Daniel J & Pamela F Mcclure	2,825	$500,000	$176.99	10/1/2007	613177

APN	Tract No.	Lot	Address	Street	Owner Name		Bldg. SF	Sale Price	Price/SF	Recording Date	Doc. #
400-110-011	31288-2	11	13093	Wedges Dr	Laurie Rose Barry		2,786	$402,000	$144.29	10/12/2007	635271
400-100-040	31288-3	55	37584	Amateur Way	Amateur Way Trust 37584		3,106	$379,000	$122.02	10/19/2007	648267
400-100-044	31288-3	59	37442	Amateur Way	Federal Home Loan Mtg Corp		3,106	$425,000	$136.83	11/9/2007	685646
400-110-013	31288-2	13	13081	Wedges Dr	Terry & Linda J Thorp		2,618	$364,000	$139.04	11/19/2007	703499
400-100-033	31288-3	33	37449	Amateur Way	Willie J Bonner		2,411	$425,000	$176.28	11/29/2007	719902
400-110-051	31288-2	51	37964	Divot Dr	William R & Norma C Ballew		3,078	$451,000	$146.52	12/3/2007	725085
400-110-025	31288-2	25	37836	Gallery Ln	Seth & Ruth Cox		2,618	$364,000	$139.04	12/28/2007	771177
				38 Sales		**Average**	**2,698**	**$445,010**	**$166.35**		
2008											
400-100-043	31288-3	58	37456	Amateur Way	Robert & Mary Averette		2,411	$340,000	$141.02	1/11/2008	18094
400-110-033	31288-2	33	37949	Mulligan Dr	Samuel & Serafina Diaz		3,690	$415,000	$112.47	1/18/2008	29659
400-090-026	31288-3	93	37564	Mulligan Dr	Eva Maria Diaz		2,834	$408,000	$143.97	1/25/2008	40725
400-100-045	31288-3	60	37438	Amateur Way	Eric Landis & Sylvia Veronica Weck		2,834	$364,000	$128.44	2/8/2008	66949
400-110-055	31288-3	40	37693	Amateur Way	Donald Williams		3,106	$347,000	$111.72	2/13/2008	71167
400-110-054	31288-3	39	37659	Amateur Way	Misty R Robinson		2,040	$309,000	$151.47	3/7/2008	115130
400-100-034	31288-3	34	37473	Amateur Way	Robert Christopher Bonghi		2,834	$362,000	$127.73	3/21/2008	141325
400-090-001	31288-3	68	37625	Mulligan Dr	David C Wright		2,834	$356,000	$125.62	4/14/2008	184247
400-110-035	31288-2	35	37861	Mulligan Dr	Rolando S Gutierrez		3,043	$335,000	$110.09	5/16/2008	265831
400-110-073	31288-2	45	38010	Mulligan Dr	David Alva		3,690	$435,000	$117.89	5/16/2008	265058
400-090-027	31288-3	94	37592	Mulligan Dr	Casey Stephen Gnadt		2,411	$330,000	$136.87	5/30/2008	295272
400-090-028	31288-3	95	37530	Mulligan Dr	Michael Pollack		2,040	$305,500	$149.75	6/12/2008	321302
400-090-024	31288-3	91	37488	Mulligan Dr	Cynthia D Flannery		2,040	$316,000	$154.90	7/2/2008	361304
400-100-031	31288-3	31	37363	Amateur Way	Pei Hsuan Hsieh		3,106	$350,000	$112.69	7/3/2008	365029
400-110-015	31288-2	15	13073	Wedges Dr	Charles D Jansen		3,078	$360,000	$116.96	7/11/2008	
400-110-012	31288-2	12	13087	Wedges Dr	Marco & Genoeffa Airo		3,078	$385,500	$125.24	7/24/2008	404454
400-110-014	31288-2	14	13077	Wedges Dr	Shannon L Sanchez		2,786	$340,000	$122.04	7/25/2008	408231
400-090-025	31288-3	92	37520	Mulligan Dr	Christopher D Charlton		3,106	$363,000	$116.87	8/18/2008	454019
400-090-003	31288-3	70	37531	Mulligan Dr	Pedro F & Leandro V Delgado		2,411	$313,000	$129.82	9/26/2008	527193
400-110-020	31288-2	20	13058	Wedges Dr	Westgate Finance		2,618	$280,000	$106.95	9/30/2008	531454
400-110-016	31288-2	16	13067	Wedges Dr	Hud-housing Of Urban Dev		2,618	$312,000	$119.17	10/1/2008	533222
400-110-018	31288-2	18	13055	Wedges Dr	Yael Verduzco		3,078	$325,000	$105.59	10/1/2008	533220
400-110-021	31288-2	21	13064	Wedges Dr	Joshua & Tiana Delgado		2,786	$307,000	$110.19	10/1/2008	533218
400-100-042	31288-3	57	37480	Amateur Way	Betty F Badalamente		2,040	$269,000	$131.86	10/22/2008	565250
400-110-019	31288-2	19	13050	Wedges Dr	Carl S & Gretchen A Bethurum		3,549	$338,000	$95.24	10/24/2008	571035
400-100-032	31288-3	32	37441	Amateur Way	Ryan Kelly		2,040	$243,500	$119.36	12/5/2008	641056
400-100-036	31288-3	36	37525	Amateur Way	Adrian M Pressley		3,106	$330,000	$106.25	12/9/2008	644241
400-110-043	31288-2	43	37920	Mulligan Dr	Jonathan J Lee		3,690	$330,000	$89.43	12/26/2008	673079

APN	Tract No.	Lot	Address	Street	Owner Name	Bldg. SF	Sale Price	Price/SF	Recording Date	Doc. #
				28 Sales	Average	2,818	$338,161	$122.13		
2009										
400-090-002	31288-3	69	37583	Mulligan Dr	Dirik R Moses	3,106	$268,000	$86.28	1/28/2009	40273
400-100-029	31288-3	29	37153	Amateur Way	Arnold J & Martha M Wood	2,411	$283,500	$117.59	3/5/2009	105935
400-100-046	31288-3	61	37344	Amateur Way	Barbara Ann & Jamie Rae Santos	2,040	$243,500	$119.36	3/10/2009	112409
400-110-007	31288-2	7	37767	Gallery Ln	Damian Daniel Salinas	3,078	$318,000	$103.31	3/31/2009	157639
400-110-008	31288-2	8	37725	Gallery Ln	John Robert & Lisa Anne Kazalunas	2,618	$272,000	$103.90	4/30/2009	215514
400-110-009	31288-2	9	37693	Gallery Ln	Roy Norman Bean	2,786	$292,000	$104.81	5/8/2009	230317
400-100-047	31288-3	62	37260	Amateur Way	Carlos G & Pilar R Martinez	3,106	$288,000	$92.72	5/28/2009	269149
400-100-048	31288-3	63	37192	Amateur Way	Christopher E Valenti	2,834	$271,000	$95.62	6/1/2009	274778
400-100-030	31288-3	30	37285	Amateur Way	John Richards	2,834	$295,000	$104.09	6/12/2009	301741
400-100-035	31288-3	35	37491	Amateur Way	Felix M & Gloria R Pesigan	2,411	$257,500	$106.80	6/12/2009	299584
400-120-022	31288-1	85	38072	Amateur Way	Peter Carrillo	2,411	$315,000	$130.65	6/19/2009	314656
400-120-027	31288-1	90	38422	Amateur Way	Russell L & Carmen Rosenblum	2,786	$341,000	$122.40	6/26/2009	329051
400-110-006	31288-2	6	37791	Gallery Ln	James Michael & Joan A Henderson	2,618	$270,000	$103.13	7/30/2009	396974
400-110-017	31288-2	17	13061	Wedges Dr	Shawn Kunkel	2,786	$275,000	$98.71	7/31/2009	401894
400-110-010	31288-2	10	37667	Gallery Ln	Paul Divincenzo	3,549	$331,000	$93.27	8/7/2009	412738
400-120-028	31288-1	91	38470	Amateur Way	Andrew C & Clyde Birchard	3,078	$330,000	$107.21	12/24/2009	662158
				16 Sales	Average	2,778	$290,656	$105.62		
2010										
400-120-020	31288-1	83	38018	Amateur Way	Ana M & Dennis A Escobar	3,106	$325,000	$104.64	1/13/2010	13387
400-120-021	31288-1	84	38036	Amateur Way	Judith Matty	2,834	$345,000	$121.74	1/29/2010	42350
400-100-038	31288-3	38	37591	Amateur Way	Dwight Ceasar Forest	2,834	$238,000	$83.98	2/25/2010	86965
400-110-063	31288-3	48	37930	Amateur Way	William Wee Yap	2,834	$295,000	$104.09	3/24/2010	132759
400-120-001	31288-1	1	38516	Amateur Way	Waqas A Khan	2,886	$283,500	$98.23	3/31/2010	146956
400-120-026	31288-1	89	38360	Amateur Way	Robert Michael Hards	2,618	$290,000	$110.77	5/5/2010	205451
400-120-002	31288-1	2	38534	Amateur Way	Joshua Samuel Brown	2,348	$280,000	$119.25	5/17/2010	225790
400-110-038	31288-2	38	37645	Mulligan Dr	Tarek T Moqattash	3,690	$280,000	$75.88	6/10/2010	267650
400-100-006	31288-3	6	37595	Gallery Ln	David S & Leslie A Gilford	1,611	$216,000	$134.08	6/11/2010	269682
400-100-026	31288-3	26	13083	Deuce Ct	Jeffrey J & Judy L Flory	2,664	$287,000	$107.73	6/16/2010	276458
400-100-010	31288-3	10	37383	Gallery Ln	Satsuki Ikemiyagi	1,161	$208,500	$179.59	6/23/2010	288458
400-100-022	31288-3	22	37264	Gallery Ln	Jennifer Lyn Pickering	3,102	$301,500	$97.20	6/23/2010	288460
400-100-003	31288-3	3	13086	Deuce Ct	Chad & Samantha Sumpter	1,131	$232,000	$205.13	6/24/2010	291837
400-100-021	31288-3	21	37192	Gallery Ln	Richard R & Barbara A Ronquillo	1,906	$232,000	$121.72	6/24/2010	
400-100-007	31288-3	7	37519	Gallery Ln	Joe R & Cynthia C Chavez	1,131	$183,000	$161.80	6/25/2010	294436
400-100-014	31288-3	14	37185	Gallery Ln	Sandra J Maples	2,025	$232,500	$114.81	6/25/2010	294447
400-100-015	31288-3	15	37159	Gallery Ln	James Keith & Penny Schooley	1,294	$200,500	$154.95	6/25/2010	294957

APN	Tract No.	Lot	Address	Street	Owner Name		Bldg. SF	Sale Price	Price/SF	Recording Date	Doc. #
400-100-011	31288-3	11	37349	Gallery Ln	Audrey L & Kenneth J Eckl		1,131	$185,000	$163.57	6/29/2010	299222
400-100-001	31288-3	1	13070	Deuce Ct	Al Aries M & Maria M Loteria		3,102	$294,000	$94.78	6/30/2010	305910
400-100-012	31288-3	12	37271	Gallery Ln	Curtis Sebastian		2,025	$236,500	$116.79	6/30/2010	303582
400-100-023	31288-3	23	37356	Gallery Ln	Elke & Gordon Thompson		1,906	$233,500	$122.51	7/1/2010	307616
400-100-024	31288-3	24	37410	Gallery Ln	Catherine O Negapatan		2,664	$273,000	$102.48	7/1/2010	307793
400-100-025	31288-3	25	13089	Deuce Ct	Willie Joe & Janet K Peacock		1,906	$232,000	$121.72	7/13/2010	326428
400-100-008	31288-3	8	37475	Gallery Ln	Leonard J Cayabyab		2,326	$241,000	$103.61	7/16/2010	334665
400-100-004	31288-3	4	13092	Deuce Ct	Gilbert Munoz		1,294	$193,000	$149.15	7/23/2010	345592
400-100-013	31288-3	13	37237	Gallery Ln	Bryan M & Michelle L Londot		2,326	$248,000	$106.62	7/27/2010	349869
400-120-023	31288-1	86	38108	Amateur Way	Brian Hendra		2,040	$242,000	$118.63	8/6/2010	370070
400-100-009	31288-3	9	37427	Gallery Ln	Braulio & Jennifer Nol		2,664	$263,000	$98.72	9/3/2010	425381
400-090-008	31288-3	75	37379	Mulligan Dr	Rebeca R Duran		1,611	$205,500	$127.56	9/23/2010	455119
400-090-004	31288-3	71	37473	Mulligan Dr	Derek William Lantz		1,611	$210,000	$130.35	9/24/2010	457741
400-110-060	31288-3	45	37929	Amateur Way	Rigoberto Garcia		2,834	$280,000	$98.80	9/24/2010	458755
400-090-020	31288-3	87	37368	Mulligan Dr	Abelardo S & Luisa L Garcia		2,025	$246,000	$121.48	10/29/2010	521147
400-090-006	31288-3	73	37429	Mulligan Dr	Wesley A & Rosemarie Bruhn		2,664	$275,000	$103.23	11/4/2010	528884
400-090-021	31288-3	88	37390	Mulligan Dr	Melissa G & Natividad G Olegario		2,025	$260,000	$128.40	11/10/2010	541617
400-090-018	31288-3	85	37290	Mulligan Dr	Christopher Manoly		1,611	$237,000	$147.11	11/19/2010	558421
400-090-012	31288-3	79	37151	Mulligan Dr	Brandon Holley		1,611	$218,000	$135.32	11/24/2010	565590
400-110-004	31288-2	4	37889	Gallery Ln	Susan S Hong		1,611	$218,500	$135.63	12/9/2010	588741
400-090-023	31288-3	90	37454	Mulligan Dr	Ricardo A & Lorna A Nacario		2,326	$249,000	$107.05	12/17/2010	605975
400-100-027	31288-3	27	13071	Deuce Ct	Vanessa C Aquino		2,025	$219,000	$108.15	12/23/2010	615745
400-110-001	31288-2	1	37981	Gallery Ln	Marcus L Roberson		2,025	$230,000	$113.58	12/23/2010	616251
400-090-015	31288-3	82	37038	Mulligan Dr	Lisa & Ray Jasso		3,102	$328,000	$105.74	12/29/2010	622949
400-090-019	31288-3	86	37334	Mulligan Dr	Gary D & Anita J Factor		2,326	$253,000	$108.77	12/29/2010	622951
				42 Sales		**Average**	**2,190**	**$249,988**	**$120.60**		
2011											
400-090-005	31288-3	72	37447	Mulligan Dr	Robert M Fernandez		2,025	$219,000	$108.15	1/13/2011	17832
400-090-017	31288-3	84	37248	Mulligan Dr	James T & Patsy A Kuntz		2,664	$269,000	$100.98	2/10/2011	65855
400-090-013	31288-3	80	37045	Mulligan Dr	Leonard & Nora Munguia		2,664	$273,500	$102.67	2/14/2011	68735
400-090-016	31288-3	83	37164	Mulligan Dr	Lydia D Macali		2,326	$253,000	$108.77	2/23/2011	82597
400-110-005	31288-2	5	37843	Gallery Ln	William P & Susan L Mcclinton		2,664	$255,000	$95.72	3/2/2011	94983
400-090-011	31288-3	78	37267	Mulligan Dr	Cynthia Y Barron		1,131	$178,000	$157.38	3/4/2011	100447
400-090-007	31288-3	74	37395	Mulligan Dr	Nelson Robles-morales		3,102	$259,000	$83.49	3/10/2011	109870
400-110-003	31288-2	3	37915	Gallery Ln	Jonathan & Emily Borth		2,326	$241,500	$103.83	3/11/2011	112736
400-100-002	31288-3	2	13078	Deuce Ct	Alejandro M Rodriguez		1,165	$276,000	$236.91	3/18/2011	122861
400-090-022	31288-3	89	37428	Mulligan Dr	Juan G Martinez		1,906	$235,000	$123.29	3/31/2011	142925

APN	Tract No.	Lot	Address	Street	Owner Name		Bldg. SF	Sale Price	Price/SF	Recording Date	Doc. #
400-120-065	31288-1	106	38032	Mulligan Dr	James W Davis		2,019	$272,500	$134.97	4/15/2011	169015
400-120-066	31288-1	107	38064	Mulligan Dr	John M Reisenhofer		2,643	$293,000	$110.86	4/15/2011	169002
400-090-014	31288-3	81	37016	Mulligan Dr	Shawna L Cosby		2,025	$236,000	$116.54	4/20/2011	174819
400-090-009	31288-3	76	37341	Mulligan Dr	Deborah Moore		2,326	$235,500	$101.25	4/29/2011	190316
400-100-051	31288-3	66	37026	Amateur Way	Steven R & Shirley A Burroughs		2,030	$213,500	$105.17	4/29/2011	188743
400-090-010	31288-3	77	37283	Mulligan Dr	Vonschmittou Family Trust		2,025	$224,500	$110.86	5/3/2011	193288
400-100-052	31288-3	67	37010	Amateur Way	Gregory A & Pamela J Letterly		1,597	$187,500	$117.41	5/4/2011	195826
400-100-028	31288-3	28	37031	Amateur Way	Gagnon Susan L Trust		1,900	$230,500	$121.32	5/6/2011	201746
400-100-005	31288-3	5	37631	Gallery Ln	Anella J P & Raymund F C Maghari		3,102	$258,500	$83.33	5/25/2011	229642
400-100-050	31288-3	65	37078	Amateur Way	Benjamin Ramos		3,099	$271,500	$87.61	6/22/2011	274025
400-120-003	31288-1	3	38658	Amateur Way	Steven R & Whitney A Quick		2,159	$239,500	$110.93	7/21/2011	319679
400-100-020	31288-3	20	37134	Gallery Ln	William T Parmelee		2,315	$195,500	$84.45	7/29/2011	333345
400-120-039	31288-1	102	38073	Mulligan Dr	Jacob W & Monica Velasquez		2,433	$257,000	$105.63	7/29/2011	333102
400-120-067	31288-1	108	38096	Mulligan Dr	William J Lamela		2,019	$274,000	$135.71	8/10/2011	351707
400-600-030	31288-4	107	36867	Gallery Ln	Colleen Owens		1,597	$204,500	$128.05	8/10/2011	350136
400-600-025	31288-4	102	36870	Gallery Ln	George A Castro		1,303	$189,500	$145.43	8/16/2011	359145
400-600-026	31288-4	103	36892	Gallery Ln	Lisa Matus		3,099	$282,000	$91.00	8/17/2011	360973
400-100-049	31288-3	64	37136	Amateur Way	Cesar E Aguiluz		2,315	$258,000	$111.45	8/19/2011	368531
400-600-027	31288-4	104	36924	Gallery Ln	Dennis & Brenda Banaag		2,315	$250,500	$108.21	8/23/2011	371744
400-600-028	31288-4	105	36948	Gallery Ln	James L & Carolyn Miller		1,900	$223,000	$117.37	8/26/2011	378820
400-600-029	31288-4	106	36915	Gallery Ln	Francisco C & Irma A Macalma		3,099	$277,500	$89.55	8/26/2011	378817
400-600-031	31288-4	108	36829	Gallery Ln	Gary S Cook		1,132	$178,500	$157.69	9/21/2011	417892
400-120-025	31288-1	88	38246	Amateur Way	Fay Marcus		2,654	$296,500	$111.72	9/26/2011	425861
400-120-048	31288-1	111	38184	Mulligan Dr	Theodore Levterov		2,654	$305,000	$114.92	10/7/2011	445057
400-590-013	31288-4	110	36773	Gallery Ln	Alex N & Melissa L Thacker		1,132	$178,500	$157.69	10/7/2011	444054
400-590-014	31288-4	111	36731	Gallery Ln	Jacob Hernandez		2,030	$225,500	$111.08	10/7/2011	443990
400-590-015	31288-4	112	36709	Gallery Ln	Octavio & Rosalba Cervantes		2,664	$256,000	$96.10	10/21/2011	465443
400-600-032	31288-4	109	36791	Gallery Ln	Robert A & Yvette M Velasquez		2,315	$230,000	$99.35	10/28/2011	476807
				38 Sales		**Average**	**2,207**	**$242,184**	**$115.44**		

APN	Tract No.	Lot	Address	Street	Owner Name	Bldg. SF	Sale Price	Price/SF	Recording Date	Doc. #

OWNERSHIP

City of Beaumont
CFD No. 93-1, I. A. 17B
Tournament Hills
Ownership

APN	Tract No.	Lot	Address	Street	Owner Name	Bldg. SF	Sale Price	Price/SF	Recording Date	Doc. #
400-090-001	31288-3	68	37625	Mulligan Dr	David C Wright	2,834	$356,000	$125.62	4/14/2008	184247
400-090-002	31288-3	69	37583	Mulligan Dr	Dirik R Moses	3,106	$268,000	$86.28	1/28/2009	40273
400-090-003	31288-3	70	37531	Mulligan Dr	Pedro F & Leandro V Delgado	2,411	$313,000	$129.82	9/26/2008	527193
400-090-004	31288-3	71	37473	Mulligan Dr	Derek William Lantz	1,611	$210,000	$130.35	9/24/2010	457741
400-090-005	31288-3	72	37447	Mulligan Dr	Robert M Fernandez	2,025	$219,000	$108.15	1/13/2011	17832
400-090-006	31288-3	73	37429	Mulligan Dr	Wesley A & Rosemarie Bruhn	2,664	$275,000	$103.23	11/4/2010	528884
400-090-007	31288-3	74	37395	Mulligan Dr	Nelson Robles-morales	3,102	$259,000	$83.49	3/10/2011	109870
400-090-008	31288-3	75	37379	Mulligan Dr	Rebeca R Duran	1,611	$205,500	$127.56	9/23/2010	455119
400-090-009	31288-3	76	37341	Mulligan Dr	Deborah Moore	2,326	$235,500	$101.25	4/29/2011	190316
400-090-010	31288-3	77	37283	Mulligan Dr	Vonschmittou Family Trust	2,025	$224,500	$110.86	5/3/2011	193288
400-090-011	31288-3	78	37267	Mulligan Dr	Cynthia Y Barron	1,131	$178,000	$157.38	3/4/2011	100447
400-090-012	31288-3	79	37151	Mulligan Dr	Brandon Holley	1,611	$218,000	$135.32	11/24/2010	565590
400-090-013	31288-3	80	37045	Mulligan Dr	Leonard & Nora Munguia	2,664	$273,500	$102.67	2/14/2011	68735
400-090-014	31288-3	81	37016	Mulligan Dr	Shawna L Cosby	2,025	$236,000	$116.54	4/20/2011	174819
400-090-015	31288-3	82	37038	Mulligan Dr	Lisa & Ray Jasso	3,102	$328,000	$105.74	12/29/2010	622949
400-090-016	31288-3	83	37164	Mulligan Dr	Lydia D Macali	2,326	$253,000	$108.77	2/23/2011	82597
400-090-017	31288-3	84	37248	Mulligan Dr	James T & Patsy A Kuntz	2,664	$269,000	$100.98	2/10/2011	65855
400-090-018	31288-3	85	37290	Mulligan Dr	Christopher Manoly	1,611	$237,000	$147.11	11/19/2010	558421
400-090-019	31288-3	86	37334	Mulligan Dr	Gary D & Anita J Factor	2,326	$253,000	$108.77	12/29/2010	622951
400-090-020	31288-3	87	37368	Mulligan Dr	Abelardo S & Luisa L Garcia	2,025	$246,000	$121.48	10/29/2010	521147
400-090-021	31288-3	88	37390	Mulligan Dr	Melissa G & Natividad G Olegario	2,025	$260,000	$128.40	11/10/2010	541617
400-090-022	31288-3	89	37428	Mulligan Dr	Juan G Martinez	1,906	$235,000	$123.29	3/31/2011	142925
400-090-023	31288-3	90	37454	Mulligan Dr	Ricardo A & Lorna A Nacario	2,326	$249,000	$107.05	12/17/2010	605975
400-090-024	31288-3	91	37488	Mulligan Dr	Cynthia D Flannery	2,040	$316,000	$154.90	7/2/2008	361304
400-090-025	31288-3	92	37520	Mulligan Dr	Christopher D Charlton	3,106	$363,000	$116.87	8/18/2008	454019
400-090-026	31288-3	93	37564	Mulligan Dr	Eva Maria Diaz	2,834	$408,000	$143.97	1/25/2008	40725
400-090-027	31288-3	94	37592	Mulligan Dr	Casey Stephen Gnadt	2,411	$330,000	$136.87	5/30/2008	295272
400-090-028	31288-3	95	37530	Mulligan Dr	Michael Pollack	2,040	$305,500	$149.75	6/12/2008	321302
400-100-001	31288-3	1	13070	Deuce Ct	Al Aries M & Maria M Loteria	3,102	$294,000	$94.78	6/30/2010	305910
400-100-002	31288-3	2	13078	Deuce Ct	Alejandro M Rodriguez	1,165	$276,000	$236.91	3/18/2011	122861
400-100-003	31288-3	3	13086	Deuce Ct	Chad & Samantha Sumpter	1,131	$232,000	$205.13	6/24/2010	291837
400-100-004	31288-3	4	13092	Deuce Ct	Gilbert Munoz	1,294	$193,000	$149.15	7/23/2010	345592
400-100-005	31288-3	5	37631	Gallery Ln	Anella J P & Raymund F C Maghari	3,102	$258,500	$83.33	5/25/2011	229642
400-100-006	31288-3	6	37595	Gallery Ln	David S & Leslie A Gilford	1,611	$216,000	$134.08	6/11/2010	269682
400-100-007	31288-3	7	37519	Gallery Ln	Joe R & Cynthia C Chavez	1,131	$183,000	$161.80	6/25/2010	294436
400-100-008	31288-3	8	37475	Gallery Ln	Leonard J Cayabyab	2,326	$241,000	$103.61	7/16/2010	334665
400-100-009	31288-3	9	37427	Gallery Ln	Braulio & Jennifer Nol	2,664	$263,000	$98.72	9/3/2010	425381
400-100-010	31288-3	10	37383	Gallery Ln	Satsuki Ikemiyagi	1,161	$208,500	$179.59	6/23/2010	288458
400-100-011	31288-3	11	37349	Gallery Ln	Audrey L & Kenneth J Eckl	1,131	$185,000	$163.57	6/29/2010	299222
400-100-012	31288-3	12	37271	Gallery Ln	Curtis Sebastian	2,025	$236,500	$116.79	6/30/2010	303582
400-100-013	31288-3	13	37237	Gallery Ln	Bryan M & Michelle L Londot	2,326	$248,000	$106.62	7/27/2010	349869
400-100-014	31288-3	14	37185	Gallery Ln	Sandra J Maples	2,025	$232,500	$114.81	6/25/2010	294447
400-100-015	31288-3	15	37159	Gallery Ln	James Keith & Penny Schooley	1,294	$200,500	$154.95	6/25/2010	294957
400-100-016	31288-3	16	37093	Gallery Ln	Pardee Homes					
400-100-017	31288-3	17	37027	Gallery Ln	Pardee Homes					
400-100-018	31288-3	18	37015	Gallery Ln	Pardee Homes					
400-100-019	31288-3	19	37026	Gallery Ln	Pardee Homes					
400-100-020	31288-3	20	37134	Gallery Ln	William T Parmelee		$195,500		7/29/2011	333345
400-100-021	31288-3	21	37192	Gallery Ln	Richard R & Barbara A Ronquillo	1,906				
400-100-022	31288-3	22	37264	Gallery Ln	Jennifer Lyn Pickering	3,102	$301,500	$97.20	6/23/2010	288460
400-100-023	31288-3	23	37356	Gallery Ln	Elke & Gordon Thompson	1,906	$233,500	$122.51	7/1/2010	307616
400-100-024	31288-3	24	37410	Gallery Ln	Catherine O Negapatan	2,664	$273,000	$102.48	7/1/2010	307793
400-100-025	31288-3	25	13089	Deuce Ct	Willie Joe & Janet K Peacock	1,906	$232,000	$121.72	7/13/2010	326428
400-100-026	31288-3	26	13083	Deuce Ct	Jeffrey J & Judy L Flory	2,664	$287,000	$107.73	6/16/2010	276458
400-100-027	31288-3	27	13071	Deuce Ct	Vanessa C Aquino	2,025	$219,000	$108.15	12/23/2010	615745
400-100-028	31288-3	28	37031	Amateur Way	Gagnon Susan L Trust		$230,500		5/6/2011	201746
400-100-029	31288-3	29	37153	Amateur Way	Arnold J & Martha M Wood	2,411	$283,500	$117.59	3/5/2009	105935
400-100-030	31288-3	30	37285	Amateur Way	John Richards	2,834	$295,000	$104.09	6/12/2009	301741
400-100-031	31288-3	31	37363	Amateur Way	Pei Hsuan Hsieh	3,106	$350,000	$112.69	7/3/2008	365029
400-100-032	31288-3	32	37441	Amateur Way	Ryan Kelly	2,040	$243,500	$119.36	12/5/2008	641056
400-100-033	31288-3	33	37449	Amateur Way	Willie J Bonner	2,411	$425,000	$176.28	11/29/2007	719902
400-100-034	31288-3	34	37473	Amateur Way	Robert Christopher Bonghi	2,834	$362,000	$127.73	3/21/2008	141325
400-100-035	31288-3	35	37491	Amateur Way	Felix M & Gloria R Pesigan	2,411	$257,500	$106.80	6/12/2009	299584

APN	Tract No.	Lot	Address	Street	Owner Name	Bldg. SF	Sale Price	Price/SF	Recording Date	Doc. #
400-100-036	31288-3	36	37525	Amateur Way	Adrian M Pressley	3,106	$330,000	$106.25	12/9/2008	644241
400-100-037	31288-3	37	37563	Amateur Way	Marjorie R & Gregory S White	2,040	$364,500	$178.68	8/7/2007	509222
400-100-038	31288-3	38	37591	Amateur Way	Dwight Ceasar Forest	2,834	$238,000	$83.98	2/25/2010	86965
400-100-039	31288-3	54	37636	Amateur Way	Ty Antinucci	2,411	$385,000	$159.68	8/17/2007	533315
400-100-040	31288-3	55	37584	Amateur Way	Amateur Way Trust 37584	3,106	$379,000	$122.02	10/19/2007	648267
400-100-041	31288-3	56	37540	Amateur Way	Ronald A & Pamela S Lillard	2,411	$461,000	$191.21	8/14/2007	523200
400-100-042	31288-3	57	37480	Amateur Way	Betty F Badalamente	2,040	$269,000	$131.86	10/22/2008	565250
400-100-043	31288-3	58	37456	Amateur Way	Robert & Mary Averette	2,411	$340,000	$141.02	1/11/2008	18094
400-100-044	31288-3	59	37442	Amateur Way	Federal Home Loan Mtg Corp	3,106	$425,000	$136.83	11/9/2007	685646
400-100-045	31288-3	60	37438	Amateur Way	Eric Landis & Sylvia Veronica Weck	2,834	$364,000	$128.44	2/8/2008	66949
400-100-046	31288-3	61	37344	Amateur Way	Barbara Ann & Jamie Rae Santos	2,040	$243,500	$119.36	3/10/2009	112409
400-100-047	31288-3	62	37260	Amateur Way	Carlos G & Pilar R Martinez	3,106	$288,000	$92.72	5/28/2009	269149
400-100-048	31288-3	63	37192	Amateur Way	Christopher E Valenti	2,834	$271,000	$95.62	6/1/2009	274778
400-100-049	31288-3	64	37136	Amateur Way	Cesar E Aguiluz		$258,000		8/19/2011	368531
400-100-050	31288-3	65	37078	Amateur Way	Benjamin Ramos		$271,500		6/22/2011	274025
400-100-051	31288-3	66	37026	Amateur Way	Steven R & Shirley A Burroughs		$213,500		4/29/2011	188743
400-100-052	31288-3	67	37010	Amateur Way	Gregory A & Pamela J Letterly		$187,500		5/4/2011	195826
400-110-001	31288-2	1	37981	Gallery Ln	Marcus L Roberson	2,025	$230,000	$113.58	12/23/2010	616251
400-110-002	31288-2	2	37957	Gallery Ln	Pardee Homes	3,102				
400-110-003	31288-2	3	37915	Gallery Ln	Jonathan & Emily Borth	2,326	$241,500	$103.83	3/11/2011	112736
400-110-004	31288-2	4	37889	Gallery Ln	Susan S Hong	1,611	$218,500	$135.63	12/9/2010	588741
400-110-005	31288-2	5	37843	Gallery Ln	William P & Susan L Mcclinton	2,664	$255,000	$95.72	3/2/2011	94983
400-110-006	31288-2	6	37791	Gallery Ln	James Michael & Joan A Henderson	2,618	$270,000	$103.13	7/30/2009	396974
400-110-007	31288-2	7	37767	Gallery Ln	Damian Daniel Salinas	3,078	$318,000	$103.31	3/31/2009	157639
400-110-008	31288-2	8	37725	Gallery Ln	John Robert & Lisa Anne Kazalunas	2,618	$272,000	$103.90	4/30/2009	215514
400-110-009	31288-2	9	37693	Gallery Ln	Roy Norman Bean	2,786	$292,000	$104.81	5/8/2009	230317
400-110-010	31288-2	10	37667	Gallery Ln	Paul Divincenzo	3,549	$331,000	$93.27	8/7/2009	412738
400-110-011	31288-2	11	13093	Wedges Dr	Laurie Rose Barry	2,786	$402,000	$144.29	10/12/2007	635271
400-110-012	31288-2	12	13087	Wedges Dr	Marco & Genoeffa Airo	3,078	$385,500	$125.24	7/24/2008	404454
400-110-013	31288-2	13	13081	Wedges Dr	Terry & Linda J Thorp	2,618	$364,000	$139.04	11/19/2007	703499
400-110-014	31288-2	14	13077	Wedges Dr	Shannon L Sanchez	2,786	$340,000	$122.04	7/25/2008	408231
400-110-015	31288-2	15	13073	Wedges Dr	Charles D Jansen	3,078				
400-110-016	31288-2	16	13067	Wedges Dr	Hud-housing Of Urban Dev	2,618	$312,000	$119.17	10/1/2008	533222
400-110-017	31288-2	17	13061	Wedges Dr	Shawn Kunkel	2,786	$275,000	$98.71	7/31/2009	401894
400-110-018	31288-2	18	13055	Wedges Dr	Yael Verduzco	3,078	$325,000	$105.59	10/1/2008	533220
400-110-019	31288-2	19	13050	Wedges Dr	Carl S & Gretchen A Bethurum	3,549	$338,000	$95.24	10/24/2008	571035
400-110-020	31288-2	20	13058	Wedges Dr	Westgate Finance	2,618	$280,000	$106.95	9/30/2008	531454
400-110-021	31288-2	21	13064	Wedges Dr	Joshua & Tiana Delgado	2,786	$307,000	$110.19	10/1/2008	533218
400-110-022	31288-2	22	13074	Wedges Dr	Peter Carrillo	2,618	$438,000	$167.30	8/16/2007	528892
400-110-023	31288-2	23	13096	Wedges Dr	John P & Dana P Pina	3,078	$467,500	$151.88	8/29/2007	553031
400-110-024	31288-2	24	37780	Gallery Ln	Thomas Vincent Dauria	3,078	$405,000	$131.58	9/12/2007	577656
400-110-025	31288-2	25	37836	Gallery Ln	Seth & Ruth Cox	2,618	$364,000	$139.04	12/28/2007	771177
400-110-026	31288-2	26	37896	Gallery Ln	Michael C & Brenda Spandakis	2,786	$390,000	$139.99	9/28/2007	611140
400-110-027	31288-2	27	37967	Divot Dr	Cynthia C Bodely	2,618	$462,500	$176.66	6/29/2007	428068
400-110-028	31288-2	28	37955	Divot Dr	Glenn & Laura J Freeman	2,786	$479,500	$172.11	6/8/2007	376865
400-110-029	31288-2	29			Pardee Homes					
400-110-030	31288-2	30			Pardee Homes					
400-110-031	31288-2	31			Pardee Homes					
400-110-032	31288-2	32			Pardee Homes					
400-110-033	31288-2	33	37949	Mulligan Dr	Samuel & Serafina Diaz	3,690	$415,000	$112.47	1/18/2008	29659
400-110-034	31288-2	34	37915	Mulligan Dr	Angela Marie Brady	2,753	$459,500	$166.91	6/29/2007	426585
400-110-035	31288-2	35	37861	Mulligan Dr	Rolando S Gutierrez	3,043	$335,000	$110.09	5/16/2008	265831
400-110-036	31288-2	36	37827	Mulligan Dr	Jacob Behney	2,753	$473,500	$171.99	4/6/2007	236066
400-110-037	31288-2	37	37739	Mulligan Dr	Frank A & Deborah Foster Johnson	2,825	$425,500	$150.62	9/28/2007	610622
400-110-038	31288-2	38	37645	Mulligan Dr	Tarek T Moqattash	3,690	$280,000	$75.88	6/10/2010	267650
400-110-039	31288-2	39	37678	Mulligan Dr	Rudolph J & Chetera E Walker	3,055	$523,818	$171.46	9/7/2007	572184
400-110-040	31288-2	40	37756	Mulligan Dr	Priscilla Ann Zarichny	3,043	$525,000	$172.53	4/26/2007	282037
400-110-041	31288-2	41	37838	Mulligan Dr	Feng & Mei Guey Chao	2,753	$497,000	$180.53	3/30/2007	220663
400-110-042	31288-2	42	37884	Mulligan Dr	Theodore C & Marjorie Jo Tessner	3,055	$572,500	$187.40	4/11/2007	243461
400-110-043	31288-2	43	37920	Mulligan Dr	Jonathan J Lee	3,690	$330,000	$89.43	12/26/2008	673079
400-110-046	31288-2	46	37818	Divot Dr	Pardee Homes	1,131				
400-110-047	31288-2	47	37836	Divot Dr	Pardee Homes	2,025				
400-110-048	31288-2	48	37862	Divot Dr	Pardee Homes	1,611				
400-110-049	31288-2	49	37890	Divot Dr	Pardee Homes	2,664				
400-110-050	31288-2	50	37946	Divot Dr	Bernie Joseph & Lydia Renteria Balland	2,618	$488,500	$186.59	6/8/2007	378913
400-110-051	31288-2	51	37964	Divot Dr	William R & Norma C Ballew	3,078	$451,000	$146.52	12/3/2007	725085
400-110-052	31288-2	52	37988	Divot Dr	Song & Myung Hong	3,078	$703,000	$228.40	6/26/2007	415868
400-110-054	31288-3	39	37659	Amateur Way	Misty R Robinson	2,040	$309,000	$151.47	3/7/2008	115130
400-110-055	31288-3	40	37693	Amateur Way	Donald Williams	3,106	$347,000	$111.72	2/13/2008	71167

APN	Tract No.	Lot	Address	Street	Owner Name	Bldg. SF	Sale Price	Price/SF	Recording Date	Doc. #
400-110-056	31288-3	41	37751	Amateur Way	Paul & Regina Meszinger	2,040	$379,500	$186.03	8/22/2007	540292
400-110-057	31288-3	42	37825	Amateur Way	Jon & Pamella Paulien	2,834	$458,500	$161.79	7/13/2007	459445
400-110-058	31288-3	43	37867	Amateur Way	David L & Cindy Gruber	2,411	$417,000	$172.96	6/26/2007	414117
400-110-059	31288-3	44	37905	Amateur Way	Teresita C Benigno	3,106	$456,000	$146.81	8/15/2007	525596
400-110-060	31288-3	45	37929	Amateur Way	Rigoberto Garcia	2,834	$280,000	$98.80	9/24/2010	458755
400-110-061	31288-3	46	37961	Amateur Way	Jesse N & Linda Hamrick	2,040	$434,045	$212.77	6/21/2007	406554
400-110-062	31288-3	47	37978	Amateur Way	Bac Hm Lns Svcng Lp	2,411	$396,500	$164.45	6/29/2007	426610
400-110-063	31288-3	48	37930	Amateur Way	William Wee Yap	2,834	$295,000	$104.09	3/24/2010	132759
400-110-064	31288-3	49	37884	Amateur Way	Leonila Pesigan	3,106	$485,500	$156.31	7/31/2007	496522
400-110-065	31288-3	50	37852	Amateur Way	Melissa Bazanos	2,040	$375,000	$183.82	7/10/2007	448174
400-110-066	31288-3	51	37790	Amateur Way	Myles C & Maria I Ramsey	2,411	$416,500	$172.75	7/6/2007	443720
400-110-067	31288-3	52	37746	Amateur Way	Dieu T Troung	3,106	$382,000	$122.99	9/28/2007	608261
400-110-068	31288-3	53	37672	Amateur Way	Jeremiah L & Julie M Clouse	2,834	$512,500	$180.84	8/2/2007	500485
400-110-072	31288-2	44	37962	Mulligan Dr	Daniel J & Pamela F Mcclure	2,825	$500,000	$176.99	10/1/2007	613177
400-110-073	31288-2	45	38010	Mulligan Dr	David Alva	3,690	$435,000	$117.89	5/16/2008	265058
400-120-001	31288-1	1	38516	Amateur Way	Waqas A Khan	2,886	$283,500	$98.23	3/31/2010	146956
400-120-002	31288-1	2	38534	Amateur Way	Joshua Samuel Brown	2,348	$280,000	$119.25	5/17/2010	225790
400-120-003	31288-1	3	38658	Amateur Way	Steven R & Whitney A Quick	2,159	$239,500	$110.93	7/21/2011	319679
400-120-004	31288-1	4	38670	Amateur Way	David Tellyer	1,895	$366,000	$193.14	6/19/2007	400134
400-120-005	31288-1	5			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-006	31288-1	24			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-007	31288-1	25			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-008	31288-1	26			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-009	31288-1	27			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-010	31288-1	28			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-011	31288-1	29			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-012	31288-1	30			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-013	31288-1	31			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-014	31288-1	32			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-015	31288-1	33			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-016	31288-1	34			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-017	31288-1	35			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-018	31288-1	36			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-019	31288-1	37			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-020	31288-1	83	38018	Amateur Way	Ana M & Dennis A Escobar	3,106	$325,000	$104.64	1/13/2010	13387
400-120-021	31288-1	84	38036	Amateur Way	Judith Matty	2,834	$345,000	$121.74	1/29/2010	42350
400-120-022	31288-1	85	38072	Amateur Way	Peter Carrillo	2,411	$315,000	$130.65	6/19/2009	314656
400-120-023	31288-1	86	38108	Amateur Way	Brian Hendra	2,040	$242,000	$118.63	8/6/2010	370070
400-120-024	31288-1	87			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-025	31288-1	88	38246	Amateur Way	Fay Marcus		$296,500		9/26/2011	425861
400-120-026	31288-1	89	38360	Amateur Way	Robert Michael Hards	2,618	$290,000	$110.77	5/5/2010	205451
400-120-027	31288-1	90	38422	Amateur Way	Russell L & Carmen Rosenblum	2,786	$341,000	$122.40	6/26/2009	329051
400-120-028	31288-1	91	38470	Amateur Way	Andrew C & Clyde Birchard	3,078	$330,000	$107.21	12/24/2009	662158
400-120-029	31288-1	92			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-030	31288-1	93			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-031	31288-1	94			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-032	31288-1	95			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-033	31288-1	96			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-034	31288-1	97			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-035	31288-1	98			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-036	31288-1	99			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-037	31288-1	100	38145	Mulligan Dr	Richmond American Homes Of Mar	2,307	$7,174,500	$3,109.88	6/30/2010	307220
400-120-038	31288-1	101	38101	Mulligan Dr	Richmond American Homes Of Mar	2,019	$7,174,500	$3,553.49	6/30/2010	307220
400-120-039	31288-1	102	38073	Mulligan Dr	Jacob W & Monica Velasquez	2,433	$257,000	$105.63	7/29/2011	333102
400-120-040	31288-1	103	38047	Mulligan Dr	Richmond American Homes Of Mar	2,019	$7,174,500	$3,553.49	6/30/2010	307220
400-120-041	31288-1	104	38031	Mulligan Dr	Richmond American Homes Of Mar	2,307	$7,174,500	$3,109.88	6/30/2010	307220
400-120-042	31288-1	105	38019	Mulligan Dr	Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-048	31288-1	111	38184	Mulligan Dr	Theodore Levterov		$305,000		10/7/2011	445057
400-120-049	31288-1	112			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-050	31288-1	113			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-051	31288-1	114			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-052	31288-1	115			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-053	31288-1	116			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-054	31288-1	117			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-055	31288-1	118			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-056	31288-1	119			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-057	31288-1	120			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-058	31288-1	121			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-120-059	31288-1	122			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220

APN	Tract No.	Lot	Address	Street	Owner Name	Bldg. SF	Sale Price	Price/SF	Recording Date	Doc. #
400-120-065	31288-1	106	38032	Mulligan Dr	James W Davis	2,019	$272,500	$134.97	4/15/2011	169015
400-120-066	31288-1	107	38064	Mulligan Dr	John M Reisenhofer	2,643	$293,000	$110.86	4/15/2011	169002
400-120-067	31288-1	108	38096	Mulligan Dr	William J Lamela	2,019	$274,000	$135.71	8/10/2011	351707
400-120-068	31288-1		38120	Mulligan Dr	Richmond American Homes Of Mar	2,307				
400-120-069	31288-1		38152	Mulligan Dr	Richmond American Homes Of Mar	2,019				
400-130-001	31288-1	6	38714	Amateur Way	Richmond American Homes Of Mar	2,019	$7,174,500	$3,553.49	6/30/2010	307220
400-130-002	31288-1	7	38728	Amateur Way	Richmond American Homes Of Mar	2,643	$7,174,500	$2,714.53	6/30/2010	307220
400-130-003	31288-1	8			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-004	31288-1	9			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-005	31288-1	10			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-006	31288-1	11			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-007	31288-1	12			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-008	31288-1	13			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-009	31288-1	14			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-010	31288-1	15			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-011	31288-1	16			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-012	31288-1	17			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-013	31288-1	18			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-014	31288-1	19			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-015	31288-1	20			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-016	31288-1	21			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-017	31288-1	22			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-018	31288-1	23			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-019	31288-1	38			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-020	31288-1	39			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-021	31288-1	40			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-022	31288-1	41			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-023	31288-1	42			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-024	31288-1	43			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-025	31288-1	44			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-026	31288-1	45			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-027	31288-1	46			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-028	31288-1	47			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-029	31288-1	48			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-030	31288-1	49			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-031	31288-1	50			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-032	31288-1	51			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-033	31288-1	52			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-034	31288-1	53			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-035	31288-1	54			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-036	31288-1	55			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-037	31288-1	56			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-038	31288-1	57			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-039	31288-1	58			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-040	31288-1	59			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-041	31288-1	60			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-042	31288-1	61			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-043	31288-1	62			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-044	31288-1	63			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-045	31288-1	64			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-046	31288-1	65			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-047	31288-1	66			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-048	31288-1	67			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-049	31288-1	68			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-050	31288-1	69			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-051	31288-1	70			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-052	31288-1	71			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-053	31288-1	72			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-054	31288-1	73			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-055	31288-1	74			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-056	31288-1	75			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-057	31288-1	76			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-058	31288-1	77			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-059	31288-1	78			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-060	31288-1	79			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-061	31288-1	80			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-062	31288-1	81			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-130-063	31288-1	82			Richmond American Homes Of Mar		$7,174,500		6/30/2010	307220
400-570-001	31288-4	4			Pardee Homes					

APN	Tract No.	Lot	Address	Street	Owner Name	Bldg. SF	Sale Price	Price/SF	Recording Date	Doc. #
400-570-002	31288-4	5			Pardee Homes					
400-570-003	31288-4	6			Pardee Homes					
400-570-004	31288-4	7			Pardee Homes					
400-570-005	31288-4	8			Pardee Homes					
400-570-006	31288-4	9			Pardee Homes					
400-570-007	31288-4	10			Pardee Homes					
400-570-008	31288-4	11			Pardee Homes					
400-570-009	31288-4	12			Pardee Homes					
400-570-010	31288-4	13			Pardee Homes					
400-570-011	31288-4	14			Pardee Homes					
400-570-012	31288-4	15			Pardee Homes					
400-570-013	31288-4	16			Pardee Homes					
400-570-014	31288-4	17			Pardee Homes					
400-570-015	31288-4	18			Pardee Homes					
400-570-016	31288-4	19			Pardee Homes					
400-570-017	31288-4	20			Pardee Homes					
400-570-018	31288-4	38			Pardee Homes					
400-570-019	31288-4	39			Pardee Homes					
400-570-020	31288-4	40			Pardee Homes					
400-570-021	31288-4	41			Pardee Homes					
400-570-022	31288-4	42			Pardee Homes					
400-570-023	31288-4	43			Pardee Homes					
400-570-024	31288-4	44			Pardee Homes					
400-570-025	31288-4	45			Pardee Homes					
400-570-026	31288-4	46			Pardee Homes					
400-570-027	31288-4	47			Pardee Homes					
400-570-028	31288-4	48			Pardee Homes					
400-570-029	31288-4	49			Pardee Homes					
400-570-030	31288-4	50			Pardee Homes					
400-570-031	31288-4	51			Pardee Homes					
400-570-032	31288-4	52			Pardee Homes					
400-570-033	31288-4	53			Pardee Homes					
400-570-034	31288-4	54			Pardee Homes					
400-570-035	31288-4	55			Pardee Homes					
400-570-036	31288-4	56			Pardee Homes					
400-570-037	31288-4	57			Pardee Homes					
400-570-038	31288-4	58			Pardee Homes					
400-570-039	31288-4	59			Pardee Homes					
400-570-040	31288-4	60			Pardee Homes					
400-570-041	31288-4	61			Pardee Homes					
400-570-042	31288-4	62			Pardee Homes					
400-570-043	31288-4	63			Pardee Homes					
400-570-044	31288-4	64			Pardee Homes					
400-570-045	31288-4	65			Pardee Homes					
400-580-001	31288-4	21			Pardee Homes					
400-580-002	31288-4	22			Pardee Homes					
400-580-003	31288-4	23			Pardee Homes					
400-580-004	31288-4	24			Pardee Homes					
400-580-005	31288-4	25			Pardee Homes					
400-580-006	31288-4	26			Pardee Homes					
400-580-007	31288-4	27			Pardee Homes					
400-580-008	31288-4	28			Pardee Homes					
400-580-009	31288-4	29			Pardee Homes					
400-580-010	31288-4	30			Pardee Homes					
400-580-011	31288-4	31			Pardee Homes					
400-580-012	31288-4	32			Pardee Homes					
400-580-013	31288-4	33			Pardee Homes					
400-580-014	31288-4	34			Pardee Homes					
400-580-015	31288-4	35			Pardee Homes					
400-580-016	31288-4	36			Pardee Homes					
400-580-017	31288-4	37			Pardee Homes					
400-580-018	31288-4	66			Pardee Homes					
400-580-019	31288-4	67			Pardee Homes					
400-580-020	31288-4	68			Pardee Homes					
400-590-001	31288-4	69			Pardee Homes					
400-590-002	31288-4	70			Pardee Homes					
400-590-003	31288-4	71			Pardee Homes					
400-590-004	31288-4	72			Pardee Homes					
400-590-005	31288-4	73			Pardee Homes					

APN	Tract No.	Lot	Address	Street	Owner Name	Bldg. SF	Sale Price	Price/SF	Recording Date	Doc. #
400-590-006	31288-4	74			Pardee Homes					
400-590-007	31288-4	75			Pardee Homes					
400-590-008	31288-4	93			Pardee Homes					
400-590-009	31288-4	94			Pardee Homes					
400-590-010	31288-4	95			Pardee Homes					
400-590-011	31288-4	96			Pardee Homes					
400-590-012	31288-4	97			Pardee Homes					
400-590-013	31288-4	110	36773	Gallery Ln	Alex N & Melissa L Thacker		$178,500		10/7/2011	444054
400-590-014	31288-4	111	36731	Gallery Ln	Jacob Hernandez		$225,500		10/7/2011	443990
400-590-015	31288-4	112	36709	Gallery Ln	Octavio & Rosalba Cervantes		$256,000		10/21/2011	465443
400-590-016	31288-4	113			Pardee Homes					
400-590-017	31288-4	114			Pardee Homes					
400-590-018	31288-4	115			Pardee Homes					
400-590-019	31288-4	116			Pardee Homes					
400-600-001	31288-4	1			Pardee Homes					
400-600-002	31288-4	2			Pardee Homes					
400-600-003	31288-4	3			Pardee Homes					
400-600-004	31288-4	76			Pardee Homes					
400-600-005	31288-4	77			Pardee Homes					
400-600-006	31288-4	78			Pardee Homes					
400-600-007	31288-4	79			Pardee Homes					
400-600-008	31288-4	80			Pardee Homes					
400-600-009	31288-4	81			Pardee Homes					
400-600-010	31288-4	82			Pardee Homes					
400-600-011	31288-4	83			Pardee Homes					
400-600-012	31288-4	84			Pardee Homes					
400-600-013	31288-4	85			Pardee Homes					
400-600-014	31288-4	86			Pardee Homes					
400-600-015	31288-4	87			Pardee Homes					
400-600-016	31288-4	88			Pardee Homes					
400-600-017	31288-4	89			Pardee Homes					
400-600-018	31288-4	90			Pardee Homes					
400-600-019	31288-4	91			Pardee Homes					
400-600-020	31288-4	92			Pardee Homes					
400-600-021	31288-4	98			Pardee Homes					
400-600-022	31288-4	99			Pardee Homes					
400-600-023	31288-4	100			Pardee Homes					
400-600-024	31288-4	101	36836	Gallery Ln	Pardee Homes					
400-600-025	31288-4	102	36870	Gallery Ln	George A Castro		$189,500		8/16/2011	359145
400-600-026	31288-4	103	36892	Gallery Ln	Lisa Matus		$282,000		8/17/2011	360973
400-600-027	31288-4	104	36924	Gallery Ln	Dennis & Brenda Banaag		$250,500		8/23/2011	371744
400-600-028	31288-4	105	36948	Gallery Ln	James L & Carolyn Miller		$223,000		8/26/2011	378820
400-600-029	31288-4	106	36915	Gallery Ln	Francisco C & Irma A Macalma		$277,500		8/26/2011	378817
400-600-030	31288-4	107	36867	Gallery Ln	Colleen Owens		$204,500		8/10/2011	350136
400-600-031	31288-4	108	36829	Gallery Ln	Gary S Cook		$178,500		9/21/2011	417892
400-600-032	31288-4	109	36791	Gallery Ln	Robert A & Yvette M Velasquez		$230,000		10/28/2011	476807
400-600-033	31288-4	117			Pardee Homes					
400-600-034	31288-4	118			Pardee Homes					
400-600-035	31288-4	119			Pardee Homes					
400-600-036	31288-4	120			Pardee Homes					
400-600-037	31288-4	121			Pardee Homes					

ASSESSED VALUES & TAXES

City of Beaumont
CFD No. 93-1, I. A. 17B
Tournament Hills
Assessed Value & Taxes

APN	Tract No.	Lot	Assmt. Yr.	Land Value	Imp. Value	Total Value	Prop. Tax	Tax Area
400-090-001	31288-3	68	2011	$46,000	$160,000	$206,000	$5,464.20	2053
400-090-002	31288-3	69	2011	$49,000	$171,000	$220,000	$6,655.60	2053
400-090-003	31288-3	70	2011	$45,000	$130,000	$175,000	$6,060.20	2053
400-090-004	31288-3	71	2011	$60,000	$150,000	$210,000	$586.32	2053
400-090-005	31288-3	72	2011	$41,157	$160,000	$201,157	$586.32	2053
400-090-006	31288-3	73	2011	$60,000	$214,772	$274,772	$586.32	2053
400-090-007	31288-3	74	2011	$41,157	$210,000	$251,157	$586.32	2053
400-090-008	31288-3	75	2011	$60,000	$145,340	$205,340	$586.32	2053
400-090-009	31288-3	76	2011	$41,157	$170,000	$211,157	$586.32	2053
400-090-010	31288-3	77	2011	$41,157	$158,000	$199,157	$586.32	2053
400-090-011	31288-3	78	2011	$41,157	$117,000	$158,157	$586.32	2053
400-090-012	31288-3	79	2011	$60,000	$157,774	$217,774	$586.32	2053
400-090-013	31288-3	80	2011	$41,157	$200,000	$241,157	$586.32	2053
400-090-014	31288-3	81	2011	$41,157	$158,000	$199,157	$586.32	2053
400-090-015	31288-3	82	2011	$80,000	$247,804	$327,804	$586.32	2053
400-090-016	31288-3	83	2011	$41,157	$170,000	$211,157	$586.32	2053
400-090-017	31288-3	84	2011	$41,157	$200,000	$241,157	$586.32	2053
400-090-018	31288-3	85	2011	$80,000	$157,000	$237,000	$586.32	2053
400-090-019	31288-3	86	2011	$80,000	$173,000	$253,000	$586.32	2053
400-090-020	31288-3	87	2011	$80,000	$165,915	$245,915	$586.32	2053
400-090-021	31288-3	88	2011	$80,000	$180,000	$260,000	$586.32	2053
400-090-022	31288-3	89	2011	$41,157	$155,000	$196,157	$586.32	2053
400-090-023	31288-3	90	2011	$80,000	$168,640	$248,640	$586.32	2053
400-090-024	31288-3	91	2011	$99,000	$152,000	$251,000	$5,020.78	2053
400-090-025	31288-3	92	2011	$95,000	$182,000	$277,000	$6,492.96	2053
400-090-026	31288-3	93	2011	$93,000	$154,000	$247,000	$6,268.74	2053
400-090-027	31288-3	94	2011	$95,000	$157,000	$252,000	$5,242.48	2053
400-090-028	31288-3	95	2011	$103,000	$148,000	$251,000	$5,020.78	2053
400-100-001	31288-3	1	2011	$61,200	$220,080	$281,280	$3,150.32	2053
400-100-002	31288-3	2	2011	$60,000	$147,890	$207,890	$2,807.32	2053
400-100-003	31288-3	3	2011	$60,451	$123,447	$183,898	$2,807.32	2053
400-100-004	31288-3	4	2011	$60,000	$132,615	$192,615	$2,807.32	2053
400-100-005	31288-3	5	2011	$41,157	$211,581	$252,738	$3,150.32	2053
400-100-006	31288-3	6	2011	$60,451	$156,976	$217,427	$2,807.32	2053
400-100-007	31288-3	7	2011	$60,451	$123,689	$184,140	$2,807.32	2053
400-100-008	31288-3	8	2011	$60,000	$180,540	$240,540	$3,013.32	2053
400-100-009	31288-3	9	2011	$60,000	$202,990	$262,990	$3,082.32	2053
400-100-010	31288-3	10	2011	$60,451	$149,443	$209,894	$2,807.32	2053
400-100-011	31288-3	11	2011	$60,451	$125,887	$186,338	$2,807.32	2053
400-100-012	31288-3	12	2011	$60,451	$177,522	$237,973	$2,944.32	2053
400-100-013	31288-3	13	2011	$60,000	$187,668	$247,668	$3,013.32	2053
400-100-014	31288-3	14	2011	$60,451	$173,511	$233,962	$2,944.32	2053
400-100-015	31288-3	15	2011	$60,451	$141,210	$201,661	$2,807.32	2053
400-100-016	31288-3	16	2011	$41,157		$41,157	$586.32	2053
400-100-017	31288-3	17	2011	$41,157		$41,157	$586.32	2053
400-100-018	31288-3	18	2011	$41,157		$41,157	$586.32	2053
400-100-019	31288-3	19	2011	$41,157		$41,157	$586.32	2053
400-100-020	31288-3	20	2011	$41,157		$41,157	$586.32	2053
400-100-021	31288-3	21	2011	$61,200	$177,692	$238,892	$2,807.32	2053
400-100-022	31288-3	22	2011	$60,451	$242,814	$303,265	$3,150.32	2053
400-100-023	31288-3	23	2011	$60,000	$173,089	$233,089	$2,807.32	2053

APN	Tract No.	Lot	Assmt. Yr.	Land Value	Imp. Value	Total Value	Prop. Tax	Tax Area
400-100-024	31288-3	24	2011	$60,000	$212,613	$272,613	$3,082.32	2053
400-100-025	31288-3	25	2011	$60,000	$171,688	$231,688	$2,807.32	2053
400-100-026	31288-3	26	2011	$60,451	$228,439	$288,890	$3,082.32	2053
400-100-027	31288-3	27	2011	$60,000	$159,000	$219,000	$2,944.32	2053
400-100-028	31288-3	28	2011	$41,157		$41,157	$586.32	2053
400-100-029	31288-3	29	2011	$37,000	$152,000	$189,000	$5,730.50	2053
400-100-030	31288-3	30	2011	$42,000	$164,000	$206,000	$5,451.02	2053
400-100-031	31288-3	31	2011	$50,000	$170,000	$220,000	$6,756.78	2053
400-100-032	31288-3	32	2011	$65,000	$133,000	$198,000	$5,297.78	2053
400-100-033	31288-3	33	2011	$45,000	$130,000	$175,000	$5,268.90	2053
400-100-034	31288-3	34	2011	$45,000	$160,000	$205,000	$5,807.32	2053
400-100-035	31288-3	35	2011	$40,000	$132,000	$172,000	$5,216.12	2053
400-100-036	31288-3	36	2011	$52,000	$164,000	$216,000	$7,387.98	2053
400-100-037	31288-3	37	2011	$58,000	$135,000	$193,000	$5,271.36	2053
400-100-038	31288-3	38	2011	$60,451	$179,340	$239,791	$5,451.00	2053
400-100-039	31288-3	54	2011	$50,000	$124,000	$174,000	$5,229.28	2053
400-100-040	31288-3	55	2011	$63,000	$154,000	$217,000	$6,624.84	2053
400-100-041	31288-3	56	2011	$40,000	$133,000	$173,000	$5,229.30	2053
400-100-042	31288-3	57	2011	$58,000	$137,000	$195,000	$5,271.38	2053
400-100-043	31288-3	58	2011	$54,000	$118,000	$172,000	$5,321.62	2053
400-100-044	31288-3	59	2011	$55,000	$162,000	$217,000	$6,638.04	2053
400-100-045	31288-3	60	2011	$60,000	$144,000	$204,000	$5,451.00	2053
400-100-046	31288-3	61	2011	$48,000	$145,000	$193,000	$5,363.70	2053
400-100-047	31288-3	62	2011	$45,000	$172,000	$217,000	$6,312.34	2053
400-100-048	31288-3	63	2011	$45,000	$160,000	$205,000	$5,543.32	2053
400-100-049	31288-3	64	2011	$41,157		$41,157	$586.32	2053
400-100-050	31288-3	65	2011	$41,157		$41,157	$586.32	2053
400-100-051	31288-3	66	2011	$41,157		$41,157	$586.32	2053
400-100-052	31288-3	67	2011	$41,157		$41,157	$586.32	2053
400-110-001	31288-2	1	2011	$60,000	$169,515	$229,515	$562.68	2053
400-110-002	31288-2	2	2011	$39,352	$210,000	$249,352	$562.68	2053
400-110-003	31288-2	3	2011	$39,352	$170,000	$209,352	$562.68	2053
400-110-004	31288-2	4	2011	$60,000	$158,275	$218,275	$562.68	2053
400-110-005	31288-2	5	2011	$39,352	$200,000	$239,352	$562.68	2053
400-110-006	31288-2	6	2011	$42,000	$154,000	$196,000	$6,112.38	2053
400-110-007	31288-2	7	2011	$41,000	$174,000	$215,000	$6,638.06	2053
400-110-008	31288-2	8	2011	$43,000	$153,000	$196,000	$6,031.00	2053
400-110-009	31288-2	9	2011	$41,000	$157,000	$198,000	$5,388.28	2053
400-110-010	31288-2	10	2011	$44,000	$200,000	$244,000	$7,699.98	2053
400-110-011	31288-2	11	2011	$53,000	$145,000	$198,000	$5,369.82	2053
400-110-012	31288-2	12	2011	$44,000	$171,000	$215,000	$6,611.66	2053
400-110-013	31288-2	13	2011	$60,000	$138,000	$198,000	$6,161.20	2053
400-110-014	31288-2	14	2011	$50,000	$154,000	$204,000	$5,971.20	2053
400-110-015	31288-2	15	2011	$48,000	$170,000	$218,000	$6,638.06	2053
400-110-016	31288-2	16	2011	$50,000	$146,000	$196,000	$6,148.00	2053
400-110-017	31288-2	17	2011	$43,000	$156,000	$199,000	$5,383.02	2053
400-110-018	31288-2	18	2011	$55,000	$169,000	$224,000	$6,735.72	2053
400-110-019	31288-2	19	2011	$59,000	$191,000	$250,000	$7,689.44	2053
400-110-020	31288-2	20	2011	$56,000	$139,000	$195,000	$5,923.76	2053
400-110-021	31288-2	21	2011	$52,000	$147,000	$199,000	$5,475.34	2053
400-110-022	31288-2	22	2011	$49,000	$146,000	$195,000	$6,148.00	2053
400-110-023	31288-2	23	2011	$52,000	$167,000	$219,000	$6,651.26	2053
400-110-024	31288-2	24	2011	$58,000	$157,000	$215,000	$6,638.04	2053
400-110-025	31288-2	25	2011	$59,000	$136,000	$195,000	$6,148.00	2053
400-110-026	31288-2	26	2011	$55,000	$144,000	$199,000	$5,475.34	2053
400-110-027	31288-2	27	2011	$47,000	$150,000	$197,000	$4,643.64	2053
400-110-028	31288-2	28	2011	$45,000	$153,000	$198,000	$5,462.14	2053

APN	Tract No.	Lot	Assmt. Yr.	Land Value	Imp. Value	Total Value	Prop. Tax	Tax Area
400-110-029	31288-2	29	2011	$39,351		$39,351	$562.68	2053
400-110-030	31288-2	30	2011	$39,351		$39,351	$562.68	2053
400-110-031	31288-2	31	2011	$39,351		$39,351	$562.68	2053
400-110-032	31288-2	32	2011	$39,351		$39,351	$562.68	2053
400-110-033	31288-2	33	2011	$69,000	$190,000	$259,000	$8,601.78	2053
400-110-034	31288-2	34	2011	$47,000	$167,000	$214,000	$5,396.24	2053
400-110-035	31288-2	35	2011	$52,000	$166,000	$218,000	$6,677.66	2053
400-110-036	31288-2	36	2011	$46,000	$153,000	$199,000	$5,396.24	2053
400-110-037	31288-2	37	2011	$54,000	$154,000	$208,000	$5,503.80	2053
400-110-038	31288-2	38	2011	$60,451	$221,656	$282,107	$8,034.64	2053
400-110-039	31288-2	39	2011	$56,000	$220,000	$276,000	$6,242.38	2053
400-110-040	31288-2	40	2011	$58,000	$233,000	$291,000	$6,519.36	2053
400-110-041	31288-2	41	2011	$50,000	$175,000	$225,000	$5,409.38	2053
400-110-042	31288-2	42	2011	$52,000	$240,000	$292,000	$6,532.54	2053
400-110-043	31288-2	43	2011	$125,000	$205,000	$330,000	$8,337.92	2053
400-110-046	31288-2	46	2011	$39,351	$117,881	$157,232	$2,783.68	2053
400-110-047	31288-2	47	2011	$39,351	$159,189	$198,540	$2,920.68	2053
400-110-048	31288-2	48	2011	$39,351	$142,061	$181,412	$2,783.68	2053
400-110-049	31288-2	49	2011	$39,351	$201,506	$240,857	$3,058.68	2053
400-110-050	31288-2	50	2011	$44,000	$151,000	$195,000	$6,055.68	2053
400-110-051	31288-2	51	2011	$53,000	$165,000	$218,000	$6,730.38	2053
400-110-052	31288-2	52	2011	$50,000	$168,000	$218,000	$6,638.06	2053
400-110-054	31288-3	39	2011	$51,000	$147,000	$198,000	$5,205.42	2053
400-110-055	31288-3	40	2011	$68,000	$148,000	$216,000	$7,323.98	2053
400-110-056	31288-3	41	2011	$56,000	$137,000	$193,000	$5,152.66	2053
400-110-057	31288-3	42	2011	$49,000	$155,000	$204,000	$5,543.32	2053
400-110-058	31288-3	43	2011	$45,000	$126,000	$171,000	$5,743.68	2053
400-110-059	31288-3	44	2011	$52,000	$164,000	$216,000	$6,703.98	2053
400-110-060	31288-3	45	2011	$60,000	$219,900	$279,900	$5,932.16	2053
400-110-061	31288-3	46	2011	$50,000	$148,000	$198,000	$5,324.12	2053
400-110-062	31288-3	47	2011	$70,000	$184,000	$254,000	$6,417.38	2053
400-110-063	31288-3	48	2011	$50,376	$246,844	$297,220	$5,451.00	2053
400-110-064	31288-3	49	2011	$49,000	$168,000	$217,000	$6,717.18	2053
400-110-065	31288-3	50	2011	$57,000	$136,000	$193,000	$5,258.18	2053
400-110-066	31288-3	51	2011	$46,000	$128,000	$174,000	$5,743.68	2053
400-110-067	31288-3	52	2011	$63,000	$154,000	$217,000	$6,624.84	2053
400-110-068	31288-3	53	2011	$44,000	$160,000	$204,000	$5,543.32	2053
400-110-072	31288-2	44	2011	$51,000	$182,000	$233,000	$6,070.94	2053
400-110-073	31288-2	45	2011	$65,000	$192,000	$257,000	$8,575.38	2053
400-120-001	31288-1	1	2011	$60,451	$225,182	$285,633	$5,515.90	2053
400-120-002	31288-1	2	2011	$60,451	$221,555	$282,006	$5,827.34	2053
400-120-003	31288-1	3	2011	$60,451	$191,430	$251,881	$5,600.28	2053
400-120-004	31288-1	4	2011	$45,000	$137,000	$182,000	$5,503.08	2053
400-120-005	31288-1	5	2011	$65,121		$65,121	$565.90	2053
400-120-006	31288-1	24	2011	$65,121		$65,121	$565.90	2053
400-120-007	31288-1	25	2011	$65,121		$65,121	$565.90	2053
400-120-008	31288-1	26	2011	$65,121		$65,121	$565.90	2053
400-120-009	31288-1	27	2011	$65,121		$65,121	$565.90	2053
400-120-010	31288-1	28	2011	$65,121		$65,121	$565.90	2053
400-120-011	31288-1	29	2011	$65,121		$65,121	$565.90	2053
400-120-012	31288-1	30	2011	$65,121		$65,121	$565.90	2053
400-120-013	31288-1	31	2011	$65,121		$65,121	$565.90	2053
400-120-014	31288-1	32	2011	$65,121		$65,121	$565.90	2053
400-120-015	31288-1	33	2011	$65,121		$65,121	$565.90	2053
400-120-016	31288-1	34	2011	$65,121		$65,121	$565.90	2053
400-120-017	31288-1	35	2011	$65,121		$65,121	$565.90	2053
400-120-018	31288-1	36	2011	$65,121		$65,121	$565.90	2053

APN	Tract No.	Lot	Assmt. Yr.	Land Value	Imp. Value	Total Value	Prop. Tax	Tax Area
400-120-019	31288-1	37	2011	$65,121		$65,121	$565.90	2053
400-120-020	31288-1	83	2011	$60,451	$266,995	$327,446	$6,743.58	2053
400-120-021	31288-1	84	2011	$60,451	$287,146	$347,597	$5,529.98	2053
400-120-022	31288-1	85	2011	$27,000	$142,000	$169,000	$6,099.64	2053
400-120-023	31288-1	86	2011	$60,000	$182,000	$242,000	$5,600.96	2053
400-120-024	31288-1	87	2011	$65,121		$65,121	$565.90	2053
400-120-025	31288-1	88	2011	$65,121		$65,121	$565.90	2053
400-120-026	31288-1	89	2011	$60,451	$231,631	$292,082	$6,213.96	2053
400-120-027	31288-1	90	2011	$35,000	$164,000	$199,000	$5,383.04	2053
400-120-028	31288-1	91	2011	$39,000	$178,000	$217,000	$6,967.80	2053
400-120-029	31288-1	92	2011	$65,121		$65,121	$565.90	2053
400-120-030	31288-1	93	2011	$65,121		$65,121	$565.90	2053
400-120-031	31288-1	94	2011	$65,121		$65,121	$565.90	2053
400-120-032	31288-1	95	2011	$65,121		$65,121	$565.90	2053
400-120-033	31288-1	96	2011	$65,121		$65,121	$565.90	2053
400-120-034	31288-1	97	2011	$65,121		$65,121	$565.90	2053
400-120-035	31288-1	98	2011	$65,121		$65,121	$565.90	2053
400-120-036	31288-1	99	2011	$65,121		$65,121	$565.90	2053
400-120-037	31288-1	100	2011	$65,121		$65,121	$565.90	2053
400-120-038	31288-1	101	2011	$65,121		$65,121	$565.90	2053
400-120-039	31288-1	102	2011	$65,121		$65,121	$565.90	2053
400-120-040	31288-1	103	2011	$65,121		$65,121	$565.90	2053
400-120-041	31288-1	104	2011	$65,121		$65,121	$565.90	2053
400-120-042	31288-1	105	2011	$65,121		$65,121	$565.90	2053
400-120-048	31288-1	111	2011	$65,121		$65,121	$565.90	2053
400-120-049	31288-1	112	2011	$65,121		$65,121	$565.90	2053
400-120-050	31288-1	113	2011	$65,121		$65,121	$565.90	2053
400-120-051	31288-1	114	2011	$65,121		$65,121	$565.90	2053
400-120-052	31288-1	115	2011	$65,121		$65,121	$565.90	2053
400-120-053	31288-1	116	2011	$65,121		$65,121	$565.90	2053
400-120-054	31288-1	117	2011	$65,121		$65,121	$565.90	2053
400-120-055	31288-1	118	2011	$65,121		$65,121	$565.90	2053
400-120-056	31288-1	119	2011	$65,121		$65,121	$565.90	2053
400-120-057	31288-1	120	2011	$65,121		$65,121	$565.90	2053
400-120-058	31288-1	121	2011	$65,121		$65,121	$565.90	2053
400-120-059	31288-1	122	2011	$65,121		$65,121	$565.90	2053
400-120-065	31288-1	106	2011	$65,927		$65,927	$572.48	2053
400-120-066	31288-1	107	2011	$65,927		$65,927	$572.48	2053
400-120-067	31288-1	108	2011	$65,121		$65,121	$572.48	2053
400-120-068	31288-1		2011	$65,121		$65,121	$565.90	2053
400-120-069	31288-1		2011	$65,121		$65,121	$565.90	2053
400-130-001	31288-1	6	2011	$65,927	$154,000	$219,927	$565.90	2053
400-130-002	31288-1	7	2011	$65,927	$189,000	$254,927	$565.90	2053
400-130-003	31288-1	8	2011	$65,121		$65,121	$565.90	2053
400-130-004	31288-1	9	2011	$65,121		$65,121	$565.90	2053
400-130-005	31288-1	10	2011	$65,121		$65,121	$565.90	2053
400-130-006	31288-1	11	2011	$65,121		$65,121	$565.90	2053
400-130-007	31288-1	12	2011	$65,121		$65,121	$565.90	2053
400-130-008	31288-1	13	2011	$65,121		$65,121	$565.90	2053
400-130-009	31288-1	14	2011	$65,121		$65,121	$565.90	2053
400-130-010	31288-1	15	2011	$65,121		$65,121	$565.90	2053
400-130-011	31288-1	16	2011	$65,121		$65,121	$565.90	2053
400-130-012	31288-1	17	2011	$65,121		$65,121	$565.90	2053
400-130-013	31288-1	18	2011	$65,121		$65,121	$565.90	2053
400-130-014	31288-1	19	2011	$65,121		$65,121	$565.90	2053
400-130-015	31288-1	20	2011	$65,121		$65,121	$565.90	2053
400-130-016	31288-1	21	2011	$65,121		$65,121	$565.90	2053

APN	Tract No.	Lot	Assmt. Yr.	Land Value	Imp. Value	Total Value	Prop. Tax	Tax Area
400-130-017	31288-1	22	2011	$65,121		$65,121	$565.90	2053
400-130-018	31288-1	23	2011	$65,121		$65,121	$565.90	2053
400-130-019	31288-1	38	2011	$65,121		$65,121	$565.90	2053
400-130-020	31288-1	39	2011	$65,121		$65,121	$565.90	2053
400-130-021	31288-1	40	2011	$65,121		$65,121	$565.90	2053
400-130-022	31288-1	41	2011	$65,121		$65,121	$565.90	2053
400-130-023	31288-1	42	2011	$65,121		$65,121	$565.90	2053
400-130-024	31288-1	43	2011	$65,121		$65,121	$565.90	2053
400-130-025	31288-1	44	2011	$65,121		$65,121	$565.90	2053
400-130-026	31288-1	45	2011	$65,121		$65,121	$565.90	2053
400-130-027	31288-1	46	2011	$65,121		$65,121	$565.90	2053
400-130-028	31288-1	47	2011	$65,121		$65,121	$565.90	2053
400-130-029	31288-1	48	2011	$65,121		$65,121	$565.90	2053
400-130-030	31288-1	49	2011	$65,121		$65,121	$565.90	2053
400-130-031	31288-1	50	2011	$65,121		$65,121	$565.90	2053
400-130-032	31288-1	51	2011	$65,121		$65,121	$565.90	2053
400-130-033	31288-1	52	2011	$65,121		$65,121	$565.90	2053
400-130-034	31288-1	53	2011	$65,121		$65,121	$565.90	2053
400-130-035	31288-1	54	2011	$65,121		$65,121	$565.90	2053
400-130-036	31288-1	55	2011	$65,121		$65,121	$565.90	2053
400-130-037	31288-1	56	2011	$65,121		$65,121	$565.90	2053
400-130-038	31288-1	57	2011	$65,121		$65,121	$565.90	2053
400-130-039	31288-1	58	2011	$65,121		$65,121	$565.90	2053
400-130-040	31288-1	59	2011	$65,121		$65,121	$565.90	2053
400-130-041	31288-1	60	2011	$65,121		$65,121	$565.90	2053
400-130-042	31288-1	61	2011	$65,121		$65,121	$565.90	2053
400-130-043	31288-1	62	2011	$65,121		$65,121	$565.90	2053
400-130-044	31288-1	63	2011	$65,121		$65,121	$565.90	2053
400-130-045	31288-1	64	2011	$65,121		$65,121	$565.90	2053
400-130-046	31288-1	65	2011	$65,121		$65,121	$565.90	2053
400-130-047	31288-1	66	2011	$65,121		$65,121	$565.90	2053
400-130-048	31288-1	67	2011	$65,121		$65,121	$565.90	2053
400-130-049	31288-1	68	2011	$65,121		$65,121	$565.90	2053
400-130-050	31288-1	69	2011	$65,121		$65,121	$565.90	2053
400-130-051	31288-1	70	2011	$65,121		$65,121	$565.90	2053
400-130-052	31288-1	71	2011	$65,121		$65,121	$565.90	2053
400-130-053	31288-1	72	2011	$65,121		$65,121	$565.90	2053
400-130-054	31288-1	73	2011	$65,121		$65,121	$565.90	2053
400-130-055	31288-1	74	2011	$65,121		$65,121	$565.90	2053
400-130-056	31288-1	75	2011	$65,121		$65,121	$565.90	2053
400-130-057	31288-1	76	2011	$65,121		$65,121	$565.90	2053
400-130-058	31288-1	77	2011	$65,121		$65,121	$565.90	2053
400-130-059	31288-1	78	2011	$65,121		$65,121	$565.90	2053
400-130-060	31288-1	79	2011	$65,121		$65,121	$565.90	2053
400-130-061	31288-1	80	2011	$65,121		$65,121	$565.90	2053
400-130-062	31288-1	81	2011	$65,121		$65,121	$565.90	2053
400-130-063	31288-1	82	2011	$65,121		$65,121	$565.90	2053
400-570-001	31288-4	4	2011	$13,507		$13,507	$224.36	2008
400-570-002	31288-4	5	2011	$13,507		$13,507	$224.36	2008
400-570-003	31288-4	6	2011	$13,507		$13,507	$224.36	2008
400-570-004	31288-4	7	2011	$13,507		$13,507	$224.36	2008
400-570-005	31288-4	8	2011	$13,507		$13,507	$224.36	2008
400-570-006	31288-4	9	2011	$13,507		$13,507	$224.36	2008
400-570-007	31288-4	10	2011	$13,507		$13,507	$224.36	2008
400-570-008	31288-4	11	2011	$13,507		$13,507	$224.36	2008
400-570-009	31288-4	12	2011	$13,507		$13,507	$224.36	2008
400-570-010	31288-4	13	2011	$13,507		$13,507	$224.36	2008

APN	Tract No.	Lot	Assmt. Yr.	Land Value	Imp. Value	Total Value	Prop. Tax	Tax Area
400-570-011	31288-4	14	2011	$13,507		$13,507	$224.36	2008
400-570-012	31288-4	15	2011	$13,507		$13,507	$224.36	2008
400-570-013	31288-4	16	2011	$13,507		$13,507	$224.36	2008
400-570-014	31288-4	17	2011	$13,507		$13,507	$224.36	2008
400-570-015	31288-4	18	2011	$13,507		$13,507	$224.36	2008
400-570-016	31288-4	19	2011	$13,507		$13,507	$224.36	2008
400-570-017	31288-4	20	2011	$13,507		$13,507	$224.36	2008
400-570-018	31288-4	38	2011	$13,507		$13,507	$224.36	2008
400-570-019	31288-4	39	2011	$13,507		$13,507	$224.36	2008
400-570-020	31288-4	40	2011	$13,507		$13,507	$224.36	2008
400-570-021	31288-4	41	2011	$13,507		$13,507	$224.36	2008
400-570-022	31288-4	42	2011	$13,507		$13,507	$224.36	2008
400-570-023	31288-4	43	2011	$13,507		$13,507	$224.36	2008
400-570-024	31288-4	44	2011	$13,507		$13,507	$224.36	2008
400-570-025	31288-4	45	2011	$13,507		$13,507	$224.36	2008
400-570-026	31288-4	46	2011	$13,527		$13,527	$224.62	2008
400-570-027	31288-4	47	2011	$13,507		$13,507	$224.36	2008
400-570-028	31288-4	48	2011	$13,507		$13,507	$224.36	2008
400-570-029	31288-4	49	2011	$13,507		$13,507	$224.36	2008
400-570-030	31288-4	50	2011	$13,507		$13,507	$224.36	2008
400-570-031	31288-4	51	2011	$13,507		$13,507	$224.36	2008
400-570-032	31288-4	52	2011	$13,507		$13,507	$224.36	2008
400-570-033	31288-4	53	2011	$13,507		$13,507	$224.36	2008
400-570-034	31288-4	54	2011	$13,507		$13,507	$224.36	2008
400-570-035	31288-4	55	2011	$13,507		$13,507	$224.36	2008
400-570-036	31288-4	56	2011	$13,507		$13,507	$224.36	2008
400-570-037	31288-4	57	2011	$13,507		$13,507	$224.36	2008
400-570-038	31288-4	58	2011	$13,507		$13,507	$224.36	2008
400-570-039	31288-4	59	2011	$13,507		$13,507	$224.36	2008
400-570-040	31288-4	60	2011	$13,507		$13,507	$224.36	2008
400-570-041	31288-4	61	2011	$13,507		$13,507	$224.36	2008
400-570-042	31288-4	62	2011	$13,507		$13,507	$224.36	2008
400-570-043	31288-4	63	2011	$13,507		$13,507	$224.36	2008
400-570-044	31288-4	64	2011	$13,507		$13,507	$224.36	2008
400-570-045	31288-4	65	2011	$13,507		$13,507	$224.36	2008
400-580-001	31288-4	21	2011	$13,507		$13,507	$224.36	2008
400-580-002	31288-4	22	2011	$13,507		$13,507	$224.36	2008
400-580-003	31288-4	23	2011	$13,507		$13,507	$224.36	2008
400-580-004	31288-4	24	2011	$13,507		$13,507	$224.36	2008
400-580-005	31288-4	25	2011	$13,507		$13,507	$224.36	2008
400-580-006	31288-4	26	2011	$13,507		$13,507	$224.36	2008
400-580-007	31288-4	27	2011	$13,507		$13,507	$224.36	2008
400-580-008	31288-4	28	2011	$13,507		$13,507	$224.36	2008
400-580-009	31288-4	29	2011	$13,507		$13,507	$224.36	2008
400-580-010	31288-4	30	2011	$13,507		$13,507	$224.36	2008
400-580-011	31288-4	31	2011	$13,507		$13,507	$224.36	2008
400-580-012	31288-4	32	2011	$13,507		$13,507	$224.36	2008
400-580-013	31288-4	33	2011	$13,507		$13,507	$224.36	2008
400-580-014	31288-4	34	2011	$13,507		$13,507	$224.36	2008
400-580-015	31288-4	35	2011	$13,507		$13,507	$224.36	2008
400-580-016	31288-4	36	2011	$13,507		$13,507	$224.36	2008
400-580-017	31288-4	37	2011	$13,507		$13,507	$224.36	2008
400-580-018	31288-4	66	2011	$13,507		$13,507	$224.36	2008
400-580-019	31288-4	67	2011	$13,507		$13,507	$224.36	2008
400-580-020	31288-4	68	2011	$13,507		$13,507	$224.36	2008
400-590-001	31288-4	69	2011	$18,581		$18,581	$290.78	2053
400-590-002	31288-4	70	2011	$18,581		$18,581	$290.78	2053

APN	Tract No.	Lot	Assmt. Yr.	Land Value	Imp. Value	Total Value	Prop. Tax	Tax Area
400-590-003	31288-4	71	2011	$18,581		$18,581	$290.78	2053
400-590-004	31288-4	72	2011	$18,581		$18,581	$290.78	2053
400-590-005	31288-4	73	2011	$18,581		$18,581	$290.78	2053
400-590-006	31288-4	74	2011	$18,581		$18,581	$290.78	2053
400-590-007	31288-4	75	2011	$18,581		$18,581	$290.78	2053
400-590-008	31288-4	93	2011	$18,581		$18,581	$290.78	2053
400-590-009	31288-4	94	2011	$18,581		$18,581	$290.78	2053
400-590-010	31288-4	95	2011	$18,581		$18,581	$290.78	2053
400-590-011	31288-4	96	2011	$18,581		$18,581	$290.78	2053
400-590-012	31288-4	97	2011	$18,581		$18,581	$290.78	2053
400-590-013	31288-4	110	2011	$18,581		$18,581	$290.78	2053
400-590-014	31288-4	111	2011	$18,581		$18,581	$290.78	2053
400-590-015	31288-4	112	2011	$18,581		$18,581	$290.78	2053
400-590-016	31288-4	113	2011	$18,581		$18,581	$290.78	2053
400-590-017	31288-4	114	2011	$18,581		$18,581	$290.78	2053
400-590-018	31288-4	115	2011	$18,581		$18,581	$290.78	2053
400-590-019	31288-4	116	2011	$18,581		$18,581	$290.78	2053
400-600-001	31288-4	1	2011	$18,581		$18,581	$290.78	2053
400-600-002	31288-4	2	2011	$18,581		$18,581	$290.78	2053
400-600-003	31288-4	3	2011	$18,588		$18,588	$290.88	2053
400-600-004	31288-4	76	2011	$18,581		$18,581	$290.78	2053
400-600-005	31288-4	77	2011	$18,581		$18,581	$290.78	2053
400-600-006	31288-4	78	2011	$18,581		$18,581	$290.78	2053
400-600-007	31288-4	79	2011	$18,581		$18,581	$290.78	2053
400-600-008	31288-4	80	2011	$18,581		$18,581	$290.78	2053
400-600-009	31288-4	81	2011	$18,581		$18,581	$290.78	2053
400-600-010	31288-4	82	2011	$18,581		$18,581	$290.78	2053
400-600-011	31288-4	83	2011	$18,581		$18,581	$290.78	2053
400-600-012	31288-4	84	2011	$18,581		$18,581	$290.78	2053
400-600-013	31288-4	85	2011	$18,581		$18,581	$290.78	2053
400-600-014	31288-4	86	2011	$18,581		$18,581	$290.78	2053
400-600-015	31288-4	87	2011	$18,581		$18,581	$290.78	2053
400-600-016	31288-4	88	2011	$18,581		$18,581	$290.78	2053
400-600-017	31288-4	89	2011	$18,581		$18,581	$290.78	2053
400-600-018	31288-4	90	2011	$18,581		$18,581	$290.78	2053
400-600-019	31288-4	91	2011	$18,581		$18,581	$290.78	2053
400-600-020	31288-4	92	2011	$18,581		$18,581	$290.78	2053
400-600-021	31288-4	98	2011	$18,581		$18,581	$290.78	2053
400-600-022	31288-4	99	2011	$18,581		$18,581	$290.78	2053
400-600-023	31288-4	100	2011	$18,581		$18,581	$290.78	2053
400-600-024	31288-4	101	2011	$18,581		$18,581	$290.78	2053
400-600-025	31288-4	102	2011	$18,581		$18,581	$290.78	2053
400-600-026	31288-4	103	2011	$18,581		$18,581	$290.78	2053
400-600-027	31288-4	104	2011	$18,581		$18,581	$290.78	2053
400-600-028	31288-4	105	2011	$18,581		$18,581	$290.78	2053
400-600-029	31288-4	106	2011	$18,581		$18,581	$290.78	2053
400-600-030	31288-4	107	2011	$18,581		$18,581	$290.78	2053
400-600-031	31288-4	108	2011	$18,581		$18,581	$290.78	2053
400-600-032	31288-4	109	2011	$18,581		$18,581	$290.78	2053
400-600-033	31288-4	117	2011	$18,581		$18,581	$290.78	2053
400-600-034	31288-4	118	2011	$18,581		$18,581	$290.78	2053
400-600-035	31288-4	119	2011	$18,581		$18,581	$290.78	2053
400-600-036	31288-4	120	2011	$18,581		$18,581	$290.78	2053
400-600-037	31288-4	121	2011	$18,581		$18,581	$290.78	2053
				$17,649,228	$24,620,735	$42,269,963	$754,726.06	

APPENDIX D

RATE AND METHOD OF APPORTIONMENT FOR IMPROVEMENT AREA NO. 17B (TOURNAMENT HILLS) OF COMMUNITY FACILITIES DISTRICT NO. 93-1 OF THE CITY OF BEAUMONT

A Special Tax as hereinafter defined shall be levied on and collected in Improvement Area No. 17B ("IA No. 17B") of Community Facilities District No. 93-1 of the City of Beaumont ("CFD No. 93-1") each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the appropriate Special Tax for "Developed Property," "Final Map Property," and "Undeveloped Property," as described below. All of the real property in IA No. 17B of CFD No. 93-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

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

"Administrative Expenses" means any ordinary and necessary expense incurred by the City to carry out the administration of IA No. 17B of CFD No. 93-1 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any City employee whose duties are directly related to the administration of IA No. 17B, and costs otherwise incurred in order to carry out the authorized purposes of IA No. 17B.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 93-1.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County for purposes of identification.

"Assigned Special Tax for Facilities" means the Special Tax of that name described in Section D below.

“Backup Special Tax for Facilities” means the Special Tax of that name described in Section E below.

“Bonds” means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes for Facilities have been pledged.

“Building Permit” means a permit for new construction for a residential dwelling or non-residential structure. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of retaining walls, utility improvements, or other such improvements not intended for human habitation.

“Building Square Footage” or “BSF” means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel.

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

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 93-1” means Community Facilities District No. 93-1 established by the City under the Act.

“City” means the City of Beaumont.

“City Council” means the City Council of the City, acting as the Legislative Body of CFD No. 93-1, or its designee.

“Consumer Price Index” means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

“County” means the County of Riverside.

“Developed Property” means all Assessor’s Parcels that: (i) were issued Building Permits on or before June 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) were created on or before the January 1st preceding the Fiscal Year in which the Special Tax is being levied, and that each such Assessor's Parcel is associated with a Lot, as reasonably determined by the City.

“Exempt Property” means all Assessor’s Parcels designated as being exempt from Special Tax as determined in Section J.

"Final Map" means a subdivision of property evidenced by the recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq*.) or the recordation of a condominium plan pursuant to California Civil Code 1352 that creates individual lots for which Building Permits may be issued without further subdivision.

"Final Map Property" means all Assessor's Parcels: (i) that are included in a Final Map that was recorded prior to the June 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to the June 1st preceding the Fiscal Year in which the Special Tax is being levied.

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

"Improvement Area No. 17B" or "IA No. 17B" means Improvement Area No. 17B as depicted on the boundary map of CFD No. 93-1.

"Lot" means an individual legal lot created by a Final Map, identified by an Assessor's Parcel Number for which a Building Permit could be issued.

"Maximum Special Tax" means the Maximum Special Tax for Facilities and Maximum Special Tax for Services.

"Maximum Special Tax for Facilities" means the maximum Special Tax, determined in accordance with Section C that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor's Parcel.

"Maximum Special Tax for Services" means the maximum Special Tax, determined in accordance with Section C that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor's Parcel.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a Building Permit was issued for any type of non-residential use.

"Operating Fund" means a fund that shall be maintained for IA No. 17B of CFD No. 93-1 for any Fiscal Year to pay for the actual costs of maintenance, repair, and replacement of the Service Area, and the Administrative Expenses.

"Operating Fund Balance" means the amount of funds in the Operating Fund at the end of the preceding Fiscal Year.

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

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

"Proportionately" means that (i) the ratio of the actual Special Tax for Facilities levy to the applicable Assigned Special Tax for Facilities is equal for all applicable Assessor's Parcels and (ii) the ratio of the actual Special Tax for Services levy to the applicable Maximum Special Tax for Services is equal for all applicable Assessor's Parcels. In case of Developed Property subject to the apportionment of the Special Tax for Facilities under step four of Section F, "Proportionately" in step four means that the quotient of (a) the actual Special Tax for Facilities levy less the Assigned Special Tax for Facilities divided by (b) the Backup Special Tax for Facilities less the Assigned Special Tax for Facilities, is equal for all applicable Assessor's Parcels.

"Residential Property" means all Assessor's Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one or more residential dwelling units.

"Service Area" means the landscape parkways, neighborhood and City parks, easements and green belts within the boundaries of IA No. 17B and the City of Beaumont, and IA No. 17B's fair share of storm drain and flood control facilities.

"Special Tax" means Special Tax for Facilities and Special Tax for Services.

"Special Tax for Facilities" means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

"Special Tax for Services" means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Services.

"Special Tax Requirement" means Special Tax Requirement for Facilities and Special Tax Requirement for Services.

"Special Tax Requirement for Facilities" means the amount required in any Fiscal Year for IA No. 17B to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, and (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 17B provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

"Special Tax Requirement for Services" means the amount determined in any Fiscal Year for IA No. 17B equal to (i) the budgeted costs of the maintenance, repair and replacement of the Service Area which have been accepted and maintained or are reasonably expected to be accepted and maintained during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate in IA No. 17B for the previous Fiscal Year, less (iv) the Operating Fund Balance.

"Taxable Property" means all Assessor's Parcels within CFD No. 93-1 which are not Exempt Property.

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

"Zone A" means a specific geographic area designated as planning area 7, tract no. 31288-1, and as depicted on the Proposed Boundary Map.

"Zone B" means a specific geographic area designated as planning areas 8, 9, and 14, tracts 31288-2, -3, and -4, and as depicted on the Proposed Boundary Map.

SECTION B
CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2006-2007, each Assessor's Parcel within IA No. 17B shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be further classified as Developed Property, Final Map Property or Undeveloped Property. Lastly, each Assessor's Parcel of Developed Property shall further be classified as Residential Property or Non Residential Property.

SECTION C
MAXIMUM SPECIAL TAXES

1. Developed Property

a. The Maximum Special Tax for Facilities for each Assessor's Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in Table 1 or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor's Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Special Tax for Facilities in Table 1 of Section D.

b. Prior to the issuance of Bonds, the Assigned Special Tax for Facilities on Developed Property set forth in Table 1 and the Assigned Special Tax for Facilities on Final Map Property and Undeveloped Property set forth in Section D.2 may be reduced in accordance with, and subject to the conditions set forth in this paragraph. If it is reasonably determined by the CFD Administrator that the overlapping debt burden (as defined in the Statement of Goals and Policies for the Use of the Mello-Roos Community Facilities Act of 1982 adopted by the City Council, the "Goals and Policies") calculated pursuant to the Goals and Policies exceeds the City's maximum level objective set forth in such document, the Maximum Special Tax for Facilities on Developed Property may be reduced (by modifying Table 1) to the amount necessary to satisfy the City's objective with respect to the maximum overlapping debt burden level with the written consent of the CFD Administrator. In order to reduce the Maximum Special Tax for Facilities on Developed Property it may be necessary to reduce the Maximum Special Tax for Facilities for Final Map Property and Undeveloped Property. The reductions permitted pursuant to this paragraph shall be reflected in an amended Notice of Special Tax Lien which the City shall cause to be recorded by executing a certificate in substantially the form attached hereto as Attachment No. 1.

c. The Maximum Special Tax for Services for each Assessor's Parcel of Residential Property that is classified as Developed Property for Fiscal Year 2006-2007 shall be $259 per dwelling unit. The Maximum Special Tax for Services for each Assessor's Parcel of Non-Residential Property that is classified as Developed Property for Fiscal Year 2006-2007 shall be $1,638 per Acre. On each July 1, commencing July 1, 2007, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

2. <u>Final Map Property</u>

a. The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Final Map Property shall be the Assigned Special Tax for Facilities in Section D.

b. The Maximum Special Tax for Services for each Assessor's Parcel classified as Final Map Property in Fiscal Year 2006-2007 shall be $1,638 per Acre. On each July 1, commencing July 1, 2007, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

3. <u>Undeveloped Property</u>

The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Undeveloped Property shall be the Assigned Special Tax for Facilities in Section D.

SECTION D
ASSIGNED SPECIAL TAX FOR FACILITIES

1. <u>Developed Property</u>

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to an Assigned Special Tax for Facilities. The Assigned Special Tax for Facilities applicable to an Assessor's Parcel of Developed Property within Zone A and Zone B for any Fiscal Year shall be determined pursuant to Table 1 below.

TABLE 1

ASSIGNED SPECIAL TAX RATES FOR FACILITIES FOR DEVELOPED PROPERTY

Land Use Type	Building Square Footage	Assigned Special Tax for Facilities for Fiscal Year 2006-2007
Residential Property	Less than 2,000	$1,785 per dwelling unit
Residential Property	2,000 – 2,200	$1,912 per dwelling unit
Residential Property	2,201 – 2,400	$1,975 per dwelling unit
Residential Property	2,401 – 2,600	$2,007 per dwelling unit
Residential Property	2,601 – 2,800	$2,039 per dwelling unit
Residential Property	2,801 – 3,200	$2,102 per dwelling unit
Residential Property	3,201 – 3,600	$2,766 per dwelling unit
Residential Property	Greater than 3,600	$3,100 per dwelling unit
Non-Residential Zone A	N/A	$13,574 per Acre
Non-Residential Zone B	N/A	$10,458 per Acre

2. **Final Map Property and Undeveloped Property**

Each Fiscal Year, each Assessor's Parcel of Final Map Property and Undeveloped Property shall be subject to an Assigned Special Tax for Facilities. The Assigned Special Tax for Facilities for an Assessor's Parcel classified as Final Map Property or Undeveloped Property for Fiscal Year 2006-2007 shall be $13,574 per Acre for Zone A and $10,458 per Acre for Zone B.

3. **Increase in the Assigned Special Tax for Facilities**

On each July 1, commencing on July 1, 2007, the Assigned Special Tax for Facilities for each Assessor's Parcel of Developed Property, Non Residential Property, Final Map Property, and Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

SECTION E
BACKUP SPECIAL TAXES FOR FACILITIES

Each Fiscal Year, each Assessor's Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax for Facilities. In each Fiscal Year, the Backup Special Tax for Facilities rate for Developed Property classified as Residential Property within a Final Map shall be the rate per Lot calculated according to the following formula:

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

The terms above have the following meanings:

B	=	Backup Special Tax for Facilities per Lot in each Fiscal Year
R	=	Maximum Special Tax for Facilities rate per Acre for Undeveloped Property for the applicable Fiscal Year
A	=	Acreage of Developed Property classified or to be classified as Residential Property in such Final Map.
L	=	Lots in the Final Map which are classified or to be classified as Residential Property.

Each July 1, commencing on July 1, 2007, the Backup Special Tax for each Assessor's Parcel shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

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

1. Determine the total Backup Special Tax for Facilities anticipated to apply to the changed or modified Final Map area prior to the change or modification.

2. The result of paragraph 1 above shall be divided by the Acreage of Developed Property classified or to be classified as Residential Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the City.

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

SECTION F
METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR FACILITIES AND THE SPECIAL TAX FOR SERVICES

1. Commencing Fiscal Year 2006-2007 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Facilities on all Taxable Property within IA No. 17B until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:

   Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in Table 1 as needed to satisfy the Special Tax Requirement for Facilities.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property pursuant to Section J, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor's Parcel of Developed Property whose Maximum Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.

Step Five: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property classified as Undeveloped Property pursuant to Section J at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

2. Commencing Fiscal Year 2006-2007 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Services on all Taxable Property within IA No. 17B until the amount of Special Tax for Services equals the Special Tax Requirement for Services in accordance with the following steps:

Step One: The Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Services as needed to satisfy the Special Tax Requirement for Services.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Services after the first step has been completed, the Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Maximum Special Tax for Services applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Services.

Under no circumstances will the Special Tax for Facilities or the Special Tax for Services levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within CFD No. 93-1 by more than ten percent(10%) of the Special Tax that would be levied in that Fiscal Year, if there were no delinquencies, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 93-1.

SECTION G
PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following definitions apply to this Section G:

"CFD Public Facilities" means $12,00,000 expressed in 2006 dollars, which shall increase by the Construction Inflation Index on January 1, 2007, and on each January 1 thereafter, or such lower number as (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 93-1, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

"Construction Fund" means an account specifically identified in the Indenture or functionally equivalent to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 93-1.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

"Future Facilities Costs" means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts or funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

"Outstanding Bonds" means all previously issued bonds issued and secured by the levy of Special Tax for Facilities which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding bonds to be redeemed at a later date with the proceeds of prior prepayments of the Maximum Special Tax for Facilities.

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, an Assessor's Parcel of Final Map Property or Undeveloped Property for which a Building Permit has been issued or an Assessor's Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J may be prepaid in full, provided that there are no delinquent Special

Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 93-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor's Parcel.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
less	Reserve Fund Credit
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Taxes for Facilities and the Backup Special Taxes for Facilities applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities applicable to the Assessor's Parcel as though it was already designated as Developed Property based upon the Building Permit issued or to be issued for that Assessor's Parcel. For Assessor's Parcels classified as Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities.

2. For each Assessor's Parcel of Developed Property, Final Map Property, Undeveloped Property, or Undeveloped Property pursuant to Section J to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the City, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the City.

3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by Outstanding Bonds. The product shall be the "Bond Redemption Amount."

4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."

5. Compute the Future Facilities Cost.

6. Multiply the larger quotient computed pursuant to paragraph 2 (a) or 2 (b) by the amount determined pursuant to paragraph 5 to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").

7. Compute the amount needed to pay interest on the Bond Redemption Amount to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the Outstanding Bonds.

8. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.

9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."

10. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."

11. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.

12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to the Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CFD No. 93-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION H
PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid.

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

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

The terms above have the following meanings:

PP = the Partial Prepayment Amount.
P_G = the Prepayment Amount calculated according to Section G.
F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.
A = the Administrative Fee calculated according to Section G.10.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the records of CFD No. 93-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities for shall cease.

MANDATORY PARTIAL PREPAYMENT: Prior to the close of escrow for the first transfer of title of any Developed Parcel after the date on which a Certificate of Occupancy for such Parcel was issued by the City, the Maximum Special Tax shall be subject to mandatory partial prepayment in a amount necessary to bring the Total Property Tax Burden for the then-current Fiscal Year to an amount less than or equal to 2% of the sale price of the Parcel. The amount required shall be due and payable upon transfer of title. No prepayment shall be required if the Total Property Tax Burden is not in excess of the 2% limit. The Builder shall notify the City in writing of the mandatory partial prepayment requirement at least 30 days prior to close of escrow. The City shall calculate and determine the prepayment amount using the methodology for a partial prepayment herein, such that the partial prepayment shall be in the exact percentage required for a Total Property Tax Burden not in excess of the 2% limit.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION I
TERMINATION OF SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessors' Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 93-1 for uncollected Special Tax for Facilities associated with the levy of such Special Taxes for Facilities, but not later than the 2050-2051 Fiscal Year. The Special Tax for Services shall be levied as long as it is needed to meet the Special Tax Requirement for Services, as determined at the sole discretion of the City Council.

SECTION J
EXEMPTIONS

The City shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowner's association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of all Taxable Property to less than 17.48 Acres for Zone A and 55.54 Acres for Zone B. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 17.48 Acres for Zone A and 55.54 Acres for Zone B. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 17.48 Acres for Zone A and 55.54 Acres for Zone B will continue to be classified as Undeveloped Property, and will continue to be subject to Special Taxes accordingly.

SECTION K
APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the City Council not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 93-1 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

The City Council may interpret this IA No. 17B and the levy of Special Taxes for the purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals. Any decision of the City Council shall be binding as to all persons.

SECTION L
MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 93-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

Attachment No. 1

CITY OF BEAUMONT AND CFD NO. 93-1 IMPROVEMENT AREA 17B CERTIFICATE

1. Pursuant to Section ___ of the Rate and Method of Apportionment of Special Tax (the "RMA"), the City of Beaumont (the "City") and Community Facilities District No. 93-1 Improvement Area 17B of the City of Beaumont ("CFD No. 93-1 IA 17B") hereby agree to a reduction in the Maximum Special Tax for Facilities for Developed Property:

   (a) The information in Table 1 relating to the Maximum Special Tax for Facilities for Developed Property and/or Undeveloped Property within CFD No. 93-1 IA 17B shall be modified as follows:

   [insert Table 1 showing effective change to special tax rates and/or insert change to special tax rates for Undeveloped Property]

2. Table 1 may only be modified prior to the issuance of Bonds.

3. Upon execution of the Certificate by the City and CFD No. 93-1 IA 17B the City shall cause an amended Notice of Special Tax Lien to be recorded reflecting the modifications set forth herein.

By execution hereof, the undersigned acknowledges, on behalf of the City of Beaumont and CFD No. 93-1 IA 17B, receipt of this Certificate and modification of the RMA as set forth in this Certificate.

CITY OF BEAUMONT

By: ________________________________ Date: ________________________

CFD Administrator

COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA 17B OF THE CITY OF BEAUMONT

By: ________________________________ Date: ________________________

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

(City of Beaumont Community Facilities District No. 93-1)

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of December 1, 2011, is executed and delivered by the City of Beaumont Community Facilities District No. 93-1 (the "District") and Union Bank, N.A., as trustee (the "Trustee") and acting in its capacity as Dissemination Agent hereunder, in connection with the issuance of the $12,145,000 Beaumont Financing Authority 2011 Local Agency Revenue Bonds, Series A (Improvement Area No. 17B) (the "Bonds"). The Bonds are being issued pursuant to provisions of an Indenture of Trust, dated as of January 15, 1994, by and between the Beaumont Financing Authority (the "Issuer") and the Trustee (the "Original Indenture") and a Twenty First Supplemental Indenture of Trust, dated as of December 1, 2011 (the "Twenty First Supplemental Indenture," and together with the Original Indenture, as previously amended, the "Indenture"), by and between the Authority and the Trustee. The District, the Dissemination Agent and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District, the Dissemination Agent and the Trustee for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report or any addendum thereto provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"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 City Manager of the City or his or her designee, or such other officer or employee as the City shall designate in writing to the Trustee and Dissemination Agent from time to time.

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

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Marketplace Access (EMMA) website of the MSRB, currently located at *http://emma.msrb.org*.

"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.

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

"SEC" shall mean the United States Securities and Exchange Commission.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than December 31 of each year, commencing December 31, 2012, provide to the MSRB and the Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall notify the District and the Dissemination Agent of such failure to receive the Annual Report. The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent and Trustee may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

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

(d) The Dissemination Agent shall, to the extent information is known to it, file a report with the District and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following (unless otherwise stated, such information shall be as of the end of the most recent Fiscal Year):

(i) The audited financial statements of the City, prepared in accordance with generally accepted accounting principles in effect from time to time. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(ii) Total assessed valuation (per the Riverside County Assessor's records) of all parcels currently subject to the Special Tax showing the total assessed valuation for all land and the total assessed valuation for all improvements and distinguishing between the assessed value of developed property and final map property for the then current Fiscal Year.

(iii) The actual amount of the Special Tax levy and the maximum amount that can be levied pursuant to the rate and method of apportionment relating to the District for the then current Fiscal Year.

(iv) With respect to delinquencies:

(a) delinquency information with respect to the April 10 tax payment date (including, without limitation, the parcel number of each delinquent parcel, the identity of the property owner and the amount then delinquent) for each parcel delinquent in the payment of $2,500 or more in Special Tax or any parcels under common ownership that are responsible for $5,000 or more of Special Tax; and

(b) the total dollar amount of delinquencies with respect to the December 10 tax payment date and, in the event that such total delinquencies with respect to the April 10 tax payment date exceed 5% of the Special Tax for the previous year, a list of all delinquent parcels, amounts of delinquencies, length of delinquency and status of any foreclosure of each such parcel.

(v) The number of certificates of occupancy and certificate of final inspection issued by the City and the principal amount of prepayments of the Special Tax as of the then current Fiscal Year's Special Tax levy date.

(vi) A land ownership summary listing property owners responsible for more than five percent (5%) of the annual Special Tax levy, as shown on the Riverside County Assessor's last equalized tax roll prior to the September next preceding the Annual Report date.

(vii) The principal amount of the Bonds outstanding and the balances in the Reserve Fund (along with a statement of the Reserve Requirement), Cash Flow Management Fund (along with a statement of the Cash Flow Management Fund Requirement) and the Residual Fund as of the September 30 next preceding the Annual Report date.

(viii) A description of the status of the facilities being constructed with proceeds of the Bonds as of the date of the Annual Report (but only so long as such facilities are not completed), and the balance in the Construction Fund and the Special Escrow Fund as of the September 30 next preceding the Annual Report date (but only until such fund is closed).

(ix) The aggregate number of building permits issued as of the then current Fiscal Year's Special Tax levy date.

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 City or related public entities, which are available to the public on the MSRB's Internet Website or filed with the SEC.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this section, upon the occurrence of any of the following events (in each case to the extent applicable) with respect to the Bonds, the District shall give, or cause to be given by so notifying the Dissemination Agent in writing and instructing the Dissemination Agent to give, notice of the occurrence of such event, in each case, pursuant to Section 5(c) hereof:

1. principal or interest payment delinquencies;

2. non-payment related defaults, if material;

3. modifications to the rights of the Bondholders, if material;

4. optional, contingent or unscheduled calls, if material, and tender offers;

5. defeasances;

6. rating changes;

7. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

8. unscheduled draws on the debt service reserves reflecting financial difficulties;

9. unscheduled draws on the credit enhancements reflecting financial difficulties;

10. substitution of the credit or liquidity providers or their failure to perform;

11. release, substitution or sale of property securing repayment of the Bonds, if material;

12. bankruptcy, insolvency, receivership or similar proceedings of the Authority, which shall occur as described below;

13. appointment of a successor or additional trustee or the change of name of a trustee, if material, or;

14. the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

For these purposes, any event described in item 12 of this Section 5(a) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

(b) Upon receipt of notice from the District and instruction by the District to report the occurrence of any Listed Event, the Dissemination Agent shall provide notice thereof to the MSRB in accordance with Section 5(c) hereof. In the event the Dissemination Agent shall obtain actual knowledge of the occurrence of any of the Listed Events, the Dissemination Agent shall, immediately after obtaining such knowledge, contact the Disclosure Representative, inform such person of the event, and request that the District promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Section 5(c). For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of such Listed Event shall mean actual knowledge by the Dissemination Agent, if other than the Trustee, and if the Dissemination Agent is the Trustee, then by the officer at the corporate trust office of the Trustee with regular responsibility for the administration of matters related to the Indenture. The Dissemination Agent shall have no responsibility to determine the materiality, if applicable, of any of the Listed Events.

(c) The District, or the Dissemination Agent, if the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, shall file a notice of such occurrence with the MSRB in a timely manner not more than ten business days after the occurrence of the event.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement 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 District shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Agreement. The initial Dissemination Agent shall be Union Bank, N.A. The Dissemination Agent may resign by providing thirty days' written notice to the District and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the District. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the District in a timely manner and in a form suitable for filing.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the District) provided, the Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder, and any provision of this Disclosure Agreement may be waived, provided that in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District 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 Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Disclosure Agreement shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 11. Default. In the event of a failure of the District or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee (at the written request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys), or any holder or Beneficial Owner 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 District or Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the District or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture pertaining to the Trustee is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Trustee and Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded the Trustee thereunder. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the District agrees to indemnify and save the Dissemination Agent and Trustee, their 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 its 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 or Trustee's respective negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the District 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 and the Trustee shall have no duty or obligation to review any information provided to them hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders, or any other party. Neither the Trustee nor the Dissemination Agent shall have any liability to the Bondholders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from this Disclosure Agreement. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the District: City of Beaumont Community Facilities District No. 93-1
c/o City of Beaumont
550 East 6th Street
Beaumont, California 92223
Attn: City Manager
Phone: (951) 769-8520

To the Trustee: Union Bank, N.A.
120 S. San Pedro Street, Suite 400
Los Angeles, California 90012
Attn: Corporate Trust Department
Phone: (213) 972-5676

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 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Trustee, 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 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1

By ______________________________
City Manager of the City of Beaumont

UNION BANK, N.A., as Dissemination Agent and Trustee

By ______________________________
Authorized Representative

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Party:	City of Beaumont Community Facilities District No. 93-1
Name of Bond Issue:	Beaumont Financing Authority 2011 Local Agency Revenue Bonds, Series A (Improvement Area No. 17B)
Date of Issuance:	December 22, 2011

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of December 1, 2011, with respect to the Bonds. [The District anticipates that the Annual Report will be filed by _____________.]

Dated:_______________

UNION BANK, N.A.,
on behalf of the District

cc: Issuer

APPENDIX F

PROPOSED FORM OF BOND COUNSEL OPINION

December 22, 2011

Beaumont Financing Authority
550 East Sixth Street
Beaumont, California 92223

Re: **Beaumont Financing Authority**
2011 Local Agency Revenue Bonds, Series A
(Improvement Area No. 17B)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Beaumont Financing Authority (the "Authority") in connection with the issuance by the Authority of $12,145,000 aggregate principal amount of 2011 Local Agency Revenue Bonds, Series A (Improvement Area No. 17B) (the "Authority Bonds"). The Authority Bonds are being issued pursuant to and by authority of the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and the Indenture of Trust, dated as of January 15, 1994, between the Authority and Union Bank, N.A. (formerly known as Union Bank of California, N.A.) (successor to BNY Western Trust Company, which was successor to The Bank of New York Trust Company of California, which was successor to Meridian Trust Company of California), as trustee (the "Trustee"), as heretofore amended and supplemented, including by the Twentieth-First Supplemental Indenture of Trust, dated as of December 1, 2011 (collectively, the "Authority Indenture"). The Authority Bonds have been issued by the Authority to purchase from the City of Beaumont Community Facilities District No. 93-1 (the "District"), two series of special tax bonds designated as "City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2011 Series A" and "City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2011 Series B" (collectively, the "District Bonds") for Improvement Area No. 17B, the proceeds of which will be used to provide funds relating to the acquisition and construction of certain public facilities to be acquired and constructed on behalf of the District.

In such connection, we have examined the record of the proceedings submitted to us relative to the issuance of the Authority Bonds, including the Authority Indenture, the Tax Certificate (the "Tax Certificate"), dated the date hereof, by and among the Authority, the District and the City of Beaumont (the "City"), certifications of the Authority, the District, the City, the Trustee 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 Authority Indenture, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Authority 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 Authority 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. Our engagement with respect to the Authority 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 as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Authority Indenture, the Tax Certificate and in certain other documents, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions and events will not cause interest on the Authority 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 Authority Bonds, the Authority Indenture and the Tax Certificate are 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 joint powers authorities and cities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion upon the plans, specifications, maps, financial reports, appraisals, market studies and other engineering or financial details of the proceedings, or upon the validity of special taxes levied by the District upon any individual separate parcel within Improvement Area No. 17B. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Authority Bonds and express no opinion relating 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 Authority Bonds constitute the valid and binding limited obligations of the Authority, payable solely from the Revenues (as defined in the Authority Indenture), and any other amounts (including proceeds of the sale of the Authority Bonds) held by the Trustee in any fund or account, except the Rebate Fund, established pursuant to the Authority Indenture, subject to the provisions of the Authority Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Authority Indenture.

2. The Authority Indenture has been duly executed and delivered by, and constitutes the valid and binding limited obligation of, the Authority.

3. Interest on the Authority Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. Interest on the Authority Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other federal or state tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Authority Bonds.

The foregoing represent our interpretation of applicable law to the facts as described herein. We bring to your attention the fact that our conclusions are an expression of professional judgment and are not a guarantee of a result.

Sincerely,

McFARLIN & ANDERSON LLP

APPENDIX G

BOOK-ENTRY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest on the Bonds to Direct Participants, Indirect Participants or Beneficial Owners (as such terms are defined below) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other Bond-related transactions by and between DTC, Direct Participants, Indirect Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC to the Authority which the Authority believes to be reliable, but the Authority and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect 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.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 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, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's highest rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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 Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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, redemption price and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Discontinuance of DTC Services

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the Authority determines that DTC shall no longer act and delivers a written certificate to the Trustee to that effect, then the Authority will discontinue the Book-Entry System with DTC for the Bonds. If the Authority determines to replace DTC with another qualified securities depository, the Authority will prepare or direct the preparation of a new single separate, fully-registered Bond for each maturity of the Bonds registered in the name of such successor or substitute securities depository as are not inconsistent with the terms of the Indenture. If the Authority fails to identify another qualified securities depository to replace the incumbent securities depository for the Bonds, then the Bonds shall no longer be restricted to being registered in the Bond registration books in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository or its nominee transferring or exchanging the Bonds shall designate.

In the event that the Book-Entry System is discontinued, the following provisions would also apply: (i) the Bonds will be made available in physical form, (ii) principal of, and redemption premiums if any, on the Bonds will be payable upon surrender thereof at the trust office of the Trustee identified in the Indenture, and (iii) the Bonds will be transferable and exchangeable as provided in the Indenture.

The Authority or the Trustee do not have any responsibility or obligation to DTC Participants, to the persons for whom they act as nominees, to Beneficial Owners, or to any other person who is not shown on the registration books as being an owner of the Bonds, with respect to (i) the accuracy of any records maintained by DTC or any DTC Participants; (ii) the payment by DTC or any DTC Participant of any amount in respect of the principal of, redemption price of or interest on the Bonds; (iii) the delivery of any notice which is permitted or required to be given to registered owners under the Indenture; (iv) the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the Bonds; (v) any consent given or other action taken by DTC as registered owner; or (vi) any other matter arising with respect to the Bonds or the Indenture. The Authority or the Trustee cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal of or interest on the Bonds paid to DTC or its nominee, as the registered owner, or any notices to the Beneficial Owners or that they will do so on a timely basis or will serve and act in a manner described in this Official Statement. The Authority or the Trustee are 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 in respect to the Bonds or any error or delay relating thereto.

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