NEW ISSUE—FULL BOOK-ENTRY ONLY

RATING: S&P: AAA
Fitch ICBA: AAA

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject to certain qualifications described herein, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

$14,325,000
COMMUNITY FACILITIES DISTRICT NO. 90-1
(LUSK-HIGHLANDER)
OF THE CITY OF RIVERSIDE
SPECIAL TAX REFUNDING BONDS, 2001 SERIES A

Dated: Date of Delivery

Due: September 1, as shown below

The Community Facilities District No. 90-1 (Lusk-Highlander) of the City of Riverside Special Tax Refunding Bonds, 2001 Series A (the "Bonds") are being issued and delivered to refund the 1991 Series A Special Tax Bonds of Community Facilities District No. 90-1 (Lusk-Highlander) of the City of Riverside, California, originally issued in the aggregate principal amount of $20,400,000 (the "Prior Bonds"). The Prior Bonds were issued and delivered to finance various public improvements needed to serve property located within Community Facilities District No. 90-1 (Lusk-Highlander) of the City of Riverside (the "District"). The District is located in the City of Riverside (the "City").

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 et seq. of the Government Code of the State of California), and pursuant to a Fiscal Agent Agreement, dated as of July 1, 2001 (the "Fiscal Agent Agreement"), by and between the City for and on behalf of the District and U.S. Bank Trust National Association, as fiscal agent (the "Fiscal Agent"). The Bonds are special obligations of the District and are payable solely from revenues derived from certain annual Special Taxes (as defined herein) to be levied on and collected from the owners of the taxable land within the District and from certain other funds pledged under the Fiscal Agent Agreement, all as further described herein. The Bonds are secured by a pledge of and lien upon Special Tax revenues and certain other amounts pledged under the Fiscal Agent Agreement. The Special Taxes are to be levied according to the rate and method of apportionment approved by the City Council of the City and the qualified electors within the District. The City Council of the City is the legislative body of the District.

The Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of Bonds may be made in principal amounts of $5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective DTC Participants. Interest on the Bonds will be payable on March 1, 2002 and semiannually thereafter on each September 1 and March 1. Principal of and interest on the Bonds will be paid by the Fiscal Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS—General Provisions" and Appendix D—"BOOK-ENTRY-ONLY SYSTEM" herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM SPECIAL TAXES AND AMOUNTS PLEDGED UNDER THE FISCAL AGENT AGREEMENT AS MORE FULLY DESCRIBED HEREIN.

The scheduled payment of the principal of and interest on the Bonds when due will be insured by a municipal bond insurance policy to be issued concurrently with the issuance of the Bonds by MBIA Insurance Corporation.

MBIA

MATURITY SCHEDULE
$14,325,000 Serial Bonds

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Maturity Date (September 1)	Principal Amount	Interest Rate	Yield
2002	$ 725,000	3.75%	2.70%	2009	$1,025,000	4.00%	4.02%
2003	815,000	3.75	3.00	2010	1,065,000	4.10	4.13
2004	850,000	3.75	3.20	2011	1,110,000	4.20	4.27
2005	880,000	3.75	3.35	2012	1,155,000	5.50	4.45
2006	910,000	3.75	3.53	2013	1,220,000	5.50	4.65*
2007	945,000	4.00	3.71	2014	1,285,000	5.50	4.75*
2008	985,000	4.00	3.90	2015	1,355,000	5.50	4.80*

* Yield to call.

The purchase of the Bonds involves certain risks. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds.

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

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Best Best & Krieger LLP, Riverside, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the City and the District by the City Attorney, and for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as counsel to the Underwriter. It is anticipated that the Bonds in book-entry form will be available for delivery to DTC in New York, New York, on or about July 26, 2001.

UBS PaineWebber Inc.

Dated: July 11, 2001

CITY OF RIVERSIDE
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA

CITY COUNCIL

Ronald O. Loveridge, Mayor
Chuck Beaty, Ward 1
Ameal Moore, Ward 2
Joy Defenbaugh, Ward 3
Maureen Kane, Ward 4
Ed Adkinson, Ward 5
Terri Thompson, Ward 6
Laura Pearson, Ward 7

CITY OFFICIALS

Lawrence E. Paulsen, Interim City Manager
Robert C. Wales, Assistant City Manager – Development
Stan T. Yamamoto, City Attorney
Colleen Nicol, City Clerk
Paul C. Sundeen, Finance Director and City Treasurer
William R. Hansen, Debt Administrator
Rick McGrath, Public Works Director

BOND COUNSEL

Best Best & Krieger LLP
Riverside, California

SPECIAL TAX CONSULTANT

Albert A. Webb Associates, Consulting Engineer
Riverside, California

VERIFICATION AGENT

McGladery & Pullen LLP
Minneapolis, Minnesota

REAL ESTATE APPRAISER

Bruce W. Hull & Associates, Inc.
Tustin, California

FISCAL AGENT AND ESCROW AGENT

U.S. Bank Trust National Association
Los Angeles, California

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

This Official Statement is not to be construed as a contract with the purchasers or Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

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

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

The information set forth herein has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the City, the District, the Fiscal Agent or the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City, the District or any other parties described herein since the date hereof. All summaries of the Fiscal Agent Agreement or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith.

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

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

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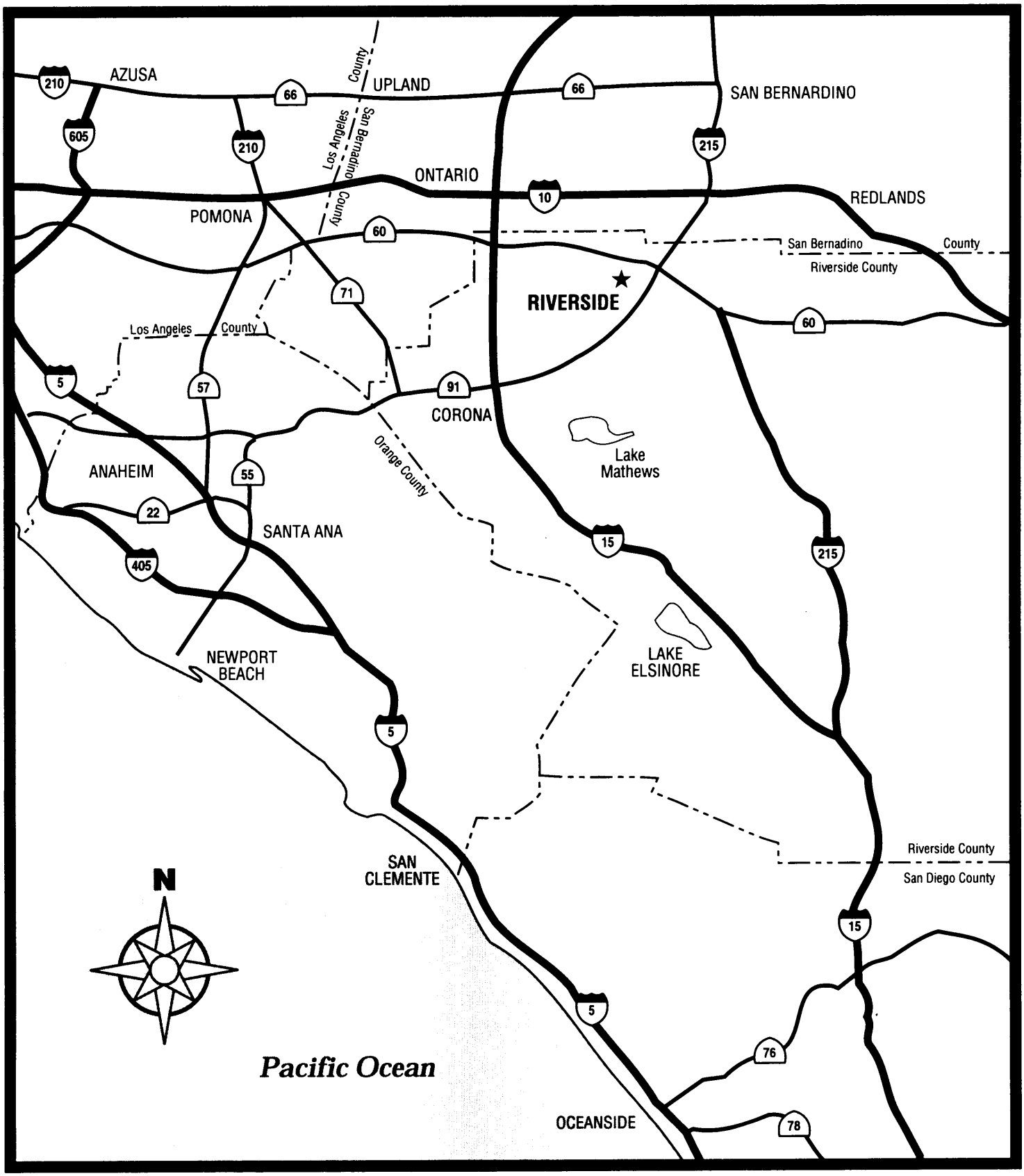
City of Riverside Vicinity Map



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$14,325,000
COMMUNITY FACILITIES DISTRICT NO. 90-1
(LUSK-HIGHLANDER)
OF THE CITY OF RIVERSIDE
SPECIAL TAX REFUNDING BONDS, 2001 SERIES A

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the table of contents and the attached appendices (collectively, the "Official Statement"), is to provide certain information concerning the issuance of the Community Facilities District No. 90-1 (Lusk-Highlander) of the City of Riverside, California Special Tax Refunding Bonds, 2001 Series A, in the aggregate principal amount of $14,325,000 (the "Bonds"). The proceeds of the Bonds will be used to refund the Special Tax Bonds, 1991 Series A of Community Facilities District No. 90-1 (Lusk-Highlander) of the City of Riverside, California, originally issued in the aggregate principal amount of $20,400,000, to fund a reserve fund for the Bonds (the "Reserve Fund") and to pay costs of issuance of the Bonds. See "PLAN OF REFUNDING."

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 et seq. of the Government Code of the State of California) (the "Act"), and pursuant to a Fiscal Agent Agreement, dated as of July 1, 2001 (the "Fiscal Agent Agreement"), by and between the City of Riverside (the "City") for and on behalf of Community Facilities District No. 90-1 (Lusk-Highlander) of the City of Riverside (the "District"), and U.S. Bank Trust National Association, as fiscal agent (the "Fiscal Agent"). The Bonds are secured under the Fiscal Agent Agreement by a pledge of and lien upon Special Tax Revenues (as defined herein) and all moneys deposited in the Bond Fund and all moneys deposited in the Reserve Fund

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

The District

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

The District is located in the southeastern portion of the City. The District consists of approximately 285 gross acres and is located southwest of the State Highway 60 and Interstate I-215 intersection. According to Bruce W. Hull & Associates, Inc. (the "Appraiser"), as of May 15, 2001, in the District there were 665 completed and sold residential parcels, including 3 apartment buildings with

800 units, 4 developed commercial parcels and 58 residential lots under development in 2 remaining projects and also 1 undeveloped commercial site consisting of approximately 7.99 acres. See "THE DEVELOPMENT AND PROPERTY OWNERSHIP - Appraisal and Property Ownership."

Pursuant to the Act, the City Council adopted the necessary resolutions stating its intent to establish the District to authorize the levy of Special Taxes on taxable property within the boundaries of the District, and to have the District incur bonded indebtedness. Following public hearings conducted pursuant to the provisions of the Act, the City Council adopted resolutions establishing the District and calling special elections to submit the levy of the Special Taxes and the incurring of bonded indebtedness to the qualified voters of the District. On August 28, 1990, at an election held pursuant to the Act, the landowners who comprised the qualified voters of the District, authorized the District to incur bonded indebtedness not to exceed $27,000,000 and approved the rate and method of apportionment of the Special Taxes for the District to pay the principal of and interest on the bonds of the District. See "THE COMMUNITY FACILITIES DISTRICT — Summary of Community Facilities District Procedures," herein.

Sources of Payment for the Bonds

As used in this Official Statement, the term "Special Tax" is that tax which has been authorized pursuant to the Act to be levied against certain land within the District pursuant to the Act and in accordance with the rate and method of apportionment of Special Taxes approved by the qualified electors of the District. See Appendix A – "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR THE DISTRICT." Under the Fiscal Agent Agreement, the City has pledged to repay the Bonds from the Special Tax Revenues and amounts on deposit in the Special Tax Fund, the Bond Fund and the Reserve Fund. Special Tax Revenues are defined in the Fiscal Agent Agreement to include the proceeds of the Special Taxes received by the City, including any scheduled payments thereof, interest and penalties thereon and the proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the delinquent Special Taxes in the amount of said lien and interest and penalties thereon.

In connection with the issuance of the Bonds, the City Council has by resolution determined to reduce and to fix the Maximum Special Tax Rates set forth in the Rate and Method of Apportionment. Accordingly, Bondowners should not rely on the collection of Special Taxes at the Maximum Special Tax Rates as set forth in the Rate and Method of Apportionment. See "SOURCES OF PAYMENT OF THE BONDS – Method of Apportionment of Special Tax" and see "COMMUNITY FACILITIES DISTRICT – Table 6" for the projected Fiscal Year 2001-02 levy based on the Maximum Special Tax Rates as reduced by resolution of the City Council.

The Special Taxes are the primary security for the repayment of the Bonds. In the event that the Special Tax Revenues are not paid when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Fiscal Agent, including amounts held in the Reserve Fund. The City has covenanted for the benefit of the owners of the Bonds that it will commence, and diligently pursue to completion, judicial foreclosure proceedings against properties with delinquent Special Taxes in excess of $5,000 by the October 1 following the close of each fiscal year in which such Special Taxes were due, and, if the amount on deposit in the Reserve Fund is less than the Reserve Requirement, it will commence judicial foreclosure proceedings against all properties with delinquent Special Taxes by the October 1 following the close of each fiscal year in which it receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied and diligently pursue to completion such foreclosure proceedings. See "SOURCES OF PAYMENT FOR THE BONDS - Proceeds of Foreclosure Sales" herein."

The Appraisal was prepared by the Appraiser using a date of value of May 15, 2001. The Appraisal is divided into three sections. Section I of the Appraisal appraises the properties within the District that are not individually owned residential units as of May 15, 2001 (the "Section I Property"). Section II of the Appraisal sets forth the minimum value of 55 individually owned residential units that were completed and purchased prior to May 15, 2001 but that do not appear on the 2000-01 Riverside County Assessor's Roll (the "Section II Property") and Section III of the Appraisal reports the assessed value of the 609 individually owned residential units and/or custom lots and multifamily housing units and 4 developed commercial parcels on the 2000-01 Riverside County Assessor's Roll (the "Section III Property"). Based upon the assumptions set forth in the Appraisal, the Appraiser is of the opinion that the market value of the Section I Property in the District as of May 15, 2001 was $7,183,000 which, when added to the Appraiser's estimate of the minimum value of the Section II Property of $15,537,591 and the assessed value of the Section III Property of $162,080,762, results in a total property value in the District as of May 15, 2001 of $184,801,353. The estimated value-to-lien ratios based upon the Appraisal categories vary among various types of property in the District. See "THE COMMUNITY FACILITIES DISTRICT - Estimated Value-to-Lien Ratios Updated to Include Appraisal Valuations" herein.

The Appraisal states that the aggregate value of the parcels upon which the Special Tax will be levied within the District for fiscal year 2001-02 as of May 15, 2001 was $184,801,353, which results in an overall District-wide estimated value-to-lien ratio of approximately 12.90 to 1 based upon the values in the Appraisal and the $14,325,000 aggregate principal amount of the Bonds. The estimated value-to-lien ratios vary significantly among various types of property in the District ranging from less than 3 to 1 for parcels responsible for approximately 4.73% of the projected 2001-02 Special Tax levy to 10 to 1 or greater for parcels responsible for approximately 88.45% of the projected 2001-02 Special Tax levy. According to the Appraisal there is a 7.99 acre undeveloped commercial property which is responsible for approximately 4.52% of the projected 2001-02 Special Tax levy and had an estimated appraised value-to-lien ratio of approximately 2.70 to 1. The developed property (as described in Table 3) in the District is responsible for approximately 95.48% of the projected 2001-02 Special Tax levy and has an estimated value-to-lien ratio of 13.38 to 1. See "THE COMMUNITY FACILITIES DISTRICT - Estimated Value-to-Lien Ratios Updated to Include Appraisal Valuations."

There is no assurance that the property within the District can be sold for either the assessed value or the appraised value or for a price sufficient to pay the principal of and interest on the Bonds in the event of a default in payment of Special Taxes by the current or future landowners within the District. See "SPECIAL RISK FACTORS - Property Values" and Appendix C - "APPRAISAL REPORT" herein.

The City has covenanted not to issue additional indebtedness secured by the Special Taxes on a parity with the Bonds except to refund the Bonds in whole or in part; however, other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Taxes may be levied on the property within the District. See "SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds" and "SPECIAL RISK FACTORS - Parity Taxes, Special Assessments and Land Development Costs" herein.

EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM SPECIAL TAXES AND AMOUNTS PLEDGED UNDER THE FISCAL AGENT AGREEMENT AS MORE FULLY DESCRIBED HEREIN.

Description of the Bonds

The Bonds will be issued and delivered as fully registered Bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds.

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

The Bonds are subject to redemption as described herein. For a more complete description of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see "THE BONDS" and Appendix E - "SUMMARY OF THE FISCAL AGENT AGREEMENT" herein.

Tax Matters

In the opinion of Bond Counsel, under existing laws, regulations, rulings and court decisions, the interest on the Bonds is exempt from personal income taxes of the State of California and, assuming compliance with certain covenants described herein, is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Set forth in Appendix B is the opinion of Bond Counsel expected to be delivered in connection with the issuance of the Bonds. For a more complete discussion of such opinion and certain other tax consequences incident to the ownership of the Bonds, including certain exceptions to the tax treatment of interest, see "TAX MATTERS" herein.

Professionals Involved in the Offering

U.S. Bank Trust National Association, Los Angeles, California, will act as Fiscal Agent under the Fiscal Agent Agreement, as the initial Dissemination Agent under the Continuing Disclosure Agreement, and as the Escrow Agent under the Escrow Agreement. UBS PaineWebber Inc is the Underwriter of the Bonds. All proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Best Best & Krieger LLP, Riverside, California, Bond Counsel. Certain legal matters will be passed on for the City and the District by the City Attorney, and for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Underwriter's Counsel. Other professional services have been performed by Albert A. Webb Associates, consulting engineers, Riverside, California, as Special Tax Consultant and Bruce W. Hull & Associates, Inc., Tustin, California, as Appraiser.

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

Continuing Disclosure

The City for and on behalf of the District has agreed to provide, or cause to be provided, to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state repository for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (each, a "Repository") certain annual financial information and operating data and, in a timely manner, notice of certain material events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5). See "CONTINUING DISCLOSURE" and Appendix G - "CONTINUING DISCLOSURE AGREEMENT" herein for a description of the specific nature of the annual report and notices of material events and a summary description of the terms of the continuing disclosure agreement pursuant to which such reports are to be made.

Bond Owners' Risks

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

Other Information

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

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

Copies of the Fiscal Agent Agreement, the Continuing Disclosure Agreement, the Escrow Agreement and other documents and information referred to herein are available for inspection and (upon request and payment to the City of a charge for copying, mailing and handling) for delivery from the City at 3900 Main Street, Riverside, California 92522, Attention: Finance Director.

PLAN OF REFUNDING

The Bonds are being issued to refund the Community Facilities District No. 90-1 (Lusk-Highlander) of the City of Riverside Special Tax, 1991 Series A, originally issued in the aggregate principal amount of $20,400,000, of which $16,980,000 currently remains outstanding (the "Prior Bonds"). Pursuant to an escrow agreement, dated as of July 1, 2001 (the "Escrow Agreement"), by and between U.S. Bank Trust National Association, as escrow agent (the "Escrow Agent"), and the City for and on behalf of the District, a portion of the net proceeds derived from the sale of the Bonds are to be deposited into the Escrow Fund established pursuant to the Escrow Agreement (the "Escrow Fund"). Further, the City will direct the transfer of certain moneys on deposit with the fiscal agent for the Prior Bonds to the Escrow Agent to be deposited into the Escrow Fund.

Moneys in the Escrow Fund will be in an amount necessary, as verified by McGladery & Pullen LLP, Minneapolis, Minnesota (the "Verification Agent"), to pay the principal of and interest and redemption premium on the Prior Bonds to and including September 1, 2001, and such moneys will be invested by the Escrow Agent in "federal securities" or held uninvested in cash, all as further provided in the Escrow Agreement. Any such investment will mature so as to insure that such moneys, and any interest earned thereon, are available for the purpose of retiring the Prior Bonds through said date.

As a result of the deposit and application of funds as provided for in the Escrow Agreement, assuming the accuracy of the Verification Agent's computations, the obligation to make payments of the principal of, premium, and interest on the Prior Bonds will be defeased and the Prior Bonds will be retired on September 1, 2001.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the expected sources and uses of Bond proceeds.

Sources:	
Principal Amount of the Bonds	$ 14,325,000.00
Net Premium	399,397.05
Funds from Prior Bonds	5,190,619.78
Total	$ 19,915,016.83
Uses:	
Escrow Fund	$ 17,957,594.51
Reserve Fund	1,432,500.00
Cost of Issuance[1]	438,972.32
Underwriter's Discount	85,950.00
Total	$ 19,915,016.83

[1] Includes a municipal bond insurance premium and other related issuance costs.

THE BONDS

General Provisions

The Bonds in the aggregate principal amount of $14,325,000 are authorized to be issued by the City for the District under and subject to the terms of the Fiscal Agent Agreement, the Act and other applicable laws of the State of California. The Bonds will be issued as fully registered bonds, without coupons, in book-entry form in the denominations of $5,000 or any integral multiple thereof.

The Bonds will bear interest at the rates per annum and will mature on the dates set forth on the cover page hereof. The Bonds will be dated their date of delivery and interest will be payable thereon on March 1 and September 1 of each year, commencing March 1, 2002 (individually, an "Interest Payment Date"). Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from its dated date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon or from its dated date, if no interest has previously been paid or made available for payment thereon.

Interest on the Bonds is payable by check of the Fiscal Agent mailed by first class mail, postage prepaid, on each Interest Payment Date, until the principal amount of a Bond has been paid or made available for payment, to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date. The principal of the Bonds and any premium on the Bonds are payable in lawful money of the United States of America by check of the Fiscal Agent upon surrender of such Bonds at the Principal Office of the Fiscal Agent; provided, however, that at the written request of the Owner of at least $1,000,000 in aggregate principal amount of Outstanding Bonds filed with the Fiscal Agent prior to any Record Date, interest on such Bonds shall be paid to such Owner on each succeeding Interest Payment Date by wire transfer of immediately available funds to an account in the United States of America designated in such written request.

The Bonds are issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of $5,000 and any integral multiple thereof. See Appendix D – "BOOK-ENTRY-ONLY SYSTEM" herein.

Redemption

Optional Redemption.

The Bonds maturing on or after September 1, 2012 are subject to redemption prior to their stated maturity dates on September 1, 2011 or any Interest Payment Date thereafter, pro rata among maturities (and by lot within any one maturity), in integral multiples of $5,000, at the option of the City from moneys derived by the City from any source, at a redemption price equal to the principal amount of the Bonds to be redeemed, without premium, together with accrued interest to the date of redemption.

The Fiscal Agent Agreement provides that any Special Tax Prepayments received will be applied by the City to optionally redeem bonds on the first available call date.

In lieu of payment at maturity or redemption, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

Selection of Bonds for Redemption

If less than all of the Bonds Outstanding are to be redeemed, the portion of any Bond of a denomination of more than $5,000 to be redeemed shall be in the principal amount of $5,000 or a multiple thereof, and, in selecting portions of such Bonds for redemption, the Fiscal Agent shall treat each such Bond as representing that number of Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by $5,000.

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the Bonds of a maturity or any given portion thereof, the Fiscal Agent shall select the Bonds of such maturity to be redeemed, from all Bonds of such maturity or such given portion thereof not previously called for redemption, by lot within a maturity in any manner which the Fiscal Agent in its sole discretion shall deem appropriate and fair.

Notice of Redemption

So long as the Bonds are held in book-entry form, notice of redemption will be sent by the Fiscal Agent only to DTC, or its nominee, and not to the owners of any beneficial interest in the Bonds. It is the responsibility of DTC and its participants and not the City, the District or the Fiscal Agent to deliver notices of redemption to the owners of beneficial interests in the Bonds. See Appendix D – "BOOK-ENTRY-ONLY SYSTEM" below.

The Fiscal Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services selected by an Authorized Officer, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books maintained by the Fiscal Agent at its Principal Office; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds. The Fiscal Agent shall also cause notice of any redemption to be mailed, in such manner and within such time, to the Underwriter.

Such notice shall state the date of such notice, the date of issue of the Bonds, the place or places of redemption, the redemption date, the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the CUSIP numbers and Bond numbers of the Bonds to be redeemed, by giving the individual CUSIP number and Bond number of each Bond to be redeemed, or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption, shall state as to any Bond called for redemption in part the portion of the principal of the Bond to be redeemed, shall require that such Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such Bonds will not accrue from and after the redemption date. The cost of the mailing of any such redemption notice shall be paid by the District.

Effect of Redemption

From and after the date fixed for redemption, if funds available for the payment of the redemption prices of the Bonds called for redemption shall have been deposited in the Bond Fund, such Bonds shall cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and interest shall cease to accrue on the Bonds to be redeemed on the redemption date specified in the notice of redemption.

All Bonds redeemed and purchased by the Fiscal Agent shall be canceled by the Fiscal Agent.

Registration of Exchange or Transfer

Upon cessation of the book-entry system, the registration of any Bond may, in accordance with its terms, be transferred upon the registration books maintained by the Fiscal Agent by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the principal office of the Fiscal Agent, accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Fiscal Agent. Bonds may be exchanged at said principal office only for a like aggregate principal amount of Bonds of authorized denominations of the same maturity and interest rate. The Fiscal Agent will not charge for any new Bond issued upon any transfer or exchange but may require the Bondowner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. Whenever any Bond or Bonds shall be surrendered for registration of transfer or exchange, the Fiscal Agent shall authenticate and deliver a new Bond or Bonds of like aggregate principal amount; provided that the Fiscal Agent shall not be required to register transfers or make exchanges of (i) Bonds during the 15 days next preceding the date established by the Fiscal Agent for selection of Bonds for redemption, or (ii) with respect to Bonds which have been selected for redemption.

Debt Service Schedule

Year Ending (September 1)	Principal	Coupon	Interest	Total Debt Service
2002	$725,000	3.75%	$703,385.28	$1,428,385.28
2003	815,000	3.75	613,872.50	1,428,872.50
2004	850,000	3.75	583,310.00	1,433,310.00
2005	880,000	3.75	551,435.00	1,431,435.00
2006	910,000	3.75	518,435.00	1,428,435.00
2007	945,000	4.00	484,310.00	1,429,310.00
2008	985,000	4.00	446,510.00	1,431,510.00
2009	1,025,000	4.00	407,110.00	1,432,110.00
2010	1,065,000	4.10	366,110.00	1,431,110.00
2011	1,110,000	4.20	322,445.00	1,432,445.00
2012	1,155,000	5.50	275,825.00	1,430,825.00
2013	1,220,000	5.50	212,300.00	1,432,300.00
2014	1,285,000	5.50	145,200.00	1,430,200.00
2015	1,355,000	5.50	74,525.00	1,429,525.00
	$14,325,000		$5,704,772.78	$20,029,772.78

SOURCES OF PAYMENT FOR THE BONDS

The Special Taxes are the primary security for the repayment of the Bonds. Under the Fiscal Agent Agreement, the City has pledged to repay the Bonds from the Special Tax Revenues and amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund. Special Tax Revenues are defined in the Fiscal Agent Agreement to include the proceeds of the Special Taxes received by the City, including any scheduled payments thereof, interest and penalties thereon, the proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of delinquent Special Taxes in the amount of said lien, and interest and penalties thereon.

In the event that the Special Tax Revenues are not paid when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Fiscal Agent, including amounts held in the Reserve Fund for the exclusive benefit of the Owners of the Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE SPECIAL TAXES AND OTHER AMOUNTS PLEDGED UNDER THE FISCAL AGENT AGREEMENT AS MORE FULLY DESCRIBED HEREIN.

Special Taxes

In accordance with the provisions of the Act, the City Council established the District on August 7, 1990 for the purpose of financing the acquisition, construction and installation of various public improvements to serve the District. At a special election held on August 28, 1990, the owners of the property within the District authorized the District to incur indebtedness in an amount not to exceed $27,000,000 and approved the rate and method of apportionment of the Special Taxes to pay the principal of and interest on the bonds of the District. The indebtedness was authorized to finance the acquisition or construction of various public improvements and facilities. The rate and method of apportionment of the Special Tax approved by the City Council and the qualified electors on August 28, 1990 is set forth in Appendix A hereto (the "Rate and Method of Apportionment").

The City Council, as the legislative body of the District, has covenanted in the Fiscal Agent Agreement that by August 1 of each year (or such later date as may be authorized by the Act) it will levy Special Taxes up to the maximum rates permitted under the Rate and Method of Apportionment in the amount required for the payment of principal of and interest on any Outstanding Bonds becoming due and payable during the ensuing calendar year, including any necessary replenishment or expenditure of the Reserve Fund and the amount estimated to be sufficient to pay the Administrative Expenses during such calendar year.

The Special Taxes levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method of Apportionment, as reduced by the City Council in Resolution No. 19951 adopted on June 26, 2001. See Appendix A - "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" hereto. There is no assurance that the Special Tax proceeds will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See "SPECIAL RISK FACTORS - Insufficiency of Special Taxes" herein.

Method of Apportionment of Special Tax

Pursuant to the Rate and Method of Apportionment, the annual amount of Special Tax to be levied on most residential property will be taxed per dwelling unit, while commercial property, non-conforming residential parcels and other property will be taxed per acre.

The Rate and Method of Apportionment classifies each parcel of land within the District, as shown on the County Assessor's Maps, into one of several Land Use Categories specified in the Rate and Method of Apportionment. See Appendix A hereto.

Pursuant to Resolution No. 19951 adopted by the City Council on June 26, 2001, the City Council, acting on behalf of the District, has determined to reduce and to fix the Maximum Special Tax Rates set forth in the Rate and Method of Apportionment in connection with the issuance of the Bonds. Accordingly, the Maximum Special Tax Rates for all Land Use Categories (as set forth in Table 2 and Table 3 of the Rate and Method of Apportionment of Special Tax for the District) shall have been reduced by the same percentage for all Land Use Categories to amounts which would, if the Special Taxes were levied at such rates, provide (a) total Special Tax Revenues equal to one hundred fifteen percent (115%) of maximum annual debt service on the outstanding Bonds of the District and (b) Special Tax Revenues levied on assessor's parcels of developed property equal to one-hundred percent (100%) of maximum annual debt service on the outstanding bonds of the District. See "COMMUNITY FACILITIES DISTRICT – Table 2."

For Residential Property falling under Land Use Categories 1 through 5, Special Taxes are determined on a per-unit basis. The Maximum Special Tax Rates for Land Use Categories 1 through 5 for fiscal year 2001-2002, as determined by reference to Table 2 of Appendix A hereof and as reduced by Resolution No. 19951, vary from approximately $632.99 per unit for a condominium/apartment unit, to approximately $2,619.73 per unit for a single-family home on a lot designated in the Specific Plan as an estate lot. Commercial property, undeveloped property, and certain other parcels which are not included in Land Use Categories 1 through 5 are taxed on a per-acre basis as set forth on Table 2. For fiscal year 2001-2002, as determined by reference to Table 2 of Appendix A hereof and reduced by Resolution No. 19951, Maximum Special Tax Rates are set at $9,320.15 per acre for commercial property (as defined in Appendix A hereto). No Special Taxes are projected to be levied on undeveloped or non-conforming parcels. See "COMMUNITY FACILITIES DISTRICT – Table 2."

A copy of the Rate and Method of Apportionment is set forth in full in Appendix A.

Prepayment of Special Taxes

The City has adopted certain policies and procedures regarding the payment and satisfaction in full of the Special Taxes due on a parcel. See "SPECIAL RISK FACTORS — Prepayment of Special Taxes." The City has covenanted in the Fiscal Agent Agreement that the City shall cause all applications of owners of property in the District to prepay and satisfy the Special Tax obligation for their property to be reviewed by an Independent Financial Consultant or a Tax Consultant and an Independent Accountant and shall not accept any such prepayment unless (a) such consultant and such Independent Accountant certify in writing that following the acceptance of the proposed prepayment by the City and the redemption of Bonds with such prepayment, the ratio of (i) the maximum amount of the Special Taxes that may be levied on all Developed Property which following such prepayment will be subject to the levy of the Special Taxes to (ii) Maximum Annual Debt Service on the Bonds which will remain Outstanding following such redemption will not be less than such ratio as it existed prior to such prepayment, and (b) the City determines that the owner who has made application to make such prepayment is not delinquent in the payment of Special Taxes levied on any other property in the District.

In the event that a prepayment of Special Taxes occurs in the future, the net proceeds of such prepayment will be applied to effect an optional redemption of the Bonds on a pro rata basis among maturities and by lot within a maturity. See "THE BONDS - Redemption" herein.

Collection and Application of Special Taxes

The Special Taxes are levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as ad valorem property taxes. Special Taxes have been levied and collected in the District since Fiscal Year 1992-1993.

The City has made certain covenants in the Fiscal Agent Agreement for the purpose of ensuring that the current maximum Special Tax rate and method of collection of the Special Taxes are not altered in a manner that would impair the City's ability to collect sufficient Special Taxes to pay debt service on the Bonds and Administrative Expenses when due. First, the City has covenanted that, to the extent it is legally permitted to avoid doing so, it will not reduce the maximum Special Tax rates and will pursue legal action opposing the reduction of maximum Special Tax rates by initiative where such reduction would reduce the maximum Special Taxes payable from parcels for which a building permit has been issued to less than the sum of 115% of Maximum Annual Debt Service on the Outstanding Bonds and Parity Bonds. See "SPECIAL RISK FACTORS - Proposition 218." Second, the City has covenanted not to exercise its rights under the Act to waive delinquency and redemption penalties related to the Special Taxes or to declare a special tax penalties amnesty program if to do so would materially and adversely affect the interests of the owners of the Bonds or to permit the tender of Bonds or Parity Bonds in full or partial payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds remaining Outstanding following such tender. See "SPECIAL RISK FACTORS - Non-Cash Payment of Special Taxes."

Although the Special Taxes constitute liens on taxed parcels within the District, they do not constitute a personal indebtedness of the owners of property within the District. Moreover, other liens for taxes and assessments already exist on the property located within the District and others could come into existence in the future in certain situations without the consent or knowledge of the City or the landowners therein. See "SPECIAL RISK FACTORS - Parity Taxes, Special Assessments" herein. There is no assurance that property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so, all as more fully described in the section of this Official Statement entitled "SPECIAL RISK FACTORS."

Under the terms of the Fiscal Agent Agreement, within five (5) Business Days after receipt, all Special Tax Revenues received by the City are to be deposited in the Special Tax Fund. As soon as practicable after the receipt from the City of any Special Tax Revenues, but no later than ten (10) Business Days after such receipt, the Fiscal Agent is to withdraw from the Special Tax Fund and deposit in the Administrative Expense Fund, an amount estimated by the City to be sufficient, together with the amount then on deposit in the Administrative Expense Fund, to pay the Administrative Expenses during the current Fiscal Year; provided, however, that the amount deposited in the Administrative Expense Fund prior to the payment of debt service on the Bonds shall not exceed $30,000 for any Fiscal Year. From the amount then remaining on deposit in the Special Tax Fund, the Fiscal Agent is, concurrently with the foregoing deposit, deposit in the Reserve Fund the amount, if any, which is necessary to make the amount on deposit therein equal to the Reserve Requirement, and thereafter is to deposit in the Bond Fund the entire remaining balance of the amount then on deposit in the Special Tax Fund.

Notwithstanding the provisions of the preceding paragraph, if prior to the September 1 Interest Payment Date in any Bond Year the City determines that Special Tax Revenues will be sufficient to

enable the Fiscal Agent to deposit in the Reserve Fund the amount, if any, which is necessary to make the amount on deposit therein equal to the Reserve Requirement and deposit in the Bond Fund the full amount required for deposit to the Interest and Principal Accounts to pay the interest on and principal of the Bonds, on such Interest Payment Date, the City may instruct the Fiscal Agent in an Officer's Certificate, upon which the Fiscal Agent may conclusively rely, to deposit an additional amount in the Administrative Expense Fund before making the required deposit to the Bond Fund, and the Fiscal Agent shall deposit such additional amount in the Administrative Expense Fund before depositing any amount to the Reserve Fund or the Bond Fund.

On or before the March 1 Interest Payment Date in each Bond Year, the Fiscal Agent is to transfer moneys from the Surplus Account of the Special Tax Fund, to the extent of moneys on deposit therein, to the Interest Account in an amount equal to any deficiency in the amount of other moneys which are on deposit in the Special Tax Fund and available for transfer to and deposit in such account to pay the full amount of the interest on the Bonds which is due and payable on such Interest Payment Date. On or before the September 1 Interest Payment Date in each Bond Year, the Fiscal Agent shall transfer moneys from the Surplus Account, to the extent of moneys on deposit therein, to the Interest and Principal Accounts in an amount equal to any deficiency in the amount of other moneys which are on deposit in the Special Tax Fund and available for transfer to and deposit in such accounts to pay the full amount of the interest on and principal of the Bonds which is due and payable on such Interest Payment Date.

Proceeds of Foreclosure Sales

The net proceeds received following a judicial foreclosure sale of land within the District resulting from a landowner's failure to pay the Special Tax when due are pledged to the payment of principal of and interest on the Bonds.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the City of Special Taxes in an amount which is less than the Special Tax levied, the City Council, as the legislative body of the District, may order that Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the City has covenanted for the benefit of the owners of the Bonds that it will commence and diligently pursue to completion, judicial foreclosure proceedings against properties with delinquent Special Taxes in excess of $5,000 by the October 1 following the close of the Fiscal Year in which such Special Taxes were due, and, will commence and diligently pursue to completion judicial foreclosure proceedings against all properties with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than ninety-five percent (95%) of the total Special Taxes levied. See Appendix E - "SUMMARY OF THE FISCAL AGENT AGREEMENT" herein.

If foreclosure is necessary and other funds (including amounts in the Reserve Fund) have been exhausted, debt service payments on the Bonds could be delayed until the foreclosure proceedings have ended with the receipt of any foreclosure sale proceeds. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions, involvement by agencies of the federal government and other factors beyond the control of the City. See "SPECIAL RISK FACTORS - Bankruptcy and Foreclosure" herein. Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See "SPECIAL RISK FACTORS - Property Values" herein. Although the Act authorizes the City to cause such an action

to be commenced and diligently pursued to completion, the Act does not impose on the District or the City any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for ad valorem taxes.

Reserve Fund

In order to secure further the payment of principal of and interest on the Bonds, the City is required, upon delivery of the Bonds, to deposit the amount of $1,432,500 in the Reserve Fund held by the Fiscal Agent and to maintain the Reserve Fund at an amount equal to the lesser of (i) ten percent (10%) of the proceeds of the sale of the Bonds, (ii) Maximum Annual Debt Service on the Bonds, or (iii) 125 percent of average Annual Debt Service on the Bonds, as determined by the City (the "Reserve Requirement").

Subject to the limits on the maximum annual Special Taxes which may be levied within the District, as described in Appendix A, the City has covenanted to levy Special Taxes in an amount that is anticipated to be sufficient, in light of the other intended uses of the Special Tax proceeds, to maintain the balance in the Reserve Fund at the Reserve Requirement. Amounts in the Reserve Fund are to be applied (i) to the payment of debt service on the Bonds, to the extent other monies are not available therefor, (ii) to redeem a portion of the Bonds in connection with a Special Tax Prepayment, and (iii) to the payment of the principal and interest due in the final year of maturity of the Bonds. See Appendix E - "SUMMARY OF THE FISCAL AGENT AGREEMENT - Reserve Fund" herein.

Additional Bonds

The District has an additional $6,600,000 of authorized, but unissued, bonded indebtedness. Pursuant to the Fiscal Agent Agreement, the City may, at any time after the issuance and delivery of the Bonds, issue additional bonds equally secured with the Bonds by a pledge of and lien upon the Special Tax Revenues and payable solely from amounts in the funds and accounts established under the Fiscal Agent Agreement with respect to the Bonds. However, the City has covenanted in the Fiscal Agreement to issue additional bonds on behalf of the District only for the purpose of defeasing and refunding all of the Bonds then outstanding. See Appendix E - "SUMMARY OF THE FISCAL AGENT AGREEMENT – Additional Bonds" herein.

Estimated Debt Service Coverage

Table 1 below illustrates the estimated coverage for the debt service for the Bonds that is available from the projected levy of Special Taxes based on the Maximum Special Tax Rates as reduced by resolution of the City Council. Estimated coverage is based on receipt by the City of maximum Special Taxes based on land use classifications as of May 15, 2001. The Special Tax will not actually be levied at the maximum rate except where prior delinquencies require that the levy be increased to replenish the Reserve Fund and pay principal and interest on the Bonds. This table compares the maximum Special Tax capacity based on development as of May 15, 2001, as described in the Appraisal, to the maximum annual debt service on the Bonds and does not reflect the actual Special Tax Revenues that will be levied or collected in any year. Even if the Special Taxes were levied at the maximum rates in any year, actual collections depend upon the willingness and ability of the owners of property to pay the Special Taxes when due. Numerous factors could affect the timely payment of Special Taxes. See "SPECIAL RISK FACTORS" herein.

Table 1
Estimated Debt Service Coverage Ratios
Based Upon Maximum Special Tax and Land Use as of May 15, 2001[1]

Developed Property Projected Levy[2]	$1,573,839
Undeveloped Property Projected Levy[3]	74,468
TOTAL MAXIMUM SPECIAL TAX LEVY[3]	$1,648,307
Maximum Annual Debt Service	$1,433,310
Coverage from Developed Property	110%
Coverage from All Property	115%

(1) Based on the Maximum Special Tax Rates as reduced by resolution of the City Council.
(2) "Developed Property" for this calculation has been limited to those parcels which are either under construction or on which a completed structure is located as of May 15, 2001, as set forth in the Appraisal.
(3) "Undeveloped Property" for this calculation includes all other taxable parcels in the District.

Source: Albert A. Webb Associates.

BOND INSURANCE POLICY

The following information has been furnished by MBIA Insurance Corporation (the "Insurer") for use in this Official Statement. No representation is made by the City or the Underwriter as to the accuracy, completeness or adequacy of such information, or as to the absence of material adverse changes in the condition of the Insurer subsequent to the date hereof, including but not limited to a downgrade in the credit ratings of the Insurer. Reference is made to Appendix F for a specimen of the Insurer's policy.

The Insurer's Policy

The Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the District to the Fiscal Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond. The Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Fiscal Agent or any other Fiscal Agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Fiscal Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Fiscal Agent payment of the insured amounts due on such Bonds, less any amount held by the Fiscal Agent for the payment of such insured amounts and legally available therefor.

Financial Information

As of December 31, 2000, the Insurer had admitted assets of $7.6 billion (audited), total liabilities of $5.2 billion (audited), and total capital and surplus of $2.4 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 2001, the Insurer had admitted assets of $7.8 billion (unaudited), total liabilities of $5.4 billion (unaudited), and total capital and surplus of $2.4 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Additional Information About the Insurer

The Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against the Insurer. The Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the Districts of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Insurer has two European branches, one in the Republic of France and the other in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by the Insurer, changes in control and transactions among affiliates. Additionally, the Insurer is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. These SEC filings are available to the public over the Internet at the SEC's web site at http://www.sec.gov. The public may also read and copy any of these SEC filings at the SEC's public reference rooms in Washington D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms.

Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2000, (2) the Company's Quarterly Reports on Form 10-Q for the quarter ended March 31, 2001, and (3) the report on Form 8-K filed by the Company on January 30, 2001 are also available, at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of the Insurer is (914) 273-4545. The SEC filings are also available to the public over the Internet at the Company's web site at http://www.mbia.com.

The following documents filed by the Company with the Securities and Exchange Commission are incorporated herein by reference:

(1) The Company's Annual Report on Form 10-K for the year ended December 31, 2000.

(2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001.

(3) The report on Form 8-K filed by the Company on January 30, 2001.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Official Statement and prior to the termination of the offering of the securities offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for

purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

Financial Strength Ratings of the Insurer

Moody's Investors Service, Inc. rates the financial strength of the Insurer "Aaa."

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., rates the financial strength of the Insurer "AAA."

Fitch, Inc. rates the financial strength of the Insurer "AAA."

Each rating of the Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. The Insurer does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

Disclaimer

The information relating to the Insurer and the Policy contained above has been furnished by the Insurer. No representation is made by the City as to the accuracy, completeness or adequacy of such information or as to the absence of material adverse changes in the condition of the Insurer subsequent to the date of this Official Statement. Additional financial information with respect to the Insurer is on file with the New York State Insurance Department. Prospective purchasers of the Bonds may contact such Insurance Department to obtain such information. See Appendix F - "SPECIMEN BOND INSURANCE POLICY" attached hereto.

THE COMMUNITY FACILITIES DISTRICT

General Description of the District

The District consists of approximately 285 gross acres located in the southeastern portion of the City. The District is located southwest of the State Highway 60 and Interstate I-215 intersection and is bordered on the west by Sycamore Canyon Regional Wilderness Park.

Development within the District is estimated by the Appraiser to be 90% complete and is comprised of single family and multi-family units and four small commercial parcels. There are two active residential developments within the District and a small undeveloped commercial parcel. Surrounding land uses include Sycamore Canyon Wilderness Park to the west, Sycamore Canyon Business Park (564 acres) to the south, Raceway Ford and Interstate I-215/Highway 60 to the east, and undeveloped and residential development to the north. The University of California at Riverside is located 2 miles to the north. A regional mall is located in the City of Moreno Valley, approximately 2 miles south of the District. This area of Riverside is commonly referred to as Canyon Crest.

Summary of Community Facilities District Procedures

Pursuant to the Act, the City Council adopted Resolution No. 17503 on June 26, 1990, declaring the necessity for the establishment of the District to incur a bonded indebtedness for the purpose of providing public facilities which are necessary for the development of the property thereon.

Following public hearings conducted pursuant to the provisions of the Act, the City Council adopted Resolution No. 17560 on August 7, 1990 establishing the District, declaring the necessity for the District to incur a bonded indebtedness up to $27,000,000 for the construction of public facilities within and around the District, and authorizing the levy of Special Taxes within the boundaries of the District to pay principal of, and interest on the Bonds. The City Council then adopted Resolution No. 17562 calling a special mailed ballot election to submit the levy of the Special Tax and incurring of the bonded indebtedness to the qualified voters of the District.

At a special election held on August 28, 1990, the owners of the property within the boundaries of the District authorized the District to incur a bonded indebtedness in an amount not to exceed $27,000,000 and approved the rate and method of apportionment of the Special Tax to pay the principal of and interest on the Bonds. See "SOURCES OF PAYMENT OF BONDS – Rate and Method of Apportionment" and Appendix A hereto. The purpose of the indebtedness to be incurred was to finance the acquisition or construction of various public improvements and facilities located in or serving the District including the design, construction and acquisition of streets and street facilities, water transmission and distribution facilities, sewage and wastewater collection and transmission facilities, electrical utility facilities, landscaping, and acquisition of land, rights-of-way and easements for such facilities.

The facilities authorized to be acquired or constructed by the District with the proceeds of the Prior Bonds are mostly completed.

2001-02 Special Tax Levy

As shown in Tables 2 and 3 below, $1,457,385 in Special Taxes are projected to be levied on parcels within the District for Fiscal Year 2001-2002. Of that total, $1,391,543 (95.48% of the total levy) is projected to be levied on parcels shown in the Appraisal as developed as of May 15, 2001 and $65,842 (4.52% of the total) is projected to be levied on undeveloped parcels.

Table 2 below summarizes the projected Fiscal Year 2001-02 levy based on the Maximum Special Tax Rates as reduced by resolution of the City Council:

Table 2
2001-02 Special Tax Levy by Rate and Method Category

Class	*Description*[1]	*Number of Units/ Acres*	*Maximum Special Tax Rate*	*2001-02 Assigned Special Tax Rate*	*Maximum Special Tax*	*2001-02 Special Tax Levy*	*% of Total 2001-02 Levy*
1	Single Family Estate Homes	59	$2,619.73	$2,316.29	$154,564	$136,661	9.38%
2	Single Family Conventional Homes	81	1,954.24	1,727.88	158,293	139,958	9.60%
3	SP/Meadow/Garden (cottage)	0	-	-	-	-	0.00%
4	SP/Meadow/Garden (patio)	578	1,266.65	1,119.94	732,125	647,323	44.42%
5	Condo/Apartments	800	632.99	559.67	506,395	447,740	30.72%
6	Commercial	10.4[2]	9,320.15	8,240.60	96,930	85,702	5.88%
7	Undeveloped	0	-	-	-	-	0.00%
V	Vacant/Undeveloped	0	-	-	-	-	0.00%
Total		1,528.4			$1,648,307	$1,457,385	100.00%

(1) Classes 1 through 6 are from the Rate and Method of Apportionment. When a record map for any parcel in the District is recorded, the parcel is reclassified under one of Classes 1 through 6. Record maps have been recorded for all parcels in the District. Accordingly, there are no properties classified as Undeveloped or Vacant.

(2) The commercial property includes a 7.99 acre unimproved commercial property which was in mass graded condition as of May 15, 2001.

Source: Albert A. Webb Associates.

Table 3 below summarizes the projected Fiscal Year 2001-02 levy based upon the land use of the parcels as shown in the Appraisal:

Table 3
Summary of 2001-02 Projected Special Tax Levy By Land Use
As Shown in the Appraisal

Land Development Status	*No. of Parcels*	*Percentage of Parcels*	*2001-02 Special Tax Levy*	*% of Total 2001/02 Levy*	*2001-02 Maximum Tax*	*% of Total 2001-02 Maximum Tax*
Developed Property[1]	726	99.86%	$1,391,543	95.48%	$1,573,839	95.48%
Undeveloped Property[2]	1	0.14%	65,842	4.52%	74,468	4.52%
Totals:	727	100.00%	$1,457,385	100.00%	$1,648,307	100.00%

(1) Developed Property consists of those parcels which are either under construction or on which a completed structure was located as of May 15, 2001. There are 48 houses under construction included with the Developed Property.
(2) Undeveloped property consists of one unimproved commercial property which was in mass graded condition as of May 15, 2001.
Source: Albert A. Webb Associates.

Table 4 below summarizes the Special Tax delinquencies in the District from Fiscal Year 1996-97 through Fiscal Year 2000-01:

Table 4
Special Tax Delinquency History of the District

Fiscal Year	*Special Tax Levy*	*Special Tax Collected as of 6/30*	*Fiscal Year Delinquency*	*Fiscal Year Delinquency Rate*	*Prior Years Delinquency Balance as of 6/30[1]*
1996/97	$ 1,696,950	$ 1,695,185	$ 1,765	0.10%	$ 10,151
1997/98	1,723,850	1,706,741	17,109	0.99%	11,916
1998/99	1,776,370	1,763,699	12,671	0.71%	6,994
1999/00	1,810,170	1,792,480	17,690	0.98%	11,587
2000/01[2]	1,842,813	1,819,807	23,006	1.25%	--

(1) Reflects delinquency balances and subsequent payments from prior fiscal years.
(2) Reflects preliminary payment detail provided by Riverside County.
Source: City of Riverside.

Direct and Overlapping Debt

Table 5 below summarizes the existing direct and overlapping debt payable from taxes and assessments levied on property within the District.

Table 5
Direct and Overlapping Debt Summary

I. Assessed Value

2000/01 Secured Roll Assessed Valuations $125,207,593

II. Secured Property Tax Roll

Description of Tax Bill	Type	Total Parcels Levied	Total Levy	% Applicable	Parcels Levied in CFD 90-1	Levy Amount
CITY OF RIVERSIDE CFD 90-1	CFD	727	$ 1,842,813.50	100.000%	727	$ 1,842,813.50
GENERAL PURPOSE	1%	573,014	817,638,921.00	0.152%	727	1,244,739.00
METROPOLITAN WATER DEBT SV.	GO	2,544	7,889,347.82	0.139%	727	10,951.00
FLD CNTL STORMWATER/CLEANWATER	SPCL	262,519	1,714,131.56	0.134%	219	2,296.00
CSA 152 – RIVERSIDE STORMWATER	CSA	61,795	322,450.82	0.772%	554	2,490.00
CITY OF RIVERSIDE LIGHTING DISTRICT	LMD	63,830	3,070,981.92	1.480%	726	45,458.00
CITY OF RIVERSIDE LLMD #1	LLMD	727	33,439.30	99.999%	727	33,439.00
MWD STANDBY WEST	WTR	209,999	3,294,522.48	0.218%	727	7,183.00
2000-2001 TOTAL PROPERTY TAX LIABILITY						$3,189,371.00
TOTAL PROPERTY TAX AS A PERCENTAGE OF 2000-01 ASSESSED VALUATION						2.55%

III. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels Levied in CFD 90-1	Amount of Debt
CITY OF RIVERSIDE CFD 90-1 2001[1] REFUNDING BONDS	CFD	$ 14,325,000	$ 14,325,000	100.000%	727	$ 14,325,000
TOTAL LAND-SECURED BONDED DEBT						$ 14,25,000
TOTAL OUTSTANDING AND UNISSUED LAND-SECURED BONDED INDEBTEDNESS						**$ 14,325,000**

IV. General Obligation Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels Levied in CFD 90-1	Amount of Debt
METROPOLITAN WTR DEBT SV	GO	$850,000,000	$549,615,000	0.012%	727	$ 63,630.36
TOTAL GENERAL OBLIGATION BONDED DEBT[1]						$ 63,630.36

Authorized Direct and Overlapping Bonded Debt	Type	Issued	Unissued	% Applicable	Parcels Levied in CFD 90-1	Amount Applicable
METROPOLITAN WATER DISTRICT	GO	$850,000,000	0.01	0.012%	727	0.00
TOTAL UNISSUED GENERAL OBLIGATION BONDS[1]						0.00
TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION BONDED INDEBTEDNESS						**$ 63,630.36**

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	$14,388,630.36
TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING BONDED DEBT	$14,388,630.36

[1] Additional bonded debt or available bond authorization may exist, but is not shown because a tax was not levied for the referenced fiscal year. The District has an additional $6,600,000 of authorized, but unissued, bonded indebtedness. However, pursuant to the Fiscal Agent Agreement, the City has covenanted not to issue any additional bonds on behalf of the District except to defease or refund the outstanding Bonds.

Estimated Value-to-Lien Ratios Updated to Include Appraisal Valuations

Table 6 below incorporates the values assigned to parcels in the Appraisal, the estimated amount of the Bonds allocable to each category of parcels and the estimated value-to-lien ratios for various categories of parcels based upon land values and property ownership in the District as updated by the Appraisal to May 15, 2001:

Table 6
Estimated Value-to-Lien Ratios for Taxable Parcels
in the District as of May 15, 2001
Based on Appraisal

Property Owner	*2001/02 Maximum Special Tax*[1]	*% 2001/02 Maximum Special Tax*	*Bonds Outstanding*	*% of Bonds Outstanding*	*Total Value in Appraisal*	*Estimated Value-to-Lien Ratio*[2]
Section I[3]	$ 179,055	10.86%	$ 1,556,117	10.86%	$ 7,183,000	4.62
Section II[4]	118,377	7.18%	1,028,780	7.18%	15,537,591	15.10
Section III[5]	1,550,875	81.96%	11,740,103	81.96%	162,080,762	13.81
Total	$1,648,307	100.00%	$14,325,000	100.00%	$184,801,353	

(1) Maximum Special Tax rates as reduced by resolution of the City Council.
(2) Ratio calculated by dividing Total Value in Appraisal column by % of Bonds Outstanding column.
(3) Section I consists of residential properties that are either models or under construction and 1 unimproved commercial property.
(4) Section II consists of developed properties that are not yet reflected on the Riverside County Assessor's Roll.
(5) Section III consists of developed properties that are listed on the Riverside County Assessor's Roll for 2001-02.

Source: Albert A. Webb Associates.

Table 7 below sets forth the estimated value-to-lien ratios for parcels within the District based upon land values and property ownership in the District as updated by the Appraisal to May 15, 2001 and an allocation of the $14,325,000 principal amount of the Bonds and projects what percentage of the projected 2001-02 Special Tax levy will be paid from parcels within certain estimated value-to-lien ranges:

Table 7
Estimated Value-to-Lien Ratios for Taxable Parcels in the District by Appraisal Category as of May 15, 2001

Estimated Value-to-Lien Ratio	*Number of Parcels*	*Percentage of Parcels*	*Projected 2001/02 Special Tax Levy*	*% of Projected Total 2001/02 Special Tax Levy*
Less than 1:1	0	0.00%	$ -	0.00%
Between 1:1 – 1:99	0	0.00%	-	0.00%
Between 2:1 – 2.99	3	0.41%	68,891	4.73%
Between 3:1 – 3.99	20	2.75%	35,559	2.44%
Between 4:1 – 4.99	29	3.99%	49,127	3.37%
Between 5:1 – 5.99	2	0.28%	4,044	0.28%
Between 6:1 – 9.99	8	1.10%	10,764	0.74%
Between 10:1 – 14.99	499	68.64%	1,079,360	74.06 %
Between 15:1 – 19.99	160	22.01%	196,547	13.49 %
Greater than 20:1	6	0.83%	13,093	0.90 %
Totals	727	100.00%	$1,457,385	100.00%

Source: Albert A. Webb Associates.

THE DEVELOPMENT AND PROPERTY OWNERSHIP

Remaining Development

Development within the District is approximately 90% complete. As of May 15, 2001, there were 664 individually owned residential parcels, including 3 apartment complexes with 800 units, and 4 developed commercial parcels within the District with an additional 58 units in the process of development and also one undeveloped commercial site consisting of approximately 7.99 acres. Of the 58 units, as of May 15, 2001, 48 were under construction and 7 units were completed models, and 3 completed homes.

Largest Landowners by Percentage of Projected Total Special Tax Levy

The following Table 8 below illustrates the top ten largest landowners in the District based on percentage of projected 2001-02 fiscal year Special Tax levy on property within the District.

Table 8
Top Ten Owners by Percentage of
Projected Total Special Tax Levy for Fiscal Year 2001-02

Owner Name	*Parcel Count*	*Total Levy 2001-02*[1]	*Percentage of Projected Total Special Tax Levy*	*Total Value*[2]	*Percentage of Total Value*
Sycamore Colonnade Partners L.P.[3]	1	$ 161,187	11.06%	$23,100,000	12.50%
Calif. St. Teachers Ret. Sys.	1	152,228	10.45%	20,195,999	10.93%
Windemere Apartments L.P.[3]	1	134,323	9.22%	19,400,000	10.50%
Wells Fargo Bank	1	65,842	4.52%	1,750,000	0.95%
VD Sycamore Highlands 59 AF XXII	23	53,275	3.66%	2,850,000	1.54%
Tava Dev. Co.	36	40,318	2.77%	2,762,463	1.49%
Raceway Ford Inc.	1	9,394	0.64%	459,000	0.25%
Smith	2	4,633	0.32%	738,348	0.40%
Bloom Frances E. Tr	1	3,708	0.25%	1,371,900	0.74%
Rason Assoc.	1	3,708	0.25%	1,274,178	0.69%
Sub-Totals	**68**	**628,617**	**43.13%**	**$73,901,888**	**39.99%**
All Others	659	828,768	56.87%	110,899,643	60.01%
Totals	**727**	**$1,457,385**	**100.00%**	**$184,801,531**	**100.00%**

(1) The Projected 2001-02 Total Levy is based on debt service received from UBS PaineWebber Inc.
(2) The Total Values are a combination of appraised and assessed values included in the Appraisal.
(3) There are certain investors with ownership interests in both these limited partnerships.
Source: Albert A. Webb Associates

Appraisal and Property Ownership

The following information regarding ownership of property in the District included in the Appraisal has been included because it is considered relevant to an informed evaluation of the Bonds. The inclusion in this Official Statement of information related to existing owners of property should not be construed to suggest that the Bonds, or the Special Taxes that will be used to pay the Bonds, are recourse obligations of the property owners. A property owner may sell or otherwise dispose of land within the District or a development or any interest therein at any time. Development may also be abandoned at any time.

According to the Appraiser, as of May 15, 2001, there were 664 completed and sold residential parcels, including 3 apartment complexes with 800 units, in the District, with an additional 58 units in currently active projects, 4 developed commercial parcels and also one undeveloped commercial site consisting of approximately 7.99 acres. In Section I of the Appraisal, the Appraiser completed an appraisal of all properties within the District, other than those which had a completed and sold residential unit. Section I includes 58 lots in two active housing projects and a undeveloped commercial parcel. As of May 15, 2001, these properties consisted of 7 model units, 3 completed homes, 48 units under construction and a commercial site at mass grade. The total aggregate appraised value for these properties as of May 15, 2001 was estimated by the Appraisal to be $7,183,000. See Appendix C - "SUMMARY APPRAISAL REPORT."

Section II of the Appraisal assigns a minimum value to residential units completed and sold to individual owners as of May 15, 2001 that did not appear on the 2000-01 County Assessor's Roll. For the Section II properties, the Appraisal utilizes the lowest assessed value within the same project when available, or the lowest sales price for the smallest floor plan in each of the projects. This selected value was then applied to the Section II units to arrive at a minimum value. The Appraisal states a minimum value of $15,537,591 for the 55 residential units in Section II. Section III of the Appraisal includes the 2000-01 assessed values of residential units in the District which are shown on the 2000-01 County Assessor's Roll as being owned by end users. The total aggregate assessed value of the Section III properties was $162,080,762. Sections II and III properties were not appraised by the Appraiser and the property values stated therein are not appraised values. Total aggregate value of properties in Sections I, II and III of the Appraisal was, as of May 15, 2001, $184,801,353. See Appendix C - "SUMMARY APPRAISAL REPORT."

The Appraisal contains a number of assumptions and limiting conditions which have an effect on the values stated in the Appraisal. See "SPECIAL RISK FACTORS — Property Values."

SPECIAL RISK FACTORS

The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. The purchase of the Bonds involves certain investment risks and, therefore, the Bonds are not appropriate investments for all types of investors. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the City to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District. See "Property Values" and "Limited Secondary Market" below.

Limited Obligations

The Bonds and interest thereon are not payable from the general funds of the City. Except with respect to the Special Taxes, neither the credit nor the taxing power of the District or the City is pledged for the payment of the Bonds or the interest thereon, and, except as provided in the Fiscal Agent Agreement, no Owner of the Bonds may compel the exercise of any taxing power by the District or the City or force the forfeiture of any City or District property. The principal of, premium, if any, and interest on the Bonds are not a debt of the City or a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of the City's income, receipts or revenues, except the Special Taxes and other amounts pledged under the Fiscal Agent Agreement.

Insufficiency of Special Taxes

Under the Rate and Method of Apportionment of Special Tax for the District, the annual amount of Special Tax to be levied on each taxable parcel in the District will generally be based on the density of development existing on such parcel or, if undeveloped, on the density proposed for such parcel. See Appendix A -"RATE AND METHOD OF APPORTIONMENT" and "SOURCES OF PAYMENT FOR THE BONDS - Method of Apportionment of Special Tax."

If for any reason property within the District 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 limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining taxable properties within the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the ability and willingness of the owners of such property to pay the Special Tax when due.

Moreover, if a substantial portion of land within the District became exempt from the Special Tax because of public ownership, or otherwise, the maximum Special Tax which could be levied upon the remaining property within the District might not be sufficient to pay principal of and interest on the Bonds when due and a default could occur with respect to the payment of such principal and interest.

Prepayment of Special Taxes

See "THE BONDS – Optional Redemption" above. A prepayment of Special Taxes will reduce the diversity of ownership among taxpayers in the District and could result in some of the more valuable property within the District no longer being encumbered by a Special Tax lien.

Natural Disasters

The District, like all California communities, may be subject to unpredictable seismic activity, fires, floods or other natural disasters. Southern California is a seismically active area. There are various earthquake faults within the City. Seismic activity from these or other faults represents potential risk for damage to buildings, roads, bridges and property within the District in the event of an earthquake. There is significant potential for destructive ground-shaking during the occurrence of a major seismic event. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such an event.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the District. 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 District could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

Hazardous Substances

The value of a parcel could be reduced substantially as a result of the presence of hazardous waste. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these

laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxed parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

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

The City has no knowledge of any hazardous substances being located on the property within the District.

Parity Taxes, Special Assessments

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation. See "- Bankruptcy and Foreclosure" below.

Neither the City nor the District has control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within the District. In addition, the landowners within the District may, without the consent or knowledge of the City, petition other public agencies to issue public indebtedness secured by special taxes or assessments. Any such special taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for property within the District. See "COMMUNITY FACILITIES DISTRICT – Tables 6 to 9."

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax even if the value of the parcel is sufficient may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and the risk of such a levy and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The City has caused a notice of the Special Tax lien to be recorded in the Office of the Recorder for the County against each parcel. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property within the District or lending of money thereon.

The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California

Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Special Tax Delinquencies

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

See "SOURCES OF PAYMENT FOR THE BONDS - Proceeds of Foreclosure Sales," for a discussion of the provisions which apply, and procedures which the City is obligated to follow under the Fiscal Agent Agreement, in the event of delinquencies in the payment of Special Taxes. See "- Bankruptcy and Foreclosure" below, for a discussion of the policy of the Federal Deposit Insurance Corporation (the "FDIC") regarding the payment of special taxes and assessment and limitations on the City's ability to foreclosure on the lien of the Special Taxes in certain circumstances.

Non-Cash Payments of Special Taxes

Under the Act, the City Council may reserve to itself the right and authority to allow the owner of any taxable parcel to tender a Bond in full or partial payment of any installment of the Special Taxes or the interest or penalties thereon. A Bond so tendered is to be accepted at par and credit is to be given for any interest accrued thereon to the date of the tender. Thus, if Bonds can be purchased in the secondary market at a discount, it may be to the advantage of an owner of a taxable parcel to pay the Special Taxes applicable thereto by tendering a Bond. Such a practice would decrease the cash flow available to the City to make payments with respect to other Bonds then outstanding; and, unless the practice was limited by the City, the Special Taxes paid in cash could be insufficient to pay the debt service due with respect to such other Bonds. In order to provide some protection against the potential adverse impact on cash flows which might be caused by the tender of Bonds in payment of Special Taxes, the Fiscal Agent Agreement includes a covenant pursuant to which the City will not authorize owners of taxable parcels to satisfy Special Tax obligations by the tender of Bonds unless the City shall have first obtained a report of an Independent Financial Consultant certifying that doing so would not result in the City having insufficient Special Tax Revenues to pay the principal of and interest on all Outstanding Bonds when due.

Payment of the Special Tax is not a Personal Obligation of the Owners

An owner of a taxable parcel is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the taxable parcel. If the value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to fully secure the Special Tax, the City has no recourse against the owner.

Property Values

The value of the property within the District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Special Taxes, the City's only remedy is to commence foreclosure proceedings in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes or floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes. See "THE COMMUNITY FACILITIES DISTRICT — Estimated Value-to-Lien Ratios Updated to Include Appraisal Valuations" herein.

No assurance can be given that, should a parcel with delinquent Special Taxes be foreclosed upon and sold for the amount of the delinquency, any bid will be received for such property or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. See "SOURCES OF PAYMENT FOR THE BONDS - Proceeds of Foreclosure Sales."

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

A copy of the Appraisal, including the assumptions and limiting conditions of the Appraisal, are set forth in Appendix C hereto. Among other assumptions, the Appraiser has assumed responsible ownership and competent property management by owners, that there are no hidden or unapparent conditions in the soil or structures (including the presence of hazardous or toxic materials) that would affect values, and that all governmental approvals required to build can be obtained. The Appraisal estimates the appraised value of only a small portion of the parcels within the District as summarized in Section I of the Appraisal, and in Sections II and III of the Appraisal reports the assessed value, or in certain cases the lowest sales price, of other units in the District. Because future events could differ from the assumptions made by the Appraiser, and given that the Appraisal does not appraise all of the parcels within the District, no assurance can be given that a parcel could actually be sold for the value reported in the Appraisal.

FDIC/Federal Government Interests in Properties

The ability of the City to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC") has an interest. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that 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 nor 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.

The FDIC has filed claims against the County of Orange, California in the United States Bankruptcy Court and in Federal District Court contending, among other things, that special taxes are not ad valorem taxes, and therefore not payable by the FDIC, and any special taxes previously paid by the FDIC must be refunded. The FDIC is also seeking a ruling that special taxes may not be imposed on properties while they are in FDIC receivership. The Bankruptcy Court ruled in favor of the FDIC's positions and, on March 22, 1999, the United States Bankruptcy Appellate Panel of the Ninth Circuit affirmed the decision of the Bankruptcy Court. The County of Orange has appealed such ruling to the United States Court of Appeals for the Ninth Circuit and the FDIC has cross-appealed. The Ninth Circuit has not yet issued a ruling on the matter. The FDIC does not currently own any of the property in the District nor have any FDIC-insured institutions made loans on property in the District.

The City is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, a default in payment on the Bonds.

Bankruptcy and Foreclosure

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

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

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

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

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

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

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

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the Bonds or the Fiscal Agent Agreement.

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," the interest on the Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds as a result of a failure of the City to comply with certain provisions of the Internal Revenue Code of 1986, as amended. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the optional redemption provisions of the Fiscal Agent Agreement.

Limitations on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the 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 of the Fiscal Agent Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

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

Constitutional Limitations on Taxation and Appropriations

On June 6, 1978, California voters approved Proposition 13, a statewide initiative relating to the taxation of real property which added Article XIII A to the California Constitution. Article XIII A placed significant limits on the imposition of new ad valorem taxes, special taxes and transaction and sales taxes. Section 4 of Article XIII A permits cities, counties and special districts, by a two-thirds vote of the qualified electors of the district, to impose special taxes, except for ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property. The Special Tax is a special tax approved by the voters within the District in accordance with the procedures set forth in Section 4 of Article XIII A. The District has not pledged any taxes other than the Special Taxes to the repayment of the Bonds and, given the limitations on ad valorem property taxes imposed by Article XIII A, does not expect any ad valorem taxes to be available to repay the Bonds.

Article XIII A does permit the levy of ad valorem property taxes and the imposition of special assessments to pay interest and redemption charges on any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by voters voting at the election for the taxes or assessment. Were the voters to approve indebtedness payable from ad valorem taxes, those taxes would be on a parity with the Special Taxes. See "SPECIAL RISK FACTORS - Direct and Overlapping Indebtedness" herein.

State and local government agencies in California as well as the State of California are subject to annual "appropriation limits" imposed by Article XIII B of the State Constitution. Article XIII B prohibits government agencies and the State from spending "appropriations subject to limitation" in excess of the appropriations limit imposed. "Appropriations subject to limitation" are authorizations to

spend "proceeds of taxes," which consist of tax revenues, certain state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." No limit is imposed on appropriations of funds which are not "proceeds of taxes," such as appropriations for debt service on indebtedness existing or authorized before July 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, reasonable user charges or fees and certain other nontax funds. Since the Bonds constitute indebtedness authorized by the voters within the District, the City does not intend to treat the Special Taxes as "appropriations subject to limitation."

Proposition 218

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

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." The Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

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

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

It may be possible, however, for voters or the City Council acting as the legislative body of the District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Nevertheless, to the maximum extent that the law permits it to avoid doing so, the City has covenanted that it will not initiate proceedings under the Act to reduce the Maximum Special Tax Rates on parcels for which a building permit has been issued below an amount equal to 115% of maximum

annual debt service on the Outstanding Bonds. In connection with the foregoing covenant, the City has made a legislative finding and determination that any elimination or reduction of Special Taxes below the foregoing level would interfere with the timely retirement of the Bonds. The City also has covenanted that, in the event an initiative is adopted which purports to alter the Rate and Method of Apportionment of Special Tax, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants.

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

Ballot Initiatives

Article XIII A, Article XIII B and Proposition 218 were adopted pursuant to measures qualified for the ballot pursuant to California's constitutional initiative process. On March 6, 1995 in the case of *Rossi v. Brown*, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the City or local districts to increase revenues or to increase appropriations or on the ability of the landowners within the District to complete the remaining proposed development.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement with the Fiscal Agent, as dissemination agent (the "Disclosure Agreement"), the City, for and on behalf of the District, has agreed to provide, or cause to be provided, to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state repository for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (each, a "Repository") certain annual financial information and operating data concerning the District. The Annual Report to be filed by the City for and on behalf of the District will include: (a) audited financial statements of the City, prepared in accordance with generally accepted accounting principles in effect from time to time; (b) any changes to the Rate and Method of Apportionment of Special Tax for the District set forth in Appendix A to this Official Statement; and (c) information concerning fund balances under the Fiscal Agent Agreement, current assessed values and annual Special Tax delinquency rates and certain other information as set forth in Section 4 of the Disclosure Agreement. The Annual Report is to be filed not later than February 1 commencing February 1, 2002. The full text of the Disclosure Agreement is set forth in Appendix G.

The requirement that the City file its audited financial statements as a part of the Annual Report has been included in the Disclosure Agreement solely to satisfy the provisions of Rule 15c2-12. The inclusion of this information does not mean that the Bonds are secured by any resources or property of the City other than as described hereinabove. See "SOURCES OF PAYMENT FOR THE BONDS" and "SPECIAL RISK FACTORS - Limited Obligations." The City has never failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12 to provide annual reports or notices of material events.

In addition, the City, for and on behalf of the District, has agreed to provide, or cause to be provided, to each Repository in a timely manner notice of the following "Listed Events": (1) delinquency in payment when due of any principal or interest on the Bonds; (2) occurrence of any event of default

under the Fiscal Agent Agreement (other than as described in clause (1)), (3) amendment to the Fiscal Agent Agreement or the Disclosure Agreement modifying the rights of the Owners; (4) unscheduled redemption of any Bonds; (5) defeasance of the Bonds or any portion thereof; (6) any change in any rating on the Bonds; (7) adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds; (8) unscheduled draws on the Reserve Fund reflecting financial difficulties; (9) any release, substitution, or sale of property securing repayment of the Bonds; (10) any unscheduled draw on a letter of credit or a municipal bond insurance policy reflecting financial difficulties; or (11) any change in the provider of a letter of credit, a municipal bond insurance policy, or any failure by the providers of such letters of credit or municipal bond insurance policies to perform on the letter of credit or the municipal bond insurance policy. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5).

The City's obligations under the Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. The provisions of the Disclosure Agreement are intended to be for the benefit of the Bondowners and shall be enforceable by the Bondowners, provided that any enforcement action by any such person shall be limited to a right to obtain specific enforcement of the City's obligations under the Disclosure Agreement and any failure by the City to comply with the provisions thereof shall not be an event of default under the Fiscal Agent Agreement.

TAX MATTERS

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, under existing statutes, regulations, rules and court decisions, the interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxation imposed by the State of California.

Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax provisions of the Internal Revenue Code of 1986, as amended (the "Code"). However, with respect to the Bonds owned by corporations (as defined for federal income tax purposes), interest on the Bonds may be included in adjusted current earnings, a portion of which may increase the alternative minimum taxable income of such corporations. In addition, although interest on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds and the ownership of the Bonds may otherwise affect the federal income tax liability of certain persons or entities. Bond Counsel expresses no opinion regarding any such consequences.

The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest paid with respect thereto to be and remain exempt from federal income taxation. Noncompliance with such requirements might cause the interest paid on the Bonds to be subject to federal income taxation retroactive to the date of issue and the Bonds. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Bonds and other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. Pursuant to the Fiscal Agent Agreement, the City has covenanted to comply with all such requirements.

In rendering such opinions, Bond Counsel is assuming that the City will comply with its covenants in the Fiscal Agent Agreement to comply with the requirements of the Code. Noncompliance with the Code might cause the interest on the Bonds to be subject to federal income taxation retroactive to the date of issuance and delivery of the Bonds.

LEGAL OPINION

The legal opinion of Best Best & Krieger LLP, Riverside, California, approving the validity of the Bonds in substantially the form set forth as Appendix B hereto, will be made available to purchasers at the time of original delivery. A copy of the legal opinion for the Bonds will be provided with each definitive bond. Certain legal matters will be passed upon for the City and the District by the City Attorney, and for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as counsel to the Underwriter.

LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds or the pledge of Special Taxes to repay the Bonds and a certificate of the City to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds. The City is not aware of any litigation pending or threatened which questions the existence of the District or the City or contests the authority of the City to levy and collect the Special Taxes or to issue and retire the Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Upon delivery of the Bonds, McGladery & Pullen LLP, Minneapolis, Minnesota, independent certified public accountants, will deliver a report stating that the firm has reviewed (a) the mathematical accuracy of certain computations relating to the adequacy of the Government Obligations (as defined in the Escrow Agreement) and the interest thereon to pay when due the redemption price, and interest due and to become due on the Prior Bonds on and prior to the redemption date thereof, and (b) the computations of actuarial yields of the Bonds and of investments in the Escrow Fund.

RATING

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") has assigned the Bonds the rating of "AAA" and Fitch ICBA, Inc. ("Fitch") has assigned the Bonds the rating of "AAA." These ratings reflect only the opinion of S&P or Fitch, and do not constitute a recommendation to buy, sell or hold the Bonds. The ratings assigned to the Bonds by S&P and Fitch were based upon the issuance of the Municipal Bond Insurance Policy. Explanation of the significance of the ratings may be obtained from S&P or Fitch. A rating is subject to revision or withdrawal at any time by the particular rating agency, and there is no assurance that a rating will continue for any period of time or that it will be revised or withdrawn. Any revision or withdrawal of the ratings could have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by UBS PaineWebber Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of $14,638,447.05 (being $14,325,000 aggregate principal amount thereof, plus net premium of $399,397.05 and less Underwriter's discount of $85,950). The purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

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

FINANCIAL INTERESTS

The fees being paid to the Underwriter, Underwriter's Counsel and Bond Counsel are contingent upon the issuance and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds.

PENDING LEGISLATION

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

ADDITIONAL INFORMATION

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

The execution and delivery of this Official Statement by the Director of Finance of the City has been duly authorized by the City Council of the City of Riverside acting in its capacity as the legislative body of the District.

CITY OF RIVERSIDE for and on behalf of
COMMUNITY FACILITIES DISTRICT
NO. 90-1 (Lusk-Highlander) OF THE CITY OF
RIVERSIDE

By: /s/ Paul C. Sundeen
Finance Director

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APPENDIX A

COMMUNITY FACILITIES DISTRICT REPORT
COMMUNITY FACILITIES DISTRICT NO. 90-1
(Lusk-Highlander Area)
City of Riverside

MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982
RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

Introduction

Special taxes shall be annually levied on all Assessor's Parcels (as hereinafter defined) in Community Facilities District No. 90-1 (Lusk-Highlander Area) of the City of Riverside, County of Riverside, State of California (the "District"), in accordance with the rate and method of apportionment of special taxes hereinafter set forth.

A. Definitions. The following terms shall have the meanings specified below:

Acre or Acreage: The area of an Assessor's Parcel as shown on the latest map of the County Assessor of the County of Riverside, or if the area of any Assessor's Parcel is not shown on such a map, the area shall be as shown on any recorded subdivision map, parcel map, record of survey or other recorded document creating or describing the Assessor's Parcel.

Annual Special Tax Levy. The aggregate amount of special taxes to be levied in any Fiscal Year to (i) pay principal of and interest on the bonds of the District, and the cost of the registration, transfer, and exchange of such bonds, (ii) maintain the required amount in the reserve fund for the bonds, and (iii) pay administrative expenses of the City estimated to be incurred during the Fiscal Year in connection with the levy and collection of special taxes.

Assessor's Parcel. A parcel of land in the District designated and assigned a discrete identifying number on a map of the County Assessor of the County of Riverside.

Bond Year: The period beginning on the day after a bond principal payment date and ending on the bond principal payment date occurring twelve months later.

Developed Property: Assessor's Parcels in the District for which a "subdivision" (as defined in Section 66424 of the Government Code) map has been recorded prior to March 1 preceding any Fiscal Year for sale or development of residential or commercial lots. For commercial Land Use Areas, if a map has not been recorded by March 1, 1995, such property shall be deemed Developed Property on March 1, 1995.

Exempt Property: Parcels of property existing at the time of the establishment of the District which are exempt from the levy of special taxes, including property owned by a public agency which is in public use; property which is utilized for public utility purposes and which is not occupied on a regular basis by employees of the utility; property irrevocably dedicated to a public agency for public use; property owned by a church and utilized for church purposes; property owned by a homeowner's association; property which is zoned for open space and used as a golf course; property which is zoned as open space and which is not used for any other purpose; and property which has no intrinsic value upon foreclosure, such as sliver parcels at entries and landscape perimeter parcels.

Fiscal Year: The period beginning on July 1 and ending on the following June 30.

Full Buildout: When buildings have been constructed on all Assessor's Parcels of Residential Property, including Non-conforming Parcels, indicated on recorded subdivision and parcel maps therefore.

Indicated Density: The dwelling units per acre specified for the Land Use Areas in Table 1 below.

Land Use Area: A Land use area identified in the Specific Plan.

Land Use Category: A classification of property specified in Section B below.

Maximum Special Tax Rates: The amounts or rates of special taxes specified in Section C for Assessor's Parcels within the District.

Non-conforming Land Use Area: A Land Use Area of Residential Property which has been or will be developed to a density less than the Indicated Density therefor, based on a recorded subdivision or parcel map, and for which the aggregate Special Tax which could be levied for any Fiscal Year pursuant to Paragraph 3 of Section D below is less than the Annual Special Tax Obligation for the Land Use Area for the Fiscal year as specified in Table 3 below.

Non-conforming Parcel: An Assessor's Parcel of Residential Property located in a Non-conforming Land Use Area.

Residential Property: An Assessor's Parcel of Developed Property in Land Use Categories 1 through 5.

Specific Plan: The Lusk Highlander Specific Plan approved by the City Council of the City of Riverside on January 28, 1986 and amended by the City Council May 7, 1987

Undeveloped Property: All Assessor's Parcels in the District not classified as Developed Property or Exempt Property.

B. <u>Land Use Categories and Indicated Densities</u>.

The land use categories to which Assessor's Parcels in the District shall be assigned are:

Land Use Category 1 - Single-Family Estate Homes. Single-Family homes on lots designated in the Specific Plan as estate lots. The Specific Plan indicates a density of 0.75 dwelling units per acre for the estate lots; actual lot sizes range from 0.5 to 3.0 acres using R-1-130 zoning and standards.

Land Use Category 2 - Single-Family Conventional Homes. Single-family homes on lots designated in the Specific Plan as conventional lots. The Specific Plan indicates a density of 4.3 dwelling units per acre for conventional lots; actual lot sizes range from 7,200 to 11,000 square feet using R-1-65 zoning and standards.

Land Use Category 3 -	Single-Family/Meadow/Garden Homes (Large). Single-family homes on lots designated in the Specific Plan as cottage homes for which the Specific Plan indicates a density of 6.2 dwelling units per acre using R-l-65 and PRD zoning and standards.
Land Use Category 4 -	Single-Family/Meadow/Garden Homes (Small). Single-family homes on lots designated in the Specific Plan as patio homes for which the Specific Plan indicates a density of 6.2 dwelling units per acre using R-l-65 and PRD zoning and standards.
Land Use Category 5 -	Condominiums/Apartments. A condominium (as defined in Section 783 of the Civil Code) or an apartment on lots designated in the Specific Plan as condominiums or apartments for which the Specific Plan indicates a density of 21.7 dwelling units per acre using R-3 and PRD zoning and standards.
Land Use Category 6 -	Commercial Property. The Acreage of an Assessor's Parcel within the District, the boundaries of which are delineated on a recorded map, which has been zoned for commercial use (C-l-A zoning and standards).
Land Use Category 7 -	Undeveloped Property as defined in Section A above.
Land Use Category 8 -	Exempt Property as defined in Section A above.
Land Use Category 9 -	Other property. The Acreage of any Assessor's Parcel within the District, the boundaries of which are delineated by a recorded map, and the zoning and use of which is not included in Land Use Categories 1 through 8.

The indicated Densities for the Land Use Areas and the expected Land Use Categories are as follows:

Table 1

Land Use Area	Expected Land Use Category	Net Acreage	Dwelling Units	Dwelling Units Per Acre
1	2	18.38	81	4.41
2	4	8.61	57	6.62
3	5	15.62	288	18.44
4	4	14.43	98	6.79
5	6	20.50	n/a	n/a
6	5	20.94	464	22.16
7	4	8.95	74	8.27
8	3	8.27	62	7.50
9	4	9.12	65	7.13
10	1	51.13	36	.71
12	3	7.50	49	6.53
14	3	9.69	71	7.32
17	3	6.19	39	6.30
18	3	10.28	63	6.13
		209.60	1,447	

C. Maximum Special Tax Rates

The Maximum Special Tax Rates for Assessor's Parcels in Land Use Categories 1 through 9 for the first Fiscal Year following the issuance of the bonds of the District in which the special taxes are to be levied and for each of the following fifteen Fiscal Years are as specified in Table 2 below. The Maximum Special Tax Rates specified in Table 2 increase 2 percent each Fiscal Year (compounded) through the sixteenth Fiscal Year. After the sixteenth Fiscal Year, the Maximum Special Tax Rates for all Land Use Categories remain constant at the Maximum Special Tax Rates specified in Table 2 for the sixteenth Fiscal Year. The Maximum Special Tax Rates for Land Use Categories 1 through 5 are per dwelling unit. The Maximum Special Tax Rates for Land Use Categories 6 through 9 are per Acre.

The Maximum Special Tax Rates for Non-conforming Parcels are the Maximum Special Tax Rates for the Fiscal Years specified in Table 3 below for the Non-conforming Land Use Area(s) where the Non-conforming Parcels are located. The Maximum Special Tax Rates specified in Table 3 increase two percent each Fiscal year (compounded) through the sixteenth Fiscal Year. After the sixteenth Fiscal Year, the Maximum Special Tax Rates for all Non-conforming Land Use Areas remain constant at the Maximum Special Tax Rates specified in Table 3 for the sixteenth Fiscal Year. The Maximum Special Tax Rates for Non-conforming Parcels are per Acre.

D. Method of Apportionment of Special Taxes

1. As of the first day of each Fiscal Year, all Assessor's Parcels within the District, except Non-conforming Parcels, shall be assigned to one of the Land Use Categories specified in Section B.

2. The City Council shall determine for each Fiscal Year, commencing with the Fiscal Year after the issuance of the bonds of the District, the Annual Special Tax Levy.

3. The City Council shall levy the special taxes for each Fiscal Year as follows:

(a) Determine the Maximum Special Tax Rates for all Assessor's Parcels and Non-conforming Parcels for the Fiscal Year for which the special taxes are to be levied as specified in Tables 2 and 3.

(b) For Assessor's Parcels in Land Use Categories 1 through 4, multiply the number of dwelling units thereon by the Maximum Special Tax Rates specified in Table 2 for the Fiscal Year. For Assessor's Parcels in Land Use Category 5, multiply the number of condominium or apartment units thereon by the Maximum Special Tax Rates specified in Table 2 for the Fiscal Year. For Assessors' Parcels in Land Use Categories 6 and 9 and Non-conforming Parcels, multiply the Acreage thereof by the Maximum Special Tax Rates specified in Table 2 and Table 3, respectively, for the Fiscal Year. The products thus obtained are the amounts of special taxes which may be levied on each Assessor's Parcel of Developed Property and Non-conforming Parcel.

(c) Add the amounts determined for all Assessor's Parcels in all Land Use Categories and for all Non-conforming Parcels pursuant to subparagraph (b) above.

(d) If the amount determined pursuant to subparagraph (c) above is less than the Annual Special Tax Levy for the Fiscal Year, the special taxes shall be levied on the Acreage of all Assessor's Parcels in Land Use Category 7 at the rate (not exceeding the Maximum Special Tax Rate for the Fiscal Year) required to make up the deficit.

(e) If the amount determined pursuant to subparagraph (c) above is greater than the Annual Special Tax Levy for the Fiscal Year, the amounts of special taxes to be levied on all Assessor's Parcels, including Non-conforming Parcels, shall be reduced by the same percentage to produce the Annual Special Tax Levy for the Fiscal Year.

4. It is anticipated that the Annual Special Tax Levy will initially be raised by the levy of special taxes on Undeveloped Property (Land Use Category 7). When a subdivision map records creating single- family residential lots in Land Use Categories 1 through 4 before March 1, or such other date as the County Assessor shows newly-created lots on the next assessment roll, the special taxes shall be levied for all subsequent Fiscal Years based on the applicable Maximum Special Tax Rates.

5. In the case of apartments (Land Use Category 5) it is customary that a single lot development map be recorded without further land division, or, in the case of condominiums, (Land Use Category 5), it is customary that a map be recorded at the time of issuance of building permits. At the time a subdivision map for condominiums or a parcel map for apartments is recorded, the City will require an estimate from the subdivider of the number of dwellings to be built. Upon the recordation of the map, the special taxes shall be levied based on the estimated number of dwellings. Upon the issuance of building permits, the special taxes shall be levied based on the dwellings for which permits are issued or the actual number of lots or parcels shown on the recorded subdivision or condominium map.

E. Expected Buildout

At the time of preparation of this report, the District is to be developed to 1,447 dwelling units and 20.5 acres of commercial uses. However, some dwelling units may not be developed because of certain environmental constraints.

The maximum annual amount of special taxes that may be levied for the first Fiscal Year at 1,447 dwelling units and 20.5 acres of commercial uses and, as an example, at 1,380 dwelling units and 20.5 acres of commercial uses are shown below:

Land Use Category	Dwelling Units or Acres	Year 1 Max Spec Tax	Total Year 1 Special Tax
1	36 du	$ 3,373	$ 121,428
2	81 du	2,516	203,796
3	284 du	1,863	529,092
4	294 du	1,631	479,514
5	752 du	815	612,880
6	20.5 acres	12,000	246,000
	1,447 du 20.5 acres		$2,192,710

Land Use Category	Dwelling Units or Acres	Year 1 Max Spec Tax	Total Year 1 Special Tax
1	0 du	$ 3,373	$ 0
2	50 du	2,516	125,800
3	284 du	1,863	529,092
4	294 du	1,631	479,415
5	752 du	815	612,880
6	20.5 acres	12,000	246,000
	1,380 du 20.5 acres		$1,993,187

Prior to development, the total maximum amount of special taxes for Undeveloped Property, Land Use Category 7, which could be levied in the first Fiscal Year, is approximately $5,314,400 (265.72 acres at $20,000 per acre).

F. Manner of Collection of Special Taxes

The special taxes which shall be levied in each Fiscal Year shall be collected in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for ad valorem taxes. The special taxes when levied shall be secured by the lien imposed pursuant to Section 3115.5 of the Streets and Highways Code. This lien shall be a continuing lien and shall secure each levy of special taxes. The lien of the special taxes shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied, and canceled in accordance with Section 53344 of the Government Code or until the special taxes cease to be levied in the manner provided by Section 53330.5 of the Government Code.

The owner of an Assessor's Parcel may prepay and permanently satisfy the special tax obligation of the parcel as follows:

(a) The amount of the special taxes to be levied on the Assessor's Parcel for the first Fiscal Year for which the special tax obligation is to be discharged and the total amount of the special taxes to be levied on all Assessor's Parcels (including the subject Assessor's Parcel) for that Fiscal Year shall be determined.

(b) Using the ratio of the amounts determined pursuant to subparagraph (a) above, a pro rata portion of the aggregate principal amount of the bonds which will remain outstanding after the current Bond Year shall be allocated to the subject Assessor's Parcel.

(c) To the amount allocated to the subject Assessor's Parcel pursuant to subparagraph (b)above, there shall be added the following: (i) any applicable call or redemption premiums specified in the resolution authorizing the issuing of the bonds; (ii) interest at the average rate on the bonds to the next permitted redemption date for the bonds; (iii) unpaid special taxes which have been entered on the tax roll; and (iv) an administrative fee in the amount of $250.

(d) From the total determined pursuant to subparagraph (c) above, there shall be subtracted a pro rata share of the amount on deposit in the bond reserve fund allocable to the Assessor's Parcel.

2. No owner of any Assessor's Parcel shall be permitted to prepay and permanently satisfy the special tax obligation of the parcel until Full Buildout.

TABLE 2

MAXIMUM ANNUAL SPECIAL TAX RATES BY

LAND USE CATEGORY

LAND USE CATEGORIES

FISCAL YEAR	1 ESTATE	2 CONV	3 GARDEN	4 MEADOW	5 APT/ CONDO	6 COMM'L	7 UNDEV	8 EXEMPT	9 OTHER
1	3,373	2,516	1,863	1,631	815	12,000	20,000	0	10,800
2	3,440	2,566	1,900	1,664	831	12,240	20,400	0	11,016
3	3,509	2,618	1,938	1,697	848	12,485	20,808	0	11,236
4	3,579	2,670	1,977	1,731	865	12,734	21,224	0	11,461
5	3,651	2,723	2,017	1,765	882	12,989	21,649	0	11,690
6	3,724	2,778	2,057	1,801	900	13,249	22,082	0	11,924
7	3,799	2,833	2,098	1,837	918	13,514	22,523	0	12,163
8	3,875	2,890	2,140	1,874	936	13,784	22,974	0	12,406
9	3,952	2,948	2,183	1,911	955	14,060	23,433	0	12,654
10	4,031	3,007	2,226	1,949	974	14,341	23,902	0	12,907
11	4,112	3,067	2,271	1,988	993	14,628	24,380	0	13,165
12	4,194	3,128	2,316	2,028	1,013	14,920	24,867	0	13,428
13	4,278	3,191	2,363	2,069	1,034	15,219	25,365	0	13,697
14	4,363	3,255	2,410	2,110	1,054	15,523	25,872	0	13,971
15	4,451	3,320	2,458	2,152	1,075	15,834	26,390	0	14,250
16	4,540	3,386	2,507	2,195	1,097	16,150	26,917	0	14,535
17	4,540	3,386	2,507	2,195	1,097	16,150	26,917	0	14,535
18	4,540	3,386	2,507	2,195	1,097	16,150	26,917	0	14,535
19	4,540	3,386	2,507	2,195	1,097	16,150	26,917	0	14,535
20	4,540	3,386	2,507	2,195	1,097	16,150	26,917	0	14,535
21	4,540	3,386	2,507	2,195	1,097	16,150	26,917	0	14,535
22	4,540	3,386	2,507	2,195	1,097	16,150	26,917	0	14,535
23	4,540	3,386	2,507	2,195	1,097	16,150	26,917	0	14,535
24	4,540	3,386	2,507	2,195	1,097	16,150	26,917	0	14,535
25	4,540	3,386	2,507	2,195	1,097	16,150	26,917	0	14,535

TABLE 3

ANNUAL SPECIAL TAX OBLIGATION FOR
NON-CONFORMING LAND USE AREAS AND MAXIMUM ANNUAL SPECIAL TAX RATES
(PER ACRE) FOR NON-CONFORMING PARCELS

	LAND USE AREA 10		LAND USE AREA 1		LAND USE AREA 8		LAND USE AREA 12		LAND USE AREA 14		LAND USE AREA 17		LAND USE AREA 18	
Fiscal Year	Annual Special Tax Obligation	Maximum Special Tax Rate (Per Acre)	Annual Special Tax Obligation	Maximum Special Tax Rate (Per Acre)	Annual Special Tax Obligation	Maximum Special Tax Rate (Per Acre)	Annual Special Tax Obligation	Maximum Special Tax Rate (Per Acre)	Annual Special Tax Obligation	Maximum Special Tax Rate (Per Acre)	Annual Special Tax Obligation	Maximum Special Tax Rate (Per Acre)	Annual Special Tax Obligation	Maximum Special Tax Rate (Per Acre)
1	121,428	2,375	203,796	11,088	115,506	13,967	91,287	12,172	132,273	13,650	72,657	11,738	117,369	11,417
2	123,857	2,422	207,872	11,310	117,816	14,246	93,113	12,415	134,918	13,923	74,110	11,973	119,716	11,646
3	126,334	2,471	212,029	11,536	120,172	14,531	94,975	12,663	137,617	14,202	75,592	12,212	122,111	11,878
4	128,860	2,520	216,270	11,767	122,576	14,822	96,874	12,917	140,369	14,486	77,104	12,456	124,553	12,116
5	131,438	2,571	220,595	12,002	125,027	15,118	98,812	13,175	143,177	14,776	78,646	12,705	127,044	12,358
6	134,066	2,622	225,007	12,242	127,528	15,421	100,788	13,438	146,040	15,071	80,219	12,959	129,585	12,606
7	136,748	2,675	229,507	12,487	130,079	15,729	102,804	13,707	148,961	15,373	81,824	13,219	132,177	12,858
8	139,483	2,728	234,098	12,737	132,680	16,044	104,860	13,981	151,940	15,680	83,460	13,483	134,820	13,115
9	142,272	2,738	238,779	12,991	135,334	16,364	106,957	14,261	154,979	15,994	85,129	13,753	137,516	13,377
10	145,118	2,838	243,555	13,251	138,040	16,692	109,096	14,546	158,078	16,314	86,832	14,028	140,267	13,645
11	148,020	2,895	248,426	13,516	140,801	17,026	111,278	14,837	161,240	16,640	88,568	14,308	143,072	13,918
12	150,980	2,953	253,395	13,786	143,617	17,366	113,504	15,134	164,465	16,973	90,340	14,594	145,934	14,196
13	154,000	3,012	258,463	14,062	146,490	17,713	115,774	15,437	167,754	17,312	92,147	14,886	148,852	14,480
14	157,080	3,072	263,632	14,343	149,419	18,068	118,089	15,745	171,109	17,658	93,990	15,184	151,829	14,769
15	160,222	3,134	268,904	14,630	152,408	18,429	120,451	16,060	174,531	18,011	95,869	15,488	154,866	15,065
16	163,426	3,196	274,283	14,923	155,456	18,798	122,860	16,381	178,022	18,372	97,787	15,798	157,963	15,366
17	163,426	3,196	274,283	14,923	155,456	18,798	122,860	16,381	178,022	18,372	97,787	15,798	157,963	15,366
18	163,426	3,196	274,283	14,923	155,456	18,798	122,860	16,381	178,022	18,372	97,787	15,798	157,963	15,366
19	163,426	3,196	274,283	14,923	155,456	18,798	122,860	16,381	178,022	18,372	97,787	15,798	157,963	15,366
20	163,426	3,196	274,283	14,923	155,456	18,798	122,860	16,381	178,022	18,372	97,787	15,798	157,963	15,366
21	163,426	3,196	274,283	14,923	155,456	18,798	122,860	16,381	178,022	18,372	97,787	15,798	157,963	15,366
22	163,426	3,196	274,283	14,923	155,456	18,798	122,860	16,381	178,022	18,372	97,787	15,798	157,963	15,366
23	163,426	3,196	274,283	14,923	155,456	18,798	122,860	16,381	178,022	18,372	97,787	15,798	157,963	15,366
24	163,426	3,196	274,283	14,923	155,456	18,798	122,860	16,381	178,022	18,372	97,787	15,798	157,963	15,366
25	163,426	3,196	274,283	14,923	155,456	18,798	122,860	16,381	178,022	18,372	97,787	15,798	157,963	15,366

TABLE 3 (continued)

ANNUAL SPECIAL TAX OBLIGATION FOR
NON-CONFORMING LAND USE AREAS AND MAXIMUM ANNUAL SPECIAL TAX RATES
(PER ACRE) FOR NON-CONFORMING PARCELS

	LAND USE AREA 2		LAND USE ARE 4 & 4A		LAND USE AREA 7		LAND USE AREA 9		LAND USE AREA 3		LAND USE AREA 6	
Fiscal Year	Annual Special Tax Obligation	Maximum Special Tax Rate (Per Acre)	Annual Special Tax Obligation	Maximum Special Tax Rate (Per Acre)	Annual Special Tax Obligation	Maximum Special Tax Rate (Per Acre)	Annual Special Tax Obligation	Maximum Special Tax Rate (Per Acre)	Annual Special Tax Obligation	Maximum Special Tax Rate (Per Acre)	Annual Special Tax Obligation	Maximum Special Tax Rate (Per Acre)
1	92,967	10,798	159,838	11,077	120,694	13,485	106,015	11,624	234,720	15,027	378,160	15,027
2	94,826	11,014	163,035	11,298	123,108	13,755	108,135	11,857	239,414	15,327	385,723	15,327
3	96,723	11,234	166,295	11,524	125,570	14,030	110,298	12,094	244,203	15,634	393,438	15,634
4	98,657	11,458	169,621	11,755	128,081	14,311	112,504	12,336	249,087	15,947	401,306	15,947
5	100,630	11,688	173,014	11,990	130,643	14,597	114,754	12,583	254,068	16,266	409,333	16,266
6	102,643	11,921	176,474	12,230	133,256	14,889	117,049	12,834	259,150	16,591	417,519	16,591
7	104,696	12,160	180,004	12,474	135,921	15,187	119,390	13,091	264,333	16,923	425,870	16,923
8	106,790	12,403	183,604	12,724	138,639	15,490	121,778	13,353	269,619	17,261	434,387	17,261
9	108,926	12,651	187,276	12,978	141,412	15,800	124,213	13,620	275,012	17,606	443,075	17,606
10	111,104	12,904	191,021	13,238	144,241	16,116	126,698	13,892	280,512	17,959	451,936	17,959
11	113,326	13,162	194,842	13,503	147,125	16,439	129,232	14,170	286,122	18,318	460,975	18,318
12	115,593	13,425	198,738	13,773	150,068	16,767	131,816	14,454	291,845	18,684	470,194	18,684
13	117,905	13,694	202,713	14,048	153,069	17,103	134,453	14,743	297,682	19,058	479,598	19,058
14	120,263	13,968	206,767	14,329	156,131	17,445	137,142	15,037	303,635	19,439	489,190	19,439
15	122,668	14,247	210,903	14,616	159,253	17,794	139,885	15,338	309,708	19,828	498,974	19,828
16	125,121	14,532	215,121	14,908	162,438	18,150	142,682	15,645	315,902	20,224	508,954	20,224
17	125,121	14,532	215,121	14,908	162,438	18,150	142,682	15,645	315,902	20,224	508,954	20,224
18	125,121	14,532	215,121	14,908	162,438	18,150	142,682	15,645	315,902	20,224	508,954	20,224
19	125,121	14,532	215,121	14,908	162,438	18,150	142,682	15,645	315,902	20,224	508,954	20,224
20	125,121	14,532	215,121	14,908	162,438	18,150	142,682	15,645	315,902	20,224	508,954	20,224
21	125,121	14,532	215,121	14,908	162,438	18,150	142,682	15,645	315,902	20,224	508,954	20,224
22	125,121	14,532	215,121	14,908	162,438	18,150	142,682	15,645	315,902	20,224	508,954	20,224
23	125,121	14,532	215,121	14,908	162,438	18,150	142,682	15,645	315,902	20,224	508,954	20,224
24	125,121	14,532	215,121	14,908	162,438	18,150	142,682	15,645	315,902	20,224	508,954	20,224
25	125,121	14,532	215,121	14,908	162,438	18,150	142,682	15,645	315,902	20,224	508,954	20,224

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

July 26, 2001

Mayor and City Council
City of Riverside
Riverside, California

Re: $14,325,000 Community Facilities District No. 90-1 (Lusk Highlander) of the City of Riverside Special Tax Refunding Bonds, 2001 Series A

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Community Facilities District No. 90-1 (Lusk Highlander) of the City of Riverside, County of Riverside, State of California (the "District"), of $14,325,000 aggregate principal amount of the Community Facilities District No. 90-1 (Lusk Highlander) of the City of Riverside Special Tax Refunding Bonds, 2001 Series A (the "Bonds"). The Bonds are issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act"), a resolution adopted by the City Council of the City of Riverside on June 26, 2001 (the "Resolution"), and a Fiscal Agent Agreement, dated as of July 1, 2001 (the "Agreement"), between the City of Riverside (the "City") and U. S. Bank Trust National Association, as fiscal agent (the "Fiscal Agent").

We have examined the Act, the Resolution, the Agreement and certified copies of the proceedings taken for the issuance and sale of the Bonds. As to questions of fact which are material to our opinions, we have relied upon the representations of the City contained in the Agreement and in certificates of its authorized officers which have been delivered to us for the purpose of supplying such facts, without having undertaken to verify the accuracy of any such representations by independent investigation.

Based upon such examination, we are of the opinion, as of the date hereof, that the proceedings referred to above have been taken in accordance with the laws and the Constitution of the State of California, and that the Bonds, having been issued in duly authorized form and executed by the proper officials and delivered to and paid for by the purchaser thereof, and the Agreement having been duly authorized and executed by the proper officials, constitute the legally valid and binding obligations of the District enforceable in accordance with their terms subject to the qualifications specified below. Except where funds are otherwise available, as may be permitted by law, the Bonds are payable, as to both principal and interest, solely from certain special taxes to be levied and collected within the District and other funds available therefor held under the Agreement.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain investment, rebate and related requirements which must be met subsequent to the issuance and delivery of the Bonds for the interest on the Bonds to be and remain exempt from federal income taxation. Noncompliance with such requirements could cause the interest on the Bonds to be subject to federal income taxation retroactive to the date of issuance of the Bonds. Pursuant to the Agreement, the City has covenanted to comply with the requirements of the Code and applicable regulations promulgated thereunder.

We are of the opinion that, under existing statutes, regulations, rulings and court decisions, and assuming compliance by the City with the aforementioned covenants, the interest on the Bonds is excluded from gross income for purposes of federal income taxation and is exempt from personal income taxation imposed by the State of California.

We are further of the opinion that interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax provisions of the Code. However, interest on the Bonds received by corporations will be included in corporate adjusted current earnings, a portion of which may increase the alternative minimum taxable income of such corporations.

Although interest on the Bonds is excluded from gross income for purposes of federal income taxation, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these tax consequences will depend on the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

The opinions expressed herein may be affected by actions which may be taken (or not taken) or events which may occur (or not occur) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or occur or are not taken or do not occur.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Agreement may be subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Respectfully submitted,

APPENDIX C

APPRAISAL REPORT

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SUMMARY APPRAISAL REPORT – COMPLETE APPRAISAL

COMMUNITY FACILITIES DISTRICT NO. 90-1
(Lusk Highlander)

City of Riverside, Riverside County, State of California
(Appraiser's File No. 2001-14.Lusk)

Prepared For

City of Riverside
3900 Main Street
Riverside, California 92522

Prepared By

Bruce W. Hull & Associates, Inc.

1056 E. Meta Street, Suite 202
Ventura, California 93001
(805) 641-3275
(805) 641-3278 [Fax]

115 E. Second Street, Suite 100
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(949) 581-2194
(949) 581-2198 [Fax]

BRUCE W. HULL & ASSOCIATES, INC.
REAL ESTATE APPRAISERS & CONSULTANTS

June 1, 2001

Mr. William R. Hansen
Debt Administrator
City of Riverside
3900 Main Street
City of Riverside, California 92522

Reference: Summary Appraisal Report – Complete Appraisal
Community Facilities District No. 90-1 (Lusk Highlander)
City of Riverside, Riverside County, California

Dear Mr. Hansen:

At the request and authorization of the City of Riverside, I have completed a summary appraisal report for the above referenced project. Community Facilities District No. 90-1 (the "District") consists of mostly developed single family and multi-family residential properties. There are currently two active single-family residential developments within the District.

This report is divided into two sections. Section I values all of the undeveloped parcels as well as the Merchant Builder ownership (Van Daele and Tava). Section II is a reporting of the assessed values.

The valuation method used included the Sales Comparison Approach. The Cost and Income Approaches were not considered applicable in this valuation. Due to the diversity of ownerships, Discounted Cash Flow was also not considered in my analysis.

As a result of my investigation, the concluded values for Section I are:

Van Daele	**$ 2,850,000**
Tava Development	**$ 2,583,000**
Wells Fargo Bank	**$ 1,750,000**
Total Aggregate Value	**$ 7,183,000**

Section II is the estimate of value for "gap" properties. "Gap" properties are parcels that have had homes constructed on lots and have been sold to individual homeowners, but the current market value is not yet reflected on the 2001/2002 Riverside County Assessor's Roll. The Aggregate Value for this section is:

$15,537,591

1056 E. Meta Street, Suite 202, Ventura, California 93001 - (805) 641-3275 - Facsimile (805) 641-3278
115 E. Second Street, Suite 100, Tustin, California 92780 - (949) 581-2194 - Facsimile (949) 581-2198

Section III is a reporting of the individual assessed values that are reported on the Riverside County Assessment Roll for 2001/2002. The total aggregate amount of the assessed values is:

$162,080,762

The total aggregate of the three sections is:

$184,801,353

The above value is stated subject to the Assumptions and Limiting Conditions of this report and the Appraisers' Certification as of May 15, 2001.

This report is a Summary Appraisal Report that is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. The appraised value contained within this report is being estimated subject to the special tax lien of Community Facilities District No. 90-1, Special Tax, City of Riverside. The report is also intended to comply with the appraisal standard proposed by California Debt Advisory Commission (May 1994). As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

This letter of transmittal is part of the attached report, which sets forth the data and analyses upon which my opinion of value is, in part, predicated.

Respectfully submitted,

BRUCE W. HULL & ASSOCIATES, INC.

Bruce W. Hull, MAI
State Certified General
R.E. Appraiser (#AG004964)

BWH:dh
Attachment

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ADDENDA

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ASSUMPTIONS AND LIMITING CONDITIONS

1. This report is a Summary Appraisal Report, which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraisers are not responsible for unauthorized use of this report.

2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.

3. The property is appraised subject to the lien of Community Facilities District No. 90-1 (Lusk Highlander), City of Riverside.

4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.

5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.

9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.

10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied

unless otherwise stated in this report. No survey has been made for the purpose of this report.

12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is not encroachment or trespass unless otherwise stated in this report.

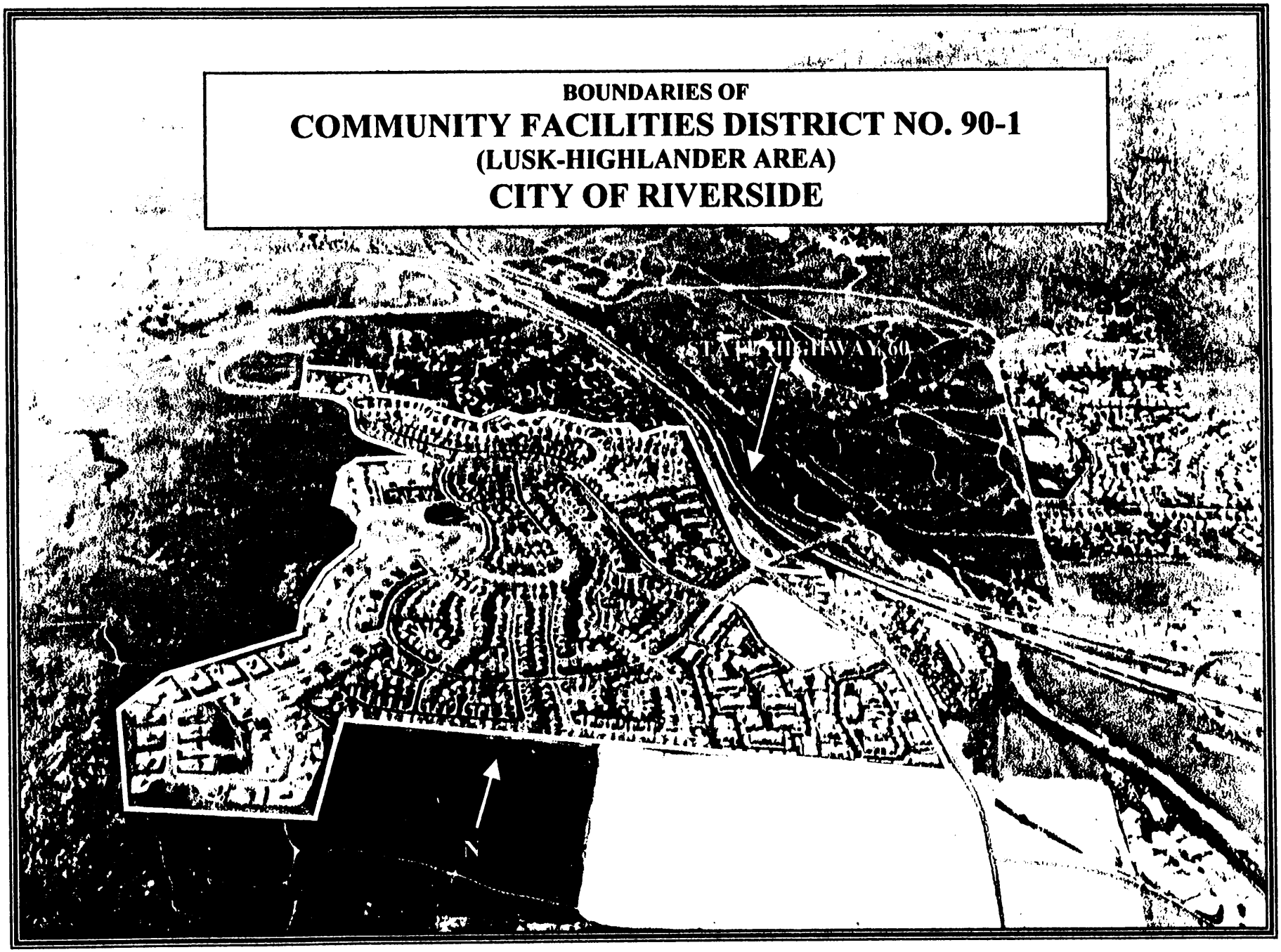
13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert relating to asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials, which may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

14. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.

15. 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 buildings must not be used in conjunction with any other appraisal and are invalid if so used.

16. Neither all nor any part of the contents of this report shall be conveyed to any person or entity, other than the appraiser's client, through advertising, solicitation materials, pubic relations, news, sales, or other media without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraiser or firm with which the appraiser is connected, or any reference to the Appraisal Institute or MAI. Further, the appraiser or firm assumes no obligation, liability, or accountability to any third party. If this report is placed in the hands of anyone but the client, client shall make such party aware of all the assumptions and limiting conditions of the assignment.

17. That the Americans with Disabilities Act ("ADA") became effective on January 26, 1992. The appraisers 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. The appraiser is a not qualified expert as to the requirements of the ADA Act. 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 upon the value of the property. Since the appraiser has no direct evidence relating to this issue, a possible noncompliance with the requirements of ADA in estimating the value of the property has not been considered.



Bruce W. Hull & Associates, Inc.

Aerial Photo – AIR VIEWS – 5/1/01

PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to estimate the value of the fee simple interest, subject to the lien of special taxes of the City of Riverside Community Facilities District ("CFD") No. 90-1 (Lusk Highlander) Special Tax Bonds, for the subject property.

THE SUBJECT PROPERTY

The subject property consists of lands for residential development and a 7.99-acre commercial site. The remaining lands are either finished residential lots or mass graded lots. The projects are summarized below.

> Sycamore Highlands is a single-family detached residential tract being developed by Tava Development Company. The development is in the process of being built-out with the merchant builder owning 35 lots, 4 model homes, and 2 production homes.
>
> Sycamore Canyon Estates is a single-family detached residential tract being developed by Van Daele Development Corporation. The development is in the process of being built-out with the merchant builder owning 23 lots, 3 model homes, and 1 production home.

Wells Fargo Bank has title to one 7.99-acre mass-graded parcel that is zoned commercial.

INTENDED USE OF THE REPORT

It is the appraiser's understanding that the client, the City of Riverside, will utilize this report in determining the feasibility of refunding bonds of CFD No. 90-1 (Lusk Highlander). The appraisal is also intended to be used by the bond underwriter in marketing the bonds, if the refunding is determined to be feasible.

DEFINITIONS

Market Value

The term "Market Value" as used in this report is defined as:

> *"The most probable price which a specified interest in real property is likely to bring under all of the following conditions:*
>
> 1. *Consummation of sale occurs as of a specified date.*
> 2. *An open and competitive market exists for the property interest appraised.*
> 3. *The buyer and seller are each acting prudently and knowledgeably.*
> 4. *The price is not affected by undue stimulus.*
> 5. *The buyer and seller are typically motivated.*
> 6. *Both parties are acting in what they consider their best interest.*
> 7. *Marketing efforts were adequate and a reasonable time was allowed for exposure in the open market*
> 8. *Payment was made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.*
> 9. *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."*[1]

Finished Lot

A Finished Lot is defined as:

> *"A parcel which has legal entitlements created by a recorded subdivision map. The physical condition being a fine graded level pad with infrastructure contiguous to each individual lot and consisting of asphalt paved roads in addition to the necessary utilities. This condition assumes the payment of all applicable development fees with the exception of building permit and plan check fees."*

PROPERTY RIGHTS APPRAISED

The property rights being appraised are of a fee simple interest subject to existing easements of record and subject to the City of Riverside CFD 90-1. The definition of "fee simple estate" is stated on the following page.

---

[1] The Appraisal of Real Estate, 11th Edition (definition adopted by the Appraisal Institute in 1993).

"Ownership of a title in fee establishes the interest in property known as the fee simple estate – i.e., absolute ownership unencumbered by any other interest of estate, subject only to the limitation imposed by the governmental powers of taxation, eminent domain, police power, and escheat."[2]

EFFECTIVE DATE OF VALUE

The subject property is valued as of May 15, 2001.

DATE OF REPORT

The date of this report is June 1, 2001.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS

As previously stated, the purpose of this appraisal is to report the appraisers' best estimate of the market value for the subject properties. This appraisal will be presented in the format described below.

- A Regional and Community Description followed by a description of the Immediate Area surrounding the subject properties.
- A Riverside County Housing Market Analysis
- A brief description of Community Facilities District No. 90-1, Lusk Highlander
- A Property Description of the subject properties that are appraised in Section I
- An analysis of "gap" properties, i.e. lots on which homes have been constructed; however, the Assessor has not yet assigned a value representative of the completed home.
- A reporting of the Assessed Values that will be reflected on the 2001/2002 County of Riverside Assessor's Roll.
- A Highest and Best Use Analysis
- An Analysis and Valuation section for the subject property.
- Appraisal Report Summary

---

[2] The Appraisal of Real Estate, 11th Edition, 1996.

In valuing the subject properties, the value estimates will be based upon the highest and best use conclusion using the Sales Comparison Approach. The Sales Comparison Approach to value is defined as:

> *"the process in which a market value estimate is derived by analyzing the market for similar properties and comparing these properties to the subject property."*[3]

The valuation method used included the Sales Comparison Approach. In the Sales Comparison Approach, market value is estimated by comparing properties similar to the subject properties that have recently been sold, are listed for sale, or are under contract. In the case at hand the residential lands are typically bought in the subject market based on a finished lot price. The majority of the subject property are finished residential lots.

The due diligence of this appraisal assignment included the following.

1. Compiled certain demographic information and related such data to the subject properties.
2. Gathered and analyzed information on the subject marketplace, including reviewing several brokerage house publications on historical and projected growth in the subject market, researching the micro and macro economics within the Riverside County and City of Riverside.
3. Inspected the subject properties.
4. A review of the Official Statement dated March 6, 1991.
5. Interviewed the subject sales offices.

[3] The Appraisal of Real Estate, 11th Edition, 1996.

DESCRIPTION OF GENERAL AND IMMEDIATE AREAS

General Surroundings

The subject property is located in the City of Riverside in the southern portion of the County of Riverside. Riverside County encompasses approximately 7,300 square miles and includes large expanses of undeveloped deserts, valleys, canyons, and mountains. It is situated north of San Diego and Imperial Counties and east of Los Angeles and Orange Counties. Riverside County is the major recipient of outward urban pressure from Orange and Los Angeles Counties as well as the northerly growth from San Diego County. Although located at the periphery of most urban activity in Southern California, Riverside County, in particular the westerly portion is clearly perceived by most observers as a major growth area well into the foreseeable future.

Population

Per the State of California the current population of Riverside County (January 2000) is estimated at 1,522,900. Riverside County experienced an increasing growth pattern for several decades, with the population more than doubling between 1960 and 1980. Between January 1980 and January 1987, county population grew from 663,166 to 892,625 residents, an increase of 34.6% or approximately 5% per year. By January 1990, the population of Riverside County had increased to 1,110,021, an increase of 217,396 or 24.4% since 1987. This reflects an average annual growth rate of 8.1% over those three years. The largest numerical gains in incorporated areas occurred by the communities of Moreno Valley, Corona, and **Riverside**. The gains in those three communities accounted for nearly 36% of the county's total growth since 1987. The largest percentage population gains have been seen in the southwestern portion of the county that is comprised of either recently incorporated or unincorporated communities. This area involves all of the greater Temecula Valley, which includes the communities of Anza, Aguanga, Wildomar, Murrieta, Murrieta Hot Springs, and the rapidly growing community of Rancho California/Temecula. The slowdown in growth represents the results of the economic recession that encompassed Southern California during 1990 to 1994. Although 1995 saw a significant increase in land purchases over the past four years, sales were not as high as pre-1990. Levels (both price and sales) reached their 1989-90 peaks during 1998-99 with current land prices at an all time high in the area.

Economic

The Riverside, San Bernardino, Ontario Metropolitan Statistical Area (MSA) has had a strong employment record over the past ten years. The most significant gains were seen in the areas of construction finance, insurance, real estate services, and retail trade. The least amount of growth was seen in agriculture and the wholesale trade. Mining showed a dramatic decline over the ten-year period. More than 250 manufacturing firms are located in the county. Leading classes of products include aerospace and aircraft parts, electronic components and systems, mobile homes, aluminum mill machinery and products.

The recession of the early 1990's had an impact on construction starts. The downturn was represented by lower housing starts and higher unemployment rates. The resulting factors of lower growth, higher vacancies, and higher unemployment had major impacts on real estate development. High vacancies in speculative office buildings and a slowdown in both residential and industrial new projects caused a contraction in the construction work force. The unemployment rate for the Riverside/San Bernardino MSA is estimated at 4.5% (per the Employment Development Department – March 2001), which reflects a decrease from March one year ago (4.9%) and a significant downturn from August 1995 (10%). Separately, Riverside County has a current unemployment rate of 4.5% while San Bernardino has a current unemployment rate of 4.5%. The current unemployment rate for the Riverside-San Bernardino MSA of 4.5% compares to the current California unemployment rate of 4.8% and the current U.S. unemployment rate of 4.6%. Below is a table depicting Riverside County in relationship to surrounding counties unemployment rates.

Jurisdiction	As of	Unemployment Rate
Los Angeles County	3/01	4.7%
Riverside County	3/01	4.5%
San Bernardino County	3/01	4.5%
Orange County	3/01	2.4%
San Diego County	3/01	2.6%

Source: State of California E.D.D.

Riverside County compares favorably to Los Angeles County and San Bernardino County. Although the unemployment is higher than in Orange and San Diego Counties, Riverside compares favorably to the State of California and the Nation.

Over the past several months the stock market has dropped dramatically. The Federal Reserve has reduced the interest rate three times attempting to stop the slowing of the economy. There are factors pointing to a downward trend in the national economy. However, the lower stock market and negative economic indicators do not indicate a recession. In fact, California's most recent statistics show there has still been job growth during this period. These rather contradictory signals (i.e. job growth versus dramatic decline in stock market) have, at the present time, not appeared to significantly affect the Southern California housing market. In addition, California is facing an energy crisis with no apparent easy answers. No one knows the length or depth the energy crisis will face. While the stock market, some economic indicators and the energy shortage do not forecast a rosy picture of the future; other economic indicators (such as job growth) are projecting a positive short-term future.

Transportation

Four major freeways bisect Riverside County. The first, Interstate 15, travels in a northerly/southerly direction with access to Barstow and Nevada to the north and to San Diego to the south where it approaches the international border with Mexico. The second, the #91 or Riverside Freeway travels in an easterly/westerly direction and provides access to Orange and Los Angeles Counties to the west and connects with the #60 and #215 to the north in San Bernardino County. The third is the #60 Freeway that provides access to Los Angeles to the west and to the east where it combines with Interstate 10, providing access to Arizona. The last major freeway bisecting the County is Interstate 215 that travels in a northerly/southerly direction in the County providing access that generally parallels Interstate 15 to the east.

Riverside County is well served by Amtrak and Metrolink as well as several rail freight lines. The Ontario International Airport provides air service. The airport is located approximately 15 miles west of the subject in San Bernardino County.

Governmental/Environmental

The County of Riverside is home to the Stephens Kangaroo Rat ("SKR") that is listed on the endangered species list by the Federal Government. For the past eight years the County has had a Habitat Preserve Agency in order to counter the extinction of this protected animal. In 1995 the Agency was designated a success with enough habitat lands protected and thus, a reduction was made in the Agency. In order to obtain this degree of success the Agency required SKR acreage fees from developers in order to purchase conservation habitat acreage. Due to the success of the Agency, the degree of urgency is considerably less than in previous years.

New possible endangered species that are affecting the Riverside County area include the Coastal Sagebrush, which is the habitat for the California Gnatcatcher. Due to the County's success with the SKR conservation, it is anticipated that, if needed, the County will perform the same function for similar endangered species.

Conclusion

The decade of the 1980's saw the County of Riverside experience substantial population growth. As a result, there was significant residential, industrial, and commercial development. The long term forecast is for more substantial growth for the County. However, the 1990's recession has had some dramatic impacts on the County as a whole. As previously discussed, unemployment was higher and housing starts, sales, and prices were significantly below historical levels while rebounding led the past few years with abundant growth now apparent. Secondary concerns relate to environmental issues and governmental restrictions. While consequences of these concerns cannot be precisely forecasted, it is my opinion that the primary concerns (fluctuating sales levels, unemployment and housing starts) relate to economic cycles that are typical for the economy since the end of World War II. The "boom" and recession cycles have occurred at least five times since the end of World War II. Both "boom" and "bust" portions of the cycle in recent years seem to be longer in duration.

It is my conclusion that Riverside County's long-term growth will continue. Near term growth (1 to 2 years) is projected to be good.

CITY OF RIVERSIDE

General Area

The subject properties are all located in the eastern most portion of the City of Riverside (the "City"). The City incorporated October 11, 1883 and is located 53 miles east of Los Angeles and 452 miles south of San Francisco. Riverside is the largest city in Riverside County with a present land area of approximately 77.18 square miles. Originally an agricultural (citrus) center, Riverside has evolved into a commercial and governmental center as the City is the county seat of Riverside County. The subject properties are located within the City limits. The City is surrounded by Norco and Corona to the west, the unincorporated area of Riverside County to the north and south and the City of Moreno Valley to the east. The subject properties are near the communities known as Canyon Crest, Mission Grove, Orangecrest and Woodcrest. March Air Force base is located just east of the area.

Population

The City has a population of 262,744 as estimated by the City of Riverside. The following chart depicts population growth in the City

Year	Population	Avg. Annual % Increase
1960	84,332	--
1970	140,089	6.6%
1980	170,876	2.2%
1990	209,700	2.3%
1993	230,000	3.2%
1998	250,799	1.8%
2000	262,744	2.4%

The 1998 population and the five past years' average annual growth indicate the effects of the early 1990s recession which affected all of Southern California. The growth between 1998 and 2000 depicts a more average growth according to historical figures.

Housing

Residential housing costs within Riverside are among the lowest in Southern California. Portions of Riverside County have large areas of undeveloped land which creates a lower house cost in relationship to a more intensely populated areas in Southern California, especially when compared to the neighboring counties of Orange and Los Angeles. The subject area grew during the late 1980s, then was hit hard by the recession and has been growing again in the past few years.

Economy/Commercial Land Use

The City's economy and labor force have changed with the growth over the past years. Historically hailed as the citrus capital of the world, Riverside has evolved into the business and industrial center of the Inland Empire. There are 157 manufacturing firms in the community. Leading group classes or products are aerospace and electronic components, mobile home and RV's, printing, publishing, and foam products. Additionally, Riverside offers a wide choice of industrial sites and buildings. Active industrial areas include Hunter Park (a State Enterprise Zone); the Airport Industrial Area, the Sycamore Canyon Industrial Park, and the Central Riverside Industrial Area along with industrial parks at the southern end of Riverside. Recently Lowes Home Improvement Center built their Southern California distribution headquarters near the city of Perris in Riverside.

The labor force is divided generally between the manufacturing, retail, services, and construction trades. There are abundant skilled, semi-skilled and unskilled workers in the local labor pool with a scattering of skills. The commercial building trades in the area are almost completely unionized; however, the residential building trades are just the opposite.

Summary

In summary, the future growth of the City of Riverside should parallel that of the County. The short-term growth is estimated to be strong for the next couple of years. Additionally, the long-term growth forecasts are positive.

IMMEDIATE SURROUNDINGS

The subject District is located in the southwestern portion of the City of Riverside. More specifically, the District is located at the southwestern intersection of State Highway 60 and Interstate I-215.

Development within the District is estimated at 90% and is comprised of single family and multi-family units. There are two active residential developments that have experienced good demand. Surrounding land uses include Sycamore Canyon Wilderness Park to the west; Sycamore Canyon Business Park (564 acres) to the south; Riverside Ford Dealer and Interstate 215/Highway 60 to the east; and undeveloped and residential development to the north. The University of California at Riverside is located 2 miles to the north. A Regional Mall is located in the City of Moreno Valley, approximately 2 miles south of the subject District.

The area has experienced strong growth over the last several years. This area of Riverside is adjacent to Canyon Crest, a prestigious area of Riverside.

Overall, the District enjoys good freeway access; proximity to major shopping and educational facilities, and has a high level of desirability.

RIVERSIDE COUNTY HOUSING MARKET

In determining the Riverside County Housing Market, job and population growth need to be addressed. According to The Meyers Group third quarter 2000 reports, the Northwest Riverside sub-market is responsible for over 30% of the new home sales activity in all of Riverside County. In addition, the Northwest sub-market has the highest median base price of $248,847 compared to an overall Riverside County average median base price of $219,190.

The preceding chart also shows the volatility of building permits to the national recession. Per this activity, the bottom "hit" sometime in 1992-93 with an increase in 1994 and 1995, and significant increases in 1996 and 1997. The increase can be attributed to several factors. These include lower interest rates, (detached) housing prices in the $150,000 to $250,000 price range, a completion of improvements funded by Mello-Roos Districts (area in which the majority of residential development has occurred), an end to the recession, and a more general "upbeat" economic climate. The year 1998's decline was more of a limited inventory rather than a slowdown in market demand. The year 1999 showed another significant increase while 2000 has shown a decline in number of sales, however, not due to the economy within the market area, but rather due to a dwindling supply of land available for development. Per The Meyers Group fourth quarter 2000 New Home Executive Summary Report for the Inland Empire, the Northwest sub-market had a median price of $242,890 for new detached homes which is up over 39% from 21 months previously when the median price was $173,990. The new median price is based on an average 2,428 square foot home compared to a 1,973 average square foot home 21 months ago. This suggests the detached price per square foot has not actually increased 39%, but rather there is an increase in the sales of larger homes or more executive type homes in this market area.

Supply of new homes in Riverside County rose slightly during the fourth quarter of 2000 with 240 active projects compared to 223 projects open the same period of the previous year. There is an inventory of 732 detached homes (standing and under construction) as of the end of the fourth quarter of 2000 in the subject northwest market, per The Meyers Group, while sales for the quarter totaled 661. This is up from the fourth quarter 1999 sales by over 26%. At the end of the

fourth quarter 2000, standing inventory for overall Riverside County was at 2,386 units, while sales in the overall County for the quarter were 2,291. These numbers suggest there is an approximate 12-week inventory based on overall Riverside County inventory, while in the subject sub-market there is a 13-week supply.

Per The Meyers Group, the sales price increases in the Northwest sub-market have been partially caused by the price increases in neighboring Orange and Los Angeles Counties and partially due to pent-up demand for move-up housing. This has been evidenced by the larger homes and higher sales prices this quarter. Additionally, the Northwest sub-market experienced even greater demand due to 1998's opening of the new transportation corridor connecting the 91 Freeway to Irvine. This new toll road made commuting to Northwest Riverside County from Orange County much easier.

Attached housing sales have decreased substantially as the detached condominium market appeared. Detached condominiums are detached homes on condominium mapped lots. This product has put the attached market at a disadvantage. While 661 detached new home sales occurred in the Northwest sub-market during the fourth quarter of 2000, none of the sales were of attached product for the same period. Additionally, there is no inventory of attached product within the subject's sub-market. While for the previous few years the detached market in Corona was extremely price sensitive, the current demand appears to be for the larger homes. The past four years of appreciation has allowed some previous homebuyers to become "move-up" buyers. These families are growing up and need expanding space within their homes. Thus, the larger homes are seeing a sharp increase in both demand and supply within the subject area at this time.

Over the past couple months the stock market has dropped dramatically. The Federal Reserve has reduced the interest rate three times attempting to stop the slowing of the economy. There are several factors pointing to a downward recession in the national economy. However, the lower stock market and negative economic indicators do not indicate a recession. In fact, California's most recent statistics show there has still been job growth during this period. These rather contradictory signals (i.e. job growth versus dramatic decline in stock market) have, at the present time, not appeared to significantly affect the Southern California housing market. In

addition, California is facing an energy crisis with no apparent easy answers. No one knows the length or depth the energy crisis will face. While the stock market, some economic indicators and the energy shortage do not forecast a rosy picture of the future; other economic indicators (such as job growth) are projecting a positive short future.

In summary, 1997 continued the up-trending since the 1991-94 recession with 1998 showing a slight decline in sales numbers, but a strong increase in sales prices in the subject market. The year 1999 saw strong increases in both price and size of the average home within South Corona with demand keeping up and sometimes outpacing the supply. The year 2000 saw a slowdown in sales, however continued increase in pricing. Currently signs are suggesting the Northwest market may be near or at its peak in pricing. Executive and move-up housing is strong in the market. Price still appears to be a major factor in drawing buyers to the Riverside/Corona marketplace; however, appreciation is apparent due to the dwindling supply of land in the immediate area. Even with the negative signs on the horizon for the national economy, the housing market in this portion of the City of Riverside is still viewed as being healthy. As the market was slowly recovering in 1994/95, there was still a significant amount of inventory in Riverside. Due to the number of projects under consideration and the previous amount of land available for development in Riverside, price increases were not occurring with the increased sales activity back during this time period. However, current conditions of limited land availability have seen land prices increase. There are few vacant mapped subdivisions available.

THE LUSK HIGHLANDER SPECIFIC PLAN

The subject property was approved as a Specific Plan on June 24, 1987. The Lusk Highlander Specific Plan provided for the approvals of 1,477 residential units and 20.5 acres of commercial uses, a park and a school site. The Specific Plan approval was for 695 residential units with densities ranging from .71 to 7.32 units per acre. There were 752 condominium apartments approved that conformed to the subject's R-3 and PRD zoning. A commercial site was also approved in this Specific Plan.

All of the apartments /condo units have been built out. With the exception of two active residential developments, all of the single-family units have been constructed. There is also one undeveloped commercial site consisting of 7.99-acre net site.

COMMUNITY FACILITIES DISTRICT NO. 90-1 (LUSK HIGHLANDER)

Community Facilities District No. 90-1 (Lusk Highlander) of the City of Riverside was authorized on August 28, 1990 and a bonded indebtness of $27,000,000 was authorized pursuant to the Bond Resolution. Series A Bonds in the amount of $20,400,000 were sold on March 6, 1991.

The types of public facilities, which were financed with the proceeds of the sale of the bonds of the District, are described as follows:

> The design, construction, and acquisition of streets and street facilities, water transmission and distribution facilities, sewage and wastewater collection and transmission facilities, storm drainage facilities, electrical utility facilities, landscaping (including irrigation systems) and acquisition of land, rights of way and easements for such facilities.
>
> The following are representative of the costs authorized by the District.

Road/Signals	$ 5,260,000
Sewer Mains	$ 1,350,000
Water Mains	$ 1,210,000
Storm Drains	$ 440,000
Lochmoor Extension	$ 2,600,000
Utilities	$ 810,000
Grading	$ 2,270,000
Landscaping	$ 2,180,000
Walls	$ 1,510,000
Other	$ 860,000
Total Improvements Costs	$18,490,000

SECTION I – PROPERTY DESCRIPTIONS

This Section involves the appraisal of properties that are owned by merchant builders and any other undeveloped lands. These are as follows:

Owner's Name	Project Name	Assessor's Parcel Nos.
Tava Development	Sycamore Highlands	Refer to text
Van Daele Development	Sycamore Canyon Estates	Refer to text
Wells Fargo Bank	N/A	256-440-013, 014 & 015 263-030-061

Sycamore Highlands

Sycamore Highlands is a single family detached residential tract located within the District. The total tract (No. 22408) consists of 173 lots and was sold in an eleven phases. The project has enjoyed a good sales ratio. At the present time Phases 10 and 11 are under construction. The merchant builder (Tava Development aka Citation Homes) currently owns 35 lots. The typical lot size for the development is 5,500 square feet. There are three model homes and two production homes with the balance of the lots under construction. For purposes of this appraisal the lots with homes under construction are classified as "finished lots".

Location:	South of Central Avenue; West of Interstate 215; North of Fair Isle Drive, City of Riverside.
Assessor Parcel Nos.:	56-391-001-002; 256-392-001-003 and 24-28; 256-401-012; 256-402-01; 256-421-012-024; and 256-422-001-008, 013 and 016.
Owner of Record:	Tava Development Company
Size and Shape:	The parcels are recorded single family lots that vary in size and shape but are a minimum of 5,500 square feet. The lots are typically rectangular.
Zoning:	According to the Lusk Highlander Specific Plan, the lots are zoned residential.
Entitlements:	The tract map is recorded and homes are under construction.
Soils:	No soils report was available for review.

Seismic: There is no known active fault located within the tract map.

Streets/Access: To access the project exit from Interstate 215 on Box Springs Road; travel east to Fair Isle Drive where Loochmoor Drive is accessible. Fair Isle Drive and Loochmoor are primary access points for the development. These streets are fully improved with curbs, gutters, and storm drain to a 100-foot right of way. The interior streets are also fully improved but right of way is typically 60 feet.

Utilities: The following utility companies provide services to the subject.

Water/Sewer:	City of Riverside
Electricity:	City of Riverside
Natural Gas:	The Gas Company
Telephone:	Pacific Bell
Television:	Charter Cable Company
School District:	Riverside Unified School District

Current Condition: There are four model homes; two homes complete but not yet sold; and 29 lots with homes under construction.

Improvement Description: Sycamore Highlands consists of traditional single-family homes with the following plans available.

Plan	Room Count	Floors/Pkg.	Square Feet
1	6/2/2	1-2	1,568
2	6/2/2.5	2-2	1,862
3	7/3/2.5	2-2	2,124
4	7/4/3.5	2-3	2,269

Sycamore Canyon Estates

Sycamore Canyon Estates is a single family detached residential tract located within the District. The total tract (No. 21116) consists of 59 lots . The project has enjoyed a good sales ratio. At the present time the final phase is under construction. The merchant builder (Van Daele Development Corporation) currently owns 23 lots. The typical lot size for the development is 1 acre. There are three model homes and one production home with the balance of the lots under construction. For purposes of this appraisal the lots with homes under construction are classified as "finished lots".

Location:	South of Central Avenue; West of Interstate 215; North of Fair Isle Drive Sales office located at 1366 Lockerton Lane, City of Riverside.
Assessor Parcel Nos.:	256-440-001 thru 004 and 008; 263-360-001 thru 007; 263-0-360-037 thru 047.
Owner of Record:	VD Sycamore Highlands 59 AF XXII
Size and Shape:	The parcels are recorded single-family lots that vary in size and shape, but are typically 1 acre. The lots are typically rectangular.
Zoning:	According to the Lusk Highlander Specific Plan, the lots are zoned residential.
Entitlements:	The tract map is recorded and homes are under construction.
Soils:	No soils report was available for review.
Seismic:	There is no known active fault located within the tract map.
Streets/Access:	To access the project exit from Interstate 215 on Box Springs Road; travel east to Fair Isle Drive where Spyside Drive is accessible. Fair Isle Drive is a primary access points for the development. This street is fully improved with curbs, gutters, and storm drain to a 100-foot right of way. The interior streets are also fully improved but right of way is typically 60 feet.
Utilities:	The following utility companies provide services to the subject.

Water/Sewer:	City of Riverside
Electricity:	City of Riverside
Natural Gas:	The Gas Company
Telephone:	Pacific Bell
Television:	Charter Cable Company
School District:	Riverside Unified School District

Current Condition:	There are three model homes; one home complete but not yet sold; and 23 lots with homes under construction.
Improvement Description:	Sycamore Canyon Estates consists of traditional single-family homes with the following plans available.

Plan	Room Count	Floors/Pkg.	Square Feet
1	6/3/2.5	1-3	2,703
2	8/4/2.5	2-3	2,846 to 3,109
3	9/5/3.5	2-3	3,355 to 3,563
4	9/5/3.5	2-3	3,655 to 3,863

Wells Fargo Bank Ownership

Wells Fargo Bank has title to several parcels, one of which is subject to a special tax lien.

Location: South of Central Avenue; West of Interstate 215; North of Fair Isle Drive. Sales office located at 1366 Lockerton Lane, City of Riverside.

Assessor Parcel Nos.: 256-440-001 thru 004 and 008; 263-360-001 thru 007; 263-0-360-037 thru 047.

Owner of Record: Wells Fargo Bank

Size and Shape: These are various parcels located throughout the District. With the exception of APN 263-360-001 the rest of the parcels are slate for either a city park or the Sycamore Wilderness Park.

Zoning: According to the Lusk Highlander Specific Plan, the lots are zoned C-2, a commercial zone, and open space.

Entitlements: None other than Specific Plan.

Soils: No soils report was available for review.

Seismic: There is no known active fault located within the tract map.

Streets/Access: To access the project exit from Interstate 215 on Box Springs Road; travel east to Fair Isle Drive where Loochmoor Drive is accessible. Fair Isle Drive is a primary access points for the development. This street is fully improved with curbs, gutters, and storm drain to a 100-foot right of way. The interior streets are also fully improved but right of way is typically 60 feet.

Utilities: The following utility companies provide services to the subject.

Water/Sewer:	City of Riverside
Electricity:	City of Riverside

Natural Gas:	The Gas Company
Telephone:	Pacific Bell
Television:	Charter Cable Company
School District:	Riverside Unified School District

Current Condition: The proposed park sites are undeveloped. The commercial site is mass graded (APN 263-360-01).

SECTION I - HIGHEST AND BEST USE ANALYSIS

The highest and best use is a basic concept in real estate valuation due to the fact it represents the underlying premise (i.e. land use) upon which the estimate of value is based. In this report the highest and best use is defined as:

> *"The reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value"*[4]

Proper application of this analysis requires the subject property to first be considered as if vacant in order to identify the "ideal" improvements in terms of use, size and timing of development. Secondly, the existing improvements (if any) are compared to the "ideal" improvements to determine if the use should be continued, altered or demolished preparatory to redevelopment of the site with a more productive or ideal use.

In the following analysis I have considered the site's probable use, or those uses which are physically possible; the legality of use, or those uses which are allowed by zoning or deed restrictions; the financially feasible use, or those uses which generate a positive return on investment; and the maximally productive use, or those probable permissible uses which combine to give the owner of the land the highest net return on value in the foreseeable future.

As Vacant

Physically Possible Uses

The subject properties are irregular in shape and are finished lots or in a mass graded condition. A final tract map covers the first project, Sycamore Highlands, and there are lots under home construction and an existing model complex. The second project, Sycamore Canyon Estates, also has a final tract map and lots under construction with model home complex and two production homes. The third ownership (Wells Fargo Bank) has a number of parcels but only one is addressed in this report (due to the balance of the parcels being proposed as park sites). This is

[4] The Appraisal of Real Estate, 11th Edition, 1996

Assessor Parcel Number 263-030-061, which is located at the southeast corner of Sycamore Canyon Blvd. and Fair Isle Drive. All normal utilities are available to service the subject property. No unusual soil conditions or environmental issues were apparent upon my physical inspection. It is an assumption of this appraisal that the soils on the subject parcels are adequate to support the highest and best use conclusion. It is further assumed that there are no environmental issues, which would slow or thwart development of the subject sites.

Access is considered to be good via Interstate 215. Surrounding uses for the subject property include the original portion of Lusk Highlander master planned community. The original portion of Lusk Highlander is approaching build-out of its residential community.

The size and shape of the subject parcels make them physically suited for various land uses.

Based on my physical analysis, the subject parcels are suitable for various land uses; however, the current development status for the properties suggests residential development.

Legality of Use

The subject property is located within the boundaries of the City of Riverside, the entity responsible for regulating land use through the implementation of a general plan and zoning ordinance. The property is within the Lusk Highlander Specific Plan that was approved in1987. The Specific Plan allows for a total of 1,447 residential units and 20.5 acres of commercial use.

Based on the legality of use analysis, the type of development for which the subject parcels can be utilized is limited to residential use for the two larger projects being developed as residential and commercial for the parcel owned by Wells Fargo Bank. This is consistent with the findings of the physical possible uses.

Feasibility of Development

The third and fourth considerations in the highest and best use analysis are economic in nature, i.e. the use that can be expected to be most profitable. Residential subdivisions re-emerged in the subject marketplace after the early 1990's recession. The late 1980's were characterized by

rapidly escalating prices, good pre-sale activity, and a strong resale market providing move-up buyers. The housing market began to deteriorate in mid-1990, with home sale prices falling. Sale volumes also dropped dramatically, due to the inability of potential buyers to sell their existing residences. The slowdown was due in part to a credit crunch, resulting from lack of residential lenders to replace the faltering savings and loan industry. As described earlier within the "Riverside County Hosing Market", the recession ended in 1994 with residential construction increasing steadily since that time. Throughout 1999 and 2000 the market saw a lessoning of supply, which created significant appreciation in land prices and a substantial increase in new homes sales in Riverside. The area is becoming essentially built-out. The current new home market in this potion of the City of Riverside is exceptionally strong.

The subject property has approvals for single-family detached residential houses and a 7.9-acre commercial parcel. Detached homes have the strongest absorption in the current marketplace. It is estimated that this product will continue to enjoy a good absorption in the area, if the product type is well accepted in the market and the price can compete within the current area price range. Single-family detached housing is the desirable product in the housing market.

Included within the CFD boundaries is one commercial parcel of land. This is a 7.99-acre parcel, which is located within the CFD at the southeast corner of Fair Isle Drive and Sycamore Canyon Blvd.

In light of the current sales activity in the Corona marketplace, coupled with the aforementioned analysis, in my opinion, the subject property is feasible for the proposed residential community with an adequate profit level to entice an experienced builder and service commercial.

Conclusion – As Vacant

The final determinant of highest and best use as vacant is the interaction of the previously discussed factors (i.e. physical, legal, financial feasibility and maximum productivity considerations). Based upon the foregoing analysis, it is my opinion that the highest and best use for the subject property, as vacant, is for the proposed development of residential units and commercial use.

SECTION I - VALUATION PROCESS

The valuation of the subject property will be presented as follows. First a discussion of the residential market data utilized in the valuation will be presented. Next, the valuation of the separate ownerships of the residential neighborhoods will be presented. Finally, a discussion of the commercial comparables followed by the valuation analysis for the commercial property will be presented. Due to the varying ownerships within the subject property, a Discounted Cash Flow Analysis will not be considered in this valuation. That is, as there are only 19 lots in Sycamore Canyon Estates (Van Daele) and 29 lots in Sycamore Highlands (Tava Development), both amounts of lots are consistent with a single merchant builder transaction. Therefore, it is my opinion a Discounted Cash Flow is not relevant in the case at hand.

There are two model home complexes. In valuing the completed houses a Discounted Cash Flow Analysis will be used. That is, due to the single ownership for each of the model home complex (and production homes "standing inventory") discounting needs to be considered for the costs associated with selling of the homes. There are currently 29 production homes under construction in Sycamore Highlands and 19 homes under construction in Sycamore Canyon Estates. I will value the homes under construction on the basis of their being a finished lot rather than attribute value to a partially completed improvement.

In determining this retail value for each of the properties, I will utilize the Sales Comparison Approach to Value, which is defined as:

> *"The process in which a market value estimate is derived by analyzing the market for similar properties and comparing these properties to the subject property"*[5]

In the Sales Comparison Approach market value is estimated by comparing properties similar to the subject property that have recently been sold, are listed for sale, or are under contract (i.e. for which purchase offers and a deposit have been recently submitted). In the subject market area residential lots are bought and sold on the basis of a "finished lot". That is, even if the property

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[5] The Appraisal of Real Estate, 11th Edition, 1996.

is raw land, the sales price to a builder is determined by agreeing on a "finished lot" price and then deducting the finishing costs to conclude on the actual sales price for the property in its condition at time of sale. All of the lots are considered to be finished lots.

Market Data Discussion – Detached Single-Family Lot Sales

I have searched the area and found the 12 residential lot sales summarized on the facing chart to be comparable to the subject properties.

Data Nos. 1, 2, 3, 4, 5, 7, 9, 10 and 11 are all located in Orangecrest, a master planned community located south of the subject project approximately 2 miles. Data No. 1 refers to a recent (4/01) purchase of 26 lots with a 10,500 square foot minimum lot size. This is the first of three acquisitions by Richmond American. The remaining sales are scheduled to occur in August of 2001 at an additional $1000 per lot. The last transaction is scheduled for March of 2002 at an additional $1,000 per lot. Data No. 2 pertains to another recent transaction (3/01) to Standard Pacific for 71 lots that ranged from 10,500 to 13,500 square feet in size. The developer indicated that the average price per lot was $85,000.

Data No. 3 pertains to a first of two "takedowns". This transaction was for $69,000 with 7000 square foot lots. The second "takedown" is scheduled for July 2001 at a finished lot price of $74,000 for the 7000 square foot lots.

Data No. 4 refers to the recent sale of 52 lots within that average are 7,200 square feet. There is also a second "takedown" scheduled for July 2001 at a finished lot price of $67,000.

Data No. 5 refers to the sale of 89 (8,500 SF) lots in the Mission Grove area of Riverside. This area is immediately north of the Orangecrest development and located within proximity to the subject. The site is under construction and the model home complex is complete. The lots were purchased from Sheffield Development on the basis of $76,000 per finished lot.

Data No. 6 refers to the purchase of 131 lots by Van Daele Development on the basis of $93,000 per finished lot for 8,000 square foot lots. This is located in the Victoria Heights area of Riverside within proximity to the subject.

Data No. 7 pertains to 76 lots that are located in the Orangecrest Development. This is an older sale, occurring in August 2000 and sold on the basis of $86,000 per finished lot. These lots were typically 10,500 square feet in size.

Data No. 8 refers to another sale location within Riverside, but is located near Lake Matthews. This is a masterplan development referred to as Victoria Grove. This transaction occurred in June of 2000.

Data No.9 refers to a transaction in the Mission Grove area of Riverside. This transaction, which consists of 166 lots sold in March 2000. The buyer, Sheffield Homes, resold 89 lots to Centex on essentially the same finished lot basis, i.e. $75,000.

Data No.10 relates to 102 lots that were purchased in the Orangecrest area. This is an older transaction, occurring in March of 2000.

Data No. 11 is another transaction in Orangecrest that occurred in March of 2000. These 53 lots (13,000 SF) were sold on the basis of $95,000 per finished lot.

Data No. 12 is located in the Canyon Crest area of Riverside, which is adjacent to the subject properties. This was excess school site, and the buyer, DR Horton, processed a tract map during escrow for 71 lots that averaged 8,500 square foot in size and the finished lot was $88,300.

The market data ranges from an overall low of $67,000 to a high of $95,000. First in reviewing the smaller lots (7,000 to 7,500 square foot lots), the range tightens from $67,000 to $76,000 with Data Nos. 2, 3, 4, 8 and 10. Data No. 3 is the most recent sale at $69,000 with the second transaction occurring in July at $73,000 per finished lot.

In reviewing the larger lots, the data ranges from a low of $84,000 to $95,000 between Data Nos. 1, 2, 5, 7 and 11. Data No. 1 pertains to the most recent transaction at $84,000 per finished lot for 10,500 square foot lots. The highest sale was for 13,500 square foot lots at $95,000 per lot (Data No. 11).

Sycamore Canyon Valuation Analysis and Conclusion

Van Daele Development Company is developing the Sycamore Canyon Estates. The project has been very successful with all homes under construction having sold with the exception of one lot. The project will be valued in its "as is" condition using the Sales Comparison Approach. Sycamore Canyon consists of 59 single-family lots with a typical lot size of 1 acre. There are 3 model homes and one production home owned by the developer. Nineteen lots are under construction with production homes. I will value the homes under construction on the basis of a finished lot rather than attribute value to a partially completed improvement.

Existing Inventory

Due to the current single ownership of the 3 model homes and one production home, a discounted cash flow analysis is needed in order to arrive at a bulk value which takes into account the retail value of the homes, absorption time to sell of the homes, administrative expenses, and a discount rate. Although there are four plans for homes in Sterling Greens, only three of the plans are modeled.

Retail Value

This portion of the valuation analysis includes a survey of the subject projects, along with competing projects located within the subject market area. I concluded on several comparable projects for the Sycamore Canyon Estates. The most comparable plans taken from these projects were then compared to the subject floor plans. A summary of the market data is included in the Addenda of this report.

Plan	Rm.Ct.	Fls/Pkg.	Sq. Ft.	$/Sq. Ft.
1	7-3-2.5	1/3	2,703	$99.88

All comparables are located in the subject market area and are of similar quality, design and appearance. Adjustments were considered (when applicable) for sales concessions, CFD tax rates, lot size, total square footage, room count, garage space, and other amenities. The subject has a current base price of $99.88 per square foot. I have concluded at a price per square foot of $100.00. This calculates as follows:

2,703 sf x $100.00 psf = $270,300

Plan	Rm.Ct.	Fls/Pkg.	Sq. Ft.	$/Sq. Ft.
2	8-4-2.5	2/3	2,846	94.86

All comparables are located in the subject market area and are of similar quality, design and appeal. Adjustments were considered (when applicable) for sales concessions, CFD tax rates, lot size, total square footage, room count, garage space, and other amenities. The subject has a current base price of $94.86 per square foot. I have concluded at a price of $95.00 per square foot. This calculates as follows:

2,846 sf x $95.00 psf = $270,370

Plan	Rm.Ct.	Fls/Pkg.	Sq. Ft.	$/Sq. Ft.
4	5/2.5	2/3	3,655	$80.98

All comparables are located in the subject market area and are of similar quality, design and appeal. Adjustments were considered (when applicable) for sales concessions, CFD tax rates, lot size, total square footage, room count, garage space, and other amenities. The subject has a current base price of $80.98 per square foot. I have concluded at a price of $81.00 per square foot. This calculates as follows:

3,655 sf x $81.00 psf = $296,055

Each of the above units is a model home. There is a one production home (Plan 1). Per interviews with builders, upgrades and landscape/hardscape of up to $50,000 are installed in the model homes. However, the builders generally consider this a marketing cost and do not anticipate recovering this investment on a dollar for dollar basis. I am considering a $30,000 premium on each model homes. The total gross revenue is shown below.

Plan 1(x 2 units)	$ 540,000
Plan 2	$ 270,000
Plan 4	$ 296,000
Model Upgrades	$ 90,000
Total Gross Revenue	$1,196,000

Absorption Period

In order to arrive at an absorption period for the subject homes I have analyzed the absorption rates for the active projects for similar sized and priced homes in the subject market area coupled with the current escrows per the sales office. The subject project has experienced a strong sales rate since the models opened. Within the subject project there is one unit of standing inventory and escrows are anticipated to close at home completion for the balance of the project. I have concluded that the three merchant builder owned homes would sell within a three-month period.

Expenses

In determining an expense rate I have interviewed several builders in the subject market area as to their expenses on selling off existing inventory. Expenses include marketing and general and administrative costs. These costs typically range from 6 to 10% depending on varying factors such as internal or outside brokers, absorption period, intensity of marketing, etc. I have estimated a minimum of 5% for marketing and 2% for general and administrative costs for a total of 7% marketing costs.

Profit

Several interviews with merchant builders in the subject market area were conducted in order to determine an appropriate rate of profit for the subject property. During good economic times, developers typically attempt to obtain a 10-12% profit based on the gross sales proceeds. During

SYCAMORE CANYON ESTATES

MONTHS	RATE
3	12%

MONTH	MONTH 1	MONTH 2	MONTH 3	TOTAL
INCOME:				
Retail Sales	$398,667	$398,667	$398,667	$1,196,000
TOTAL INCOME	$398,667	$398,667	$398,667	$1,196,000
EXPENSES:				
Marketing & Carrying Expenses	($27,907)	($27,907)	($27,907)	($83,720)
Profit	($47,840)	($47,840)	($47,840)	($143,520)
TOTAL EXPENSES	($75,747)	($75,747)	($75,747)	($227,240)
NET CASH FLOW	$322,920	$322,920	$322,920	$968,760
Discount Factor	0.9901	0.9803	0.9706	
DISCOUNTED CASH FLOW	$319,723	$316,557	$313,423	$949,703
CUMULATIVE DISCOUNTED CASH FLOW	**$319,723**	**$636,280**	**$949,703**	**$949,703**

Bruce W. Hull & Associates

the early 1990s recession this range was lowered considerable to 6-10% with some builders drastically lowering their profit potential in order to maintain their work force. In today's market I are considering a 12% profit in my analysis for this project.

Discount Rate

The four homes are anticipated to sell within three months. A 12% discount factor is utilized in this cash flow.

Discounted Cash Flow Summary – Existing Inventory – Merchant Builder Owned

The discounted revenue (see facing chart) for the subject existing inventory of 3 merchant builder-owned homes is $949, 703 (say) $950,000.

Finished Lot Value – Sycamore Canyon Estates

Sycamore Canyon Estates has 19 lots with a typical lot size of 1 acre. Based on the market data discussed previously within this report I have concluded at a finished lot value for remainder of the lots within Sycamore Canyon Estates (less the three models previously valued) at $100,000. All of the lots are considered to be finished lots.

19 lots x $100,000 p/lot = $1,900,000

Total Value Conclusion – Sycamore Canyon Estates

Merchant Builder Owned Homes	$ 950,000
Remaining Lots	$ 1,900,000
Total Value	$ 2,850,000

Sycamore Highlands

Sycamore Highland is being developed by Tava Development (aka Citation Homes).

The project will be valued in its "as is" condition using the Sales Comparison Approach. Sycamore Highlands consisted of 173 single-family lots with a typical lot size of 5,500 square

feet. There are 4 model homes and two production homes owned by the developer. Twenty-nine lots are under construction with production homes. The balance has been sold to individual homeowners and is addressed in Sections II and III of this report. I will value the homes under construction on the basis of a finished lot rather than attribute value to a partially completed improvement.

Existing Inventory

Due to the current single ownership of the 4 model homes and two production home, a discounted cash flow analysis is needed in order to arrive at a bulk value which takes into account the retail value of the homes, absorption time to sell of the homes, administrative expenses, and a discount rate. There are four models for Sycamore Highlands and two production homes.

Retail Value

This portion of the valuation analysis includes a survey of the subject projects, along with competing projects located within the subject market area. I concluded on several comparable projects for the Sycamore Highlands. The most comparable plans, taken from these projects were then compared to the subject floor plans. A summary of the market data is shown in the Addenda of this report.

Plan	Rm.Ct.	Fls/Pkg.	Sq. Ft.	$/Sq. Ft.
1	5-3-2	1/2	1,568	$108.41

All comparables are located in the subject market area and are of similar quality, design and appearance. Adjustments were considered (when applicable) for sales concessions, CFD tax rates, lot size, total square footage, room count, garage space, and other amenities. The subject has a current base price of $108.41per square foot. I have concluded at a price per square foot of $109.00. This calculates as follows:

1,568 sf x $109.00 psf = $170,912

Plan	Rm.Ct.	Fls/Pkg.	Sq. Ft.	$/Sq. Ft.
2	7-3-2.5	2/2	1,862	$99.88

All comparables are located in the subject market area and are of similar quality, design and appeal. Adjustments were considered (when applicable) for sales concessions, CFD tax rates, lot size, total square footage, room count, garage space, and other amenities. The subject has a current base price of $99.88 per square foot. I have concluded at a price of $100.00 per square foot. This calculates as follows:

1,862 sf x $95.00 psf = $186,200

Plan	Rm.Ct.	Fls/Pkg.	Sq. Ft.	$/Sq. Ft.
3	8-4-2.5	2/2	2,124	$93.68

All comparables are located in the subject market area and are of similar quality, design and appeal. Adjustments were considered (when applicable) for sales concessions, CFD tax rates, lot size, total square footage, room count, garage space, and other amenities. The subject has a current base price of $93.68 per square foot. I have concluded at a price of $94.00 per square foot. This calculates as follows:

2,124 sf x $94.00 psf = $199,656

Plan	Rm.Ct.	Fls/Pkg.	Sq. Ft.	$/Sq. Ft.
4	8-4-3	2/2	2,269	$89.91

All comparables are located in the subject market area and are of similar quality, design and appeal. Adjustments were considered (when applicable) for sales concessions, CFD tax rates, lot size, total square footage, room count, garage space, and other amenities.

The subject has a current base price of $89.91 per square foot. I have concluded at a price of $90.00 per square foot. This calculates as follows:

2,269 sf x $90.00 psf = $204,210

Each of the above units is a model home. There are two production homes (Plan 1 and Plan 3). Per interviews with builders, upgrades and landscape/hardscape of up to $50,000 are installed in the model homes. However, the builders generally consider this a marketing cost and do not anticipate recovering this investment on a dollar for dollar basis. I am considering a $30,000 premium on each model homes. The total gross revenue is shown below.

Plan 1 (x 2 units)	$ 340,000
Plan 2	$ 186,000
Plan 3 (x 2 units)	$ 400,000
Plan 4	$ 204,000
Model Upgrades	$ 120,000
Total Gross Revenue	$1,250,000

Absorption Period

In order to arrive at an absorption period for the subject homes I have analyzed the absorption rates for the active projects for similar sized and priced homes in the subject market area coupled with the current escrows per the sales office. The subject project has experienced a strong sales rate since the models opened. Within the subject project there are two units of standing inventory and escrows are anticipated to close at home completion for the balance of the project. I have concluded that the three merchant builder owned homes would sell within a three-month period.

Expenses

In determining an expense rate I have interviewed several builders in the subject market area as to their expenses on selling off existing inventory. Expenses include marketing and general and administrative costs. These costs typically range from 6 to 10% depending on varying factors such as internal or outside brokers, absorption period, intensity of marketing, etc. I have

SYCAMORE HIGHLANDS

MONTHS	RATE
3	12%

MONTH	MONTH 1	MONTH 2	MONTH 3	TOTAL
INCOME:				
Retail Sales	$416,667	$416,667	$416,667	$1,250,000
TOTAL INCOME	$416,667	$416,667	$416,667	$1,250,000
EXPENSES:				
Marketing & Carrying Expenses	($29,167)	($29,167)	($29,167)	($87,500)
Profit	($50,000)	($50,000)	($50,000)	($150,000)
TOTAL EXPENSES	($79,167)	($79,167)	($79,167)	($237,500)
NET CASH FLOW	$337,500	$337,500	$337,500	$1,012,500
Discount Factor	0.9901	0.9803	0.9706	
DISCOUNTED CASH FLOW	$334,158	$330,850	$327,574	$992,583
CUMULATIVE DISCOUNTED CASH FLOW	**$334,158**	**$665,008**	**$992,583**	**$992,583**

estimated a minimum of 5% for marketing and 2% for general and administrative costs for a total of 7% marketing costs.

Profit

Several interviews with merchant builders in the subject market area were conducted in order to determine an appropriate rate of profit for the subject property. During good economic times, developers typically attempt to obtain a 10-12% profit based on the gross sales proceeds. During the early 1990s recession this range was lowered considerable to 6-10% with some builders drastically lowering their profit potential in order to maintain their work force. In today's market I am considering a 12% profit in my analysis for this project.

Discount Rate

The three homes are anticipated to sell within three months. A 12% discount factor is utilized in this cash flow.

Discounted Cash Flow Summary – Existing Inventory – Merchant Builder Owned

The discounted revenue (see facing chart) for the subject existing inventory of 3 merchant builder-owned homes is $992,583 (say) $993,000.

Finished Lot Value – Sycamore Highlands

Sycamore Canyon Estates has 29 lots with a typical lot size of 5500 square feet. Based on the market data discussed previously within this report I have concluded at a finished lot value for remainder of the lots within Sycamore Highlands (less the three models previously valued plus two production homes) at $55,000 per lot. All of the lots are considered to be finished lots.

29 lots x $55,000 p/lot = $1,590,000

Total Value Conclusion – Sycamore Highlands

Merchant Builder Owned Homes	$ 993,000
Remaining Lots	$1,590,000
Total Value	$2,583,000

Commercial 7.99-Acre Parcel

In determining the value for the subject 7.99-acre commercial parcel I searched the area for commercial property sales which were similar to the subject site. My search resulted in the 8 transactions shown on the facing chart.

Data No. 1 refers to the current escrow of the site in masterplanned development in Corona, Eagle Glen. Corona Country Club Estates is in escrow to purchase the site. The price is $1,230,000, or $8.48 per square foot, per the escrow instructions. According to the buyer, escrow is anticipated to close on May 15, 2001. The site has been mass graded with surrounding streets and roads in place.

Data No. 2 pertains to an excess Caltrans site contiguous to the Data No.1. This site is landlocked due to its configuration at the offramp. The site is below grade at Eagle Glen Parkway.

Data No. 3 refers to the recent purchase of a 2.85-acre parcel located within Eagle Glen near Data Nos. 1 and 2. This site was purchased by the City of Corona for a fire/police station. It is the appraiser's understanding this was a negotiated price with no threat of eminent domain. This site is mass graded and at street grade of Bedford Canyon Road. All surrounding streets are in place.

Data No.4 is located within the subject District and across for the subject property. It was purchased by the Ford Dealer (which is developed on the adjacent parcel to the sale) and is currently used for parking of excess vehicles. The site is graded with curb, gutters, and storm drains.

Data No. 5 is a current escrow of a 10.68-acre raw parcel of land in an inferior location in an area known as "Horsethief Canyon".

Data Nos. 6 and 7 refer to two sales within the City of Corona. The first, Data No. 6, is located in South Corona at California and Ontario near the I-15 offramp. This site does not have

freeway visibility, however it is near a new Home Depot. Data No. 7 is located on the heavily traveled arterial of Lincoln Avenue, just north of 6th street. This sale is an infill pad located within an existing shopping center.

Data No. 8 details the sale of a 5.53-acre parcel, which was zoned for manufacturing use. The site was purchased for the construction of a new health club. This location is north of Corona on Interstate 15 in the City of Norco.

The market data has a wide range of $2.53 to $17.50 per square foot. The most comparable sale is Data No. 4 at $6.85 per square foot and is across from the subject property. The remaining market data range from a low of $2.53 to a high of $8.48 on a per square foot basis. The subject parcel is in a mass graded superpad condition. Surrounding streets are installed and utilities are to the site. I have concluded that the subject 7.99-acre site has a current fair market value of $5.00 per square foot. The calculation is as follows:

7.99 acres (348,044 sf) x $5.00 psf = $1,740,222 (say) $1,750,000

SECTION I - SUMMARY

The appraisal assignment for this Section I was to estimate the market value of (a) merchant builder owned property and (b) undeveloped lands within the subject property located within Community Facilities District No. 90-1, Lusk Highlander, City of Riverside. The subject property consists of residential lands and a commercial parcel within a portion of Lusk Highlander, a master planned community. The property is located in the City of Riverside in Riverside County, California.

The Sales Comparison Approach was utilized in the valuing of the subject property. A discounted cash flow was not considered due to the varying ownerships of the subject property. The final value conclusions for the subject properties are states as follows.

Van Daele	**$2,850,000**
Tava Development	**$2,583,000**
Wells Fargo Bank	**$1,750,000**

The total aggregate estimate of value is:

$7,183,000

The above values are reported as of said date of value subject to the Assumptions and Limiting Conditions and the Appraiser's Certification set forth in this report as of said date of value.

Please refer to the Addenda of this report for a detailed listing of the parcels addressed in Section I.

SECTION II

This section values the "gap" properties. Gap properties are parcels that have been improved with new homes but are not yet reflected on the Riverside County Assessor's Roll. There are fifty-five of these parcels. The sales prices at which these have sold are considered market value. Please refer to the Addenda of this report for a detailed listing of these parcels.

The total aggregate value for Section II is:

$15,537,591

SECTION III

Section III involved the reporting and forming of an opinion of the values listed on the Riverside County Assessor's Roll for 2001/2002. As part of this due diligence I have completed the following:

- Collected resales that have occurred since 1/01/01 and compared the sales prices to the assessed values.
- Reviewed the Base Year of the Assessor Parcel Number.
- Collected and reviewed apartment transactions and compared these indicators of value to the Assessed Value of the existing apartments in the District.

As a result of the above due diligence, I believe the Assessed Values would represent a minimum value for the market value. There are 640 Assessor Parcels in this section. Please refer to the Addenda of this report for a detailed listing of these parcels.

The total aggregate value for Section III is:

$162,080,762

REPORT SUMMARY

The appraisal assignment was to form an opinion of value of the Assessor parcels that are located within Community Facilities District No.90-2, Lusk Highlander, City of Riverside. The appraisal was presented in three sections.

Section I valued all of the lots and standing inventory of the merchant builders. In addition, a 7.99-acre commercial parcel was appraised. The results of this section are:

Van Daele	**$2,850,000**
Tava Development	**$2,583,000**
Wells Fargo Bank	**$1,750,000**

The total aggregate estimate of value is:

$7,183,000

Section II addressed the "gap" properties. There were 55 of these parcels that have sold since January 1, 2001. These transactions are considered to represent market value. The total aggregate value for Section II is:

$15,537,591

Section III addressed the Assessed Values for 2001/2002. I have formed an opinion, based on due diligence, that the Assessor's Roll represents a minimum market value. The total aggregate value for Section III is:

$162,080,762

APPRAISERS' CERTIFICATION

I certify to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions, and conclusions.

3. I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.

4. My 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.

5. This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of any specified amount.

6. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal practice.

7. I have made a personal inspection of the property that is the subject of this report.

8. No one provided significant professional assistance to the persons signing this report.

9. 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 and the standards of Professional Appraisal Practice of the Appraisal Institute.

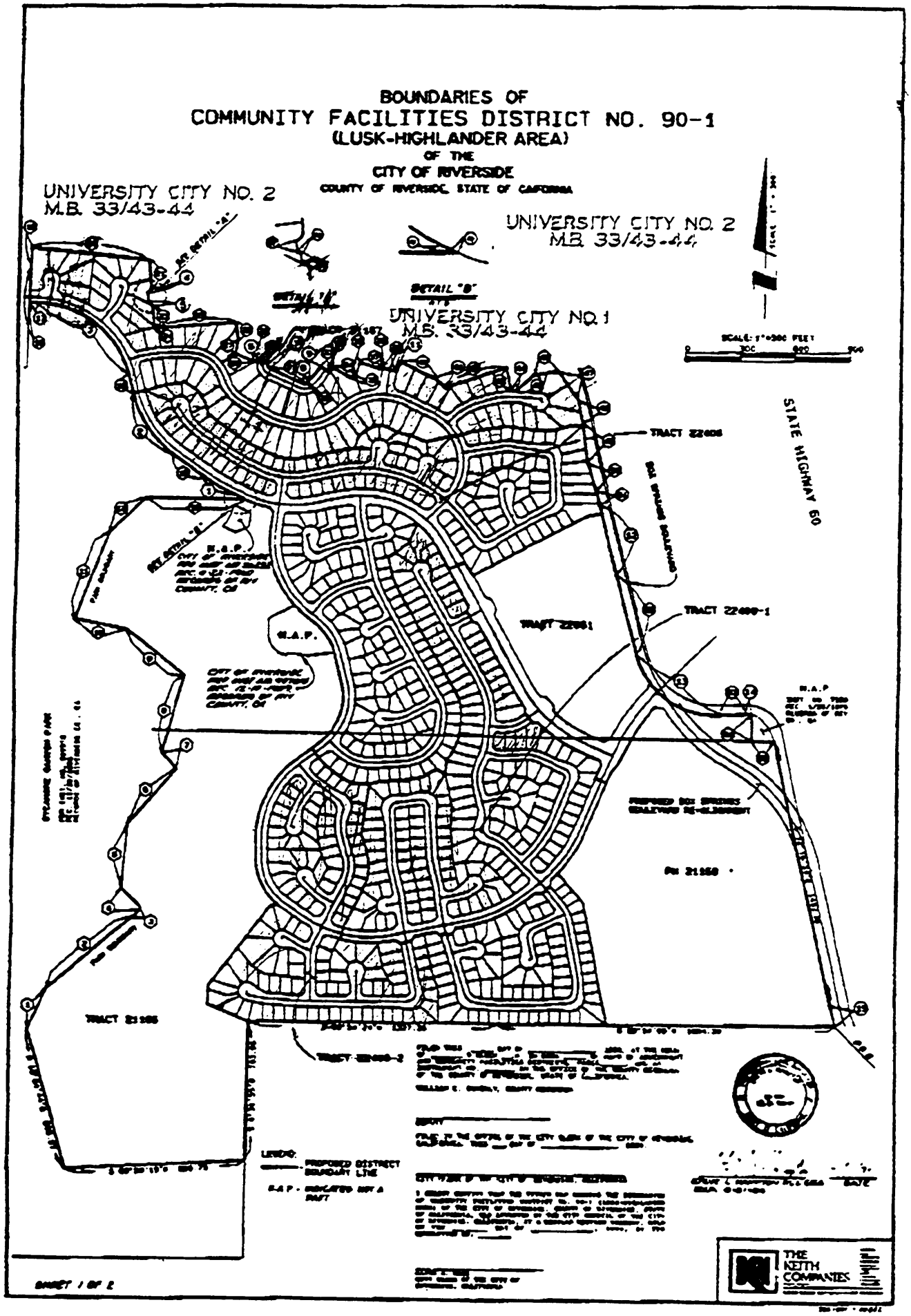
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

11. As of the date of this report, Bruce W. Hull have completed the requirements of the continuing education program of the Appraisal Institute.

Bruce W. Hull, MAI
State Certified General
R.E. Appraiser (AG004964)

ADDENDA

CFD BOUNDARY MAP


BOUNDARIES OF
COMMUNITY FACILITIES DISTRICT NO. 90-1
(LUSK-HIGHLANDER AREA)
OF THE
CITY OF RIVERSIDE
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
UNIVERSITY CITY NO. 2
M.B. 33/43-44
UNIVERSITY CITY NO. 2
M.B. 33/43-44
UNIVERSITY CITY NO. 1
M.B. 33/43-44
STATE HIGHWAY 60
TRACT 22406
TRACT 22400-1
TRACT 22401
TRACT 21165
LEGEND:
PROPOSED DISTRICT BOUNDARY LINE
THE KEITH COMPANIES

MARKET DATA SUMMARY SHEETS

LAND SALES SUMMARY SHEET

Data No.	Location / Buyer – Seller	Sale Date	No. Lots	Lot Size	Sales Price	Price/ Lot	Price/ Fin. Lot	Comments
1	Phase 2, Planning Area 2 Orangecrest / Richman American / Communities Southwest	4/01	26	10,500 sf	$1,307,306	$50,281	$84,000	First of three take-downs. Second take-down @ $55,000 finished lot (8/01). Third take-down @ $86,000 finished lots (8/02).
2	S/S JFC @ Wood Road, Orangecrest / Standard Pac – CSW	Curr. Esc.	74	10,500 & 13,500	N/A	N/A	$86,500	Within Orangecrest. Lots sold in blue top condition.
3	Phase 7, PA 2, Orangecrest / DR Horton – Communities Southwest	12/00	73	7,000 sf	$2,575,525	$36,275	$85,000	Blue top lots with final map ready to record. First of two scheduled takedowns. Next transaction @ $73,000 schedule to close in 7/01.
4	NEC Orange Terrace Pky & Trautwein, Orangecrest / Richmond Am – Brookfield	12/00	52	7,200 sf	N/A	N/A	$67,000	First takedown of 156 total lots. Second takedown estimated in 7/01 at same price.
5	NW Trautwein & JFK Drive, Orangecrest / Centex – Sheffield Homes	8/18/00	89	8,500 sf	$4,410,039	$49,551	$75,000-$76,000	Sheffield purchased 166 lots and resold this portion to Centex after bluetopping.
6	S/O Victoria; W/O Lyon, Victoria Heights / Van Daele – Griffin	9/1/00	131	8,000 sf	$3,013,000	$23,000	$93,000	Buyer assumed all improvement responsibilities and approval of tentative map.
7	W Trautwein & N. Van Buren /Capital Pacific / Comm. SW	8/15/00	76	10,500 sf	$1,026,000	$13,500	$86,000	Reportedly, buyer received discount due to risk of extensive offsite work responsibilities.
8	El Sobrante E/O La Sierra, Victoria Grove / Deane Homes – Shea	6/1/00	86	7,200 sf	N/A	N/A	$82,500	Asking price was $85,000. Within master planned Community of Victoria Grove
9	NW of Trautwein & JFK Drive, Orangecrest / Sheffield Homes / Wood Cnyn Assoc.	3/24/00	166	8,500 sf	$4,050,000	$24,397	$75,000	Sheffield to blue-top lots and re-sell a portion to Centex (See Data No. 4).
10	NEC Trautwein & Orange Terrace Pky, Orangecrest / Watt-Laing – Brookfield	3/30/00	102	7,200 sf	$6,000,150	$58,825	$71,500	Partially finished lots within Orangecrest.
11	WO Trautwein & NO Van Buren, Orangecrest / Steven Walker Homes / CSW	3/27/00	53	13,000 sf	$2,897,722	$54,674	$95,000	Certified blue top lots with mapping in place.
12	NEC Canyon Crest & Via Vista, Canyon Crest / DR Horton – RUSD	11/99	71	8,500 sf	$3,240,000	$45,634	$88,330	Old school site. Buyer processed map during escrow.

IMPROVED SALES SUMMARY SHEET

Data No.	Project Name Location/Developer	Plan	Rm. Cnt.	S.F.	Flrs/ Pkg.	Lot Size/ No. Lots	Sales Price	Price/SF	Sales Rate	Comments
1	Seneca,	Lowe	4/2.5	2,792	2/3car	10,000sf	$214,130	$76.69	2.84/Mo	Opened 9/99.
	Orangecrest Hills	Myhre	4/2.5	2,912	2/3car	148	$218,900	$75.17		
	Shea Homes	Wright	4/2.5	3,186	2/3car		$227,745	$71.48		
2	Crossroads,	1	3/2	1,776	1/3car	7,000 sf	$168,490	$94.87	5.55/Mo	Project closed. Sold out 2/00.
	Orangecrest Hills	2	4/3	1,810	2/3car	132	$168,990	$93.36		
	Richmond American	3	3/3	2,050	2/3car		$176,990	$86.34		
3	Oakridge Hills,	5	5/3	2,736	2/3car	7,000 sf	$205,990	$75.29	7.11/Mo	Sold out until models released. Sales rate based on presales open date. Based on model open date sales rate 18.4/month
	Orangecrest Heights	6	6/3	3,137	2/3car	67	$215,990	$68.85		
	Van Daele									
4	Keystone Ridge,	1	3/2	1,811	1/3car	7,000 sf	$179,990	$99.38	7.0/Mo	Sold out until models released. Sales rate based on presales open date. Based on model open date sales rate 18.0/month.
	Orangecrest Heights	2	4/3	2,089	2/3car	67	$186,990	$89.51		
	Van Daele	3	4/2.5	2,226	2/3car		$191,990	$86.25		
		4	5/3	2,390	2/3car		$197,990	$82.84		
5	Olive Heights,	1	4/3	2,562	2/3car	10,000sf	$265,990	$103.82	11/Mo	Prices raised in November about $16,000/unit. Sales have slowed considerably since this time per sales office.
	Canyon Crest	2	4/3	2,739	2/3car	71	$270,990	$98.93		
	D.R. Horton	3	5/3	3,262	2/3car		$295,990	$90.74		
6	Orangcrest Country	1	5/3	2,938	2/3car	8,500 sf	$240,990	$81.99	9.75/Mo	Project in the immediate area experiencing good sales rate.
	Orangecrest	2	5/3	3,317	2/3car	96	$249,990	$75.34		
	Standard Pacific	3	6/4	3,512	2/3car		$265,990	$75.71		
7	K&B in Riverside,	Chase	3/2.5	2,344	2/2car	6,800 sf	$166,990	$71.24	4.23/Mo	Project sold out 3/00.
	Orangecrest	Garretson	4/2.5	2,475	2/2car	91	$168,990	$68.28		
	Kaufman & Broad	Kellogg	4/2.5	2,543	2/2car		$173,990	$68.42		
		Lincoln	4/2.5	2,765	2/2car		$210,697	$76.20		
		Taylor	4/2.5	3,099	2/2car		$213,440	$68.87		
8	Sycamore Highlands	1	3/2	1,568	2/3car	8,500 sf	$169,990			
	Lusk-Highland	2	3/2.5	1,862	2/3car		$185,990			
	Citation Homes	3	4/2.5	2,124	2/3car		$198,990			
		4	4/3	2,269	2/3car		$203,990			
9	Sycamore Canyon Estates	1	3/2.5	2,703	1/3car	10,000sf	$271,890			
	Lusk-Highlander	2	4/2.5	3,109	2/3car		$274,990			
	Van Daele	3	5/3.5	3,355	2/3car		$281,990			
		4	5/3.5	3,655	2/3car		$298,990			

COMMERCIAL LAND SALES SUMMARY CHART

Data No.	Location	Date of Sale	Lot Size	Zoning	Sales Price	Price/SF	Comments
1	NEC Bedford Canyon Road & Eagle Glen Parkway, Eagle Glen / Corona Country Club Estates / McMillin	Curr. Escrow	3.33 Ac	Comm.	$1,230,000	$8.48	Subject property. Seller to pay an estimated 85,000 to remove property from Williamson Act.
2	NWC I-15 and Eagle Glen Parkway, Eagle Glen / Corona Country Club Estates / Caltrans	Curr. Neg.	0.83	Comm.	$150,450	$4.16	Land locked parcel. Excess lands from freeway construction. Adjacent to subject property. Below grade. Needs to be annexed into Specific Plan.
3	E/S Bedford Canyon Road, N/O Eagle Glen Parkway, Eagle Glen / City of Corona / Corona Country Club Estates	4/01	2.85 Ac.	Comm.	$1,044,260	$8.41	Purchased for a fire/police station. Per City price negotiated, not eminent domain.
4	NEC Sycamore Canyon Court and Sycamore Canyon Blvd/Riverside Raceway Ford, Inc/Wells Fargo	9/99	1.6	Comm.	$470,448	$6.85	A portion of this 1.6 acres is within the subject District. Purchased by the Ford Dealer for storage of autos.
5	SWC Horsethief Canyon & De Palma Rds, unincorporated Corona / Conf. / Grantham & Jaggars	Esc.	10.68	Comm.	$1,500,000	$3.22	Both streets will require offsite improvements. Within the master plan known as Horsethief Canyon.
6	SEC California & Ontario, South Corona / Hanshaw / Kang-His & Chou	9/00	2.4 Ac.	Comm.	$1,260,000	$12.05	Non freeway visible corner site in South Corona.
7	W/S Lincoln Avenue, N/O 6th Street, Corona	7/99	0.853 Ac	Comm.	$650,000	$17.50	In fill pad in existing shopping area in downtown Corona.
8	SEC Hamner & First Street, Norco / Realty Income Corporation / Ochiai	6/99	5.53	Manuf.	$1,235,000	$5.67	Purchased for a LA Fitness Sports Club.

SECTION I LISTING OF ASSESSOR'S PARCEL NUMBERS

ID #	SECTION I OWNER	BASE YEAR	APN	APPRAISED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	C
59	TOTALS	59		$ 7,183,000	58	58	59	48	0	7	3
1	TAVA DEV CO	1999	256-391-001		13	22408-7	393810 09/1998	UC			
2	TAVA DEV CO	1999	256-391-002		14	22408-7	393810 09/1998	UC			
3	TAVA DEV CO	1999	256-392-001		15	22408-7	393810 09/1998	UC			
4	TAVA DEV CO	1999	256-392-002		16	22408-7	393810 09/1998	UC			
5	TAVA DEV CO	1999	256-392-003		17	22408-7	393810 09/1998	UC			
6	TAVA DEV CO	1999	256-392-024		38	22408-7	393810 09/1998	UC			
7	TAVA DEV CO	2000	256-392-025		39	22408-7	393810 09/1998			M	
8	TAVA DEV CO	2000	256-392-026		40	22408-7	393810 09/1998			M	
9	TAVA DEV CO	2000	256-392-027		41	22408-7	393810 09/1998			M	
10	TAVA DEV CO	2000	256-392-028		42	22408-7	393810 09/1998			M	
11	TAVA DEV CO	1999	256-401-012		12	22408-7	393810 09/1998	UC			
12	TAVA DEV CO	1999	256-402-001		43	22408-7	393810 09/1998	UC			
13	TAVA DEV CO	2001	256-421-012		12	22408-5	007272 01/2000	UC			
14	TAVA DEV CO	2001	256-421-013		13	22408-5	007272 01/2000	UC			
15	TAVA DEV CO	2001	256-421-014		14	22408-5	007272 01/2000	UC			
16	TAVA DEV CO	2001	256-421-015		15	22408-5	007272 01/2000	UC			
17	TAVA DEV CO	2001	256-421-016		16	22408-5	007272 01/2000	UC			
18	TAVA DEV CO	2001	256-421-017		17	22408-5	007272 01/2000	UC			
19	TAVA DEV CO	2001	256-421-018		18	22408-5	007272 01/2000	UC			
20	TAVA DEV CO	2001	256-421-019		19	22408-5	007272 01/2000	UC			
21	TAVA DEV CO	2001	256-421-020		20	22408-5	007272 01/2000	UC			
22	TAVA DEV CO	2001	256-421-021		21	22408-5	007272 01/2000	UC			
23	TAVA DEV CO	2001	256-421-022		22	22408-5	007272 01/2000	UC			
24	TAVA DEV CO	2001	256-421-023		23	22408-5	007272 01/2000	UC			
25	TAVA DEV CO	2001	256-421-024		24	22408-5	007272 01/2000	UC			
26	TAVA DEV CO	2001	256-422-001		25	22408-5	007272 01/2000	UC			
27	TAVA DEV CO	2001	256-422-002		26	22408-5	007272 01/2000	UC			
28	TAVA DEV CO	2001	256-422-003		27	22408-5	007272 01/2000	UC			
29	TAVA DEV CO	2001	256-422-004		28	22408-5	007272 01/2000	UC			
30	TAVA DEV CO	2001	256-422-005		29	22408-5	007272 01/2000	UC			
31	TAVA DEV CO	2001	256-422-006		30	22408-5	007272 01/2000	UC			
32	TAVA DEV CO	2001	256-422-007		31	22408-5	007272 01/2000	UC			
33	TAVA DEV CO	2001	256-422-008		32	22408-5	007272 01/2000	UC			
34	TAVA DEV CO	2001	256-422-013		37	22408-5	007272 01/2000				C
35	TAVA DEV CO	2001	256-422-016		40	22408-5	007272 01/2000				C
	35 Parcels		TOTAL	$ 2,583,000							
1	VD SYCAMORE HIGHLANDS 59 /	2001	256-440-001		1	21166	015919 01/2000			M	
2	VD SYCAMORE HIGHLANDS 59 /	2001	256-440-002		2	21166	015919 01/2000			M	
3	VD SYCAMORE HIGHLANDS 59 /	2001	256-440-003		3	21166	015919 01/2000			M	
4	VD SYCAMORE HIGHLANDS 59 /	2001	256-440-004		4	21166	015919 01/2000				C
5	VD SYCAMORE HIGHLANDS 59 /	2001	256-440-008		8	21166	015919 01/2000	UC			
6	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-001		13	21166	015919 01/2000	UC			
7	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-002		14	21166	015919 01/2000	UC			
8	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-003		15	21166	015919 01/2000	UC			
9	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-004		16	21166	015919 01/2000	UC			
10	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-005		17	21166	015919 01/2000	UC			

ID #	SECTION I OWNER	BASE YEAR	APN	APPRAISED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	C
11	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-006		18	21166	015919 01/2000	UC			
12	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-007		19	21166	015919 01/2000	UC			
13	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-037		49	21166	015919 01/2000	UC			
14	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-038		50	21166	015919 01/2000	UC			
15	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-039		51	21166	015919 01/2000	UC			
16	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-040		52	21166	015919 01/2000	UC			
17	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-041		53	21166	015919 01/2000	UC			
18	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-042		54	21166	015919 01/2000	UC			
19	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-043		55	21166	015919 01/2000	UC			
20	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-044		56	21166	015919 01/2000	UC			
21	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-045		57	21166	015919 01/2000	UC			
22	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-046		58	21166	015919 01/2000	UC			
23	VD SYCAMORE HIGHLANDS 59 /	2001	263-360-047		59	21166	015919 01/2000	UC			
	23 Parcels		**TOTAL**	**2,850,000**							
1	WELLS FAR60 BANK	1994	263-030-061				159828 04/1999				
	1 Parcels		**TOTAL**	**1,750,000**							
59	**TOTALS**	**59**		**$ 7,183,000**	**58**	**58**	**59**	**48**	**0**	**7**	**3**

UC = Under Construction
G = Gap Properties
M = Model
MS = Model Sold
EL = Excess land
C =Completed Homes

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SECTION II LISTING OF ASSESSOR'S PARCEL NUMBERS

ID #	SECTION II OWNER	BASE YEAR	APN	APPRAISED VALUE	TOTAL ASSESSED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	MS
55	TOTALS	55	55	$ 15,537,591	$ -	55	55	55	0	55	0	0
1	LIDERBACH - VEGA	2001	263-360-008	408,562		20	21166	4/24/01		G		
2	YOUNG	2001	256-421-003	189,000		3	22408-5	1/12/01		G		
3	WOOD	2001	256-421-008	191,990		8	22408-5	3/14/01		G		
4	D'AGUIAR / CHAN	2001	256-421-009	182,500		9	22408-5	3/28/01		G		
5	RAMIREZ / OARRANZA	2001	256-421-010	185,220		10	22408-5	4/27/01		G		
6	VILLACORTA	2001	256-421-011	178,990		11	22408-5	3/13/01		G		
7	COTE	2001	256-422-009	177,990		33	22408-5	2/28/01		G		
8	PONCIN	2001	256-422-010	163,990		34	22408-5	3/9/01		G		
9	BONILLA	2001	256-422-011	179,990		35	22408-5	3/23/01		G		
10	MONTEROS	2001	256-422-012	165,990		36	22408-5	2/28/01		G		
11	PITTER / KRIENS	2001	256-422-014	181,990		38	22408-5	3/7/01		G		
12	TOPETE	2001	256-422-015	203,990		39	22408-5	3/26/01		G		
13	LEWIS	2001	256-422-017	169,990		41	22408-5	3/13/01		G		
14	MCDOLE	2001	256-422-018	181,990		42	22408-5	3/9/01		G		
15	DUNTON	2001	256-422-019	201,990		43	22408-5	3/30/01		G		
16	LASAM	2001	256-422-020	204,990		44	22408-5	3/23/01		G		
17	GAMBOA	2001	256-422-021	158,990		45	22408-5	2/28/01		G		
18	BERNASCONI	2001	256-422-023	171,990		47	22408-5	1/19/01		G		
19	OWENS	2001	256-422-024	158,990		48	22408-5	1/5/01		G		
20	GOODIN	2001	256-422-027	179,990		51	22408-5	2/9/01		G		
21	ALVAREZ	2001	256-440-005	319,990		5	21166	5/11/01		G		
22	GOON	2001	256-440-006	340,140		6	21166	4/26/01		G		
23	NEAL	2001	256-440-007	317,540		7	21166	4/27/01		G		
24	LARGENT	2001	256-440-009	406,690		9	21166	5/2/01		G		
25	PENN	2001	256-440-010	417,690		10	21166	4/30/01		G		
26	BEAM	2001	256-440-011	368,970		11	21166	5/2/01		G		
27	DIVOLA	2001	256-440-012	406,390		12	21166	5/4/01		G		
28	ZIEGLER	2001	263-360-009	374,790		21	21166	4/01		G		
29	ALDEN	2001	263-360-010	376,024		22	21166	4/01		G		
30	RANDHAWA	2001	263-360-011	454,772		23	21166	4/01		G		
31	SSHSERMAN	2001	263-360-012	464,640		24	21166	4/01		G		
32	ROMERO	2001	263-360-013	410,440		25	21166	4/01		G		
33	SMITH	2001	263-360-014	354,590		26	21166	4/01		G		
34	MARTIN	2001	263-360-015	362,240		27	21166	4/01		G		
35	NGUYEN	2001	263-360-016	348,990		28	21166	4/01		G		
36	TRACY	2001	263-360-017	304,240		29	21166	4/01		G		
37	PASSONI	2001	263-360-018	339,490		30	21166	4/01		G		
38	SMITH	2001	263-360-019	383,758		31	21166	4/01		G		
39	AL-ARJI	2001	263-360-020	269,990		32	21166	5/01		G		
40	WADE	2001	263-360-021	281,740		33	21166	5/01		G		
41	TAMRAT	2001	263-360-022	297,990		34	21166	5/01		G		
42	NEWHALL	2001	263-360-023	303,490		35	21166	5/01		G		
43	TORRES	2001	263-360-024	328,834		36	21166	5/01		G		
44	ABUCEJO	2001	263-360-025	271,990		37	21166	5/01		G		
45	HELDOORN	2001	263-360-026	271,890		38	21166	5/01		G		
46	VIRREY	2001	263-360-027	274,997		39	21166	5/01		G		

ID #	SECTION II OWNER	BASE YEAR	APN	APPRAISED VALUE	TOTAL ASSESSED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	MS
47	GERRY	2001	263-360-028	281,990		40	21166	5/01		G		
48	COCKER	2001	263-360-029	272,684		41	21166	5/01		G		
49	LEANG	2001	263-360-030	325,125		42	21166	5/01		G		
50	MORTON	2001	263-360-031	298,990		43	21166	5/01		G		
51	WATSON	2001	263-360-032	283,590		44	21166	5/01		G		
52	HOWELL	2001	263-360-033	277,490		45	21166	5/01		G		
53	LEE	2001	263-360-034	300,590		46	21166	5/01		G		
54	MCVEIGH	2001	263-360-035	317,890		47	21166	5/01		G		
55	ECHEVERRIA	2001	263-360-036	287,815		48	21166	5/01		G		
55	TOTALS	55	55	$ 15,537,591	$ -	55	55	55	0	55	0	0

UC = Under Construction
G = Gap Properties
M = Model
MS = Model Sold
EL = Excess land

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SECTION III LISTING OF ASSESSOR'S PARCEL NUMBERS

ID #	SECTION III OWNER	BASE YEAR	APN	APPRAISED VALUE	TOTAL ASSESSED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	MS
613	TOTALS	613	613	$ -	$ 162,080,762	606	605	613	0	0	0	0
1	CALIF. ST. TEACHERS RET. SYS.	2001	256-120-012		20,195,999	15.62 AC.		216816 06/2000				
2	MONAHAN GERALD J. TR	1993	256-351-001		203,060	39	22408-1	104891 03/2000				
3	MEHRA RAJESH K.	1993	256-351-002		193,670	40	22408-1	139593 04/1992				
4	SOSA MANUEL G.	1997	256-351-003		138,914	41	22408-1	222644 06/1998				
5	WARR KATHLEEN A.	1993	256-351-004		163,276	42	22408-1	411644 12/1995				
6	RUBINI ROBERTO G.	1993	256-351-005		144,060	43	22408-1	214761 09/1995				
7	CARDON JAY	2000	256-352-001		198,900	44	22408-1	523951 11/1999				
8	HERSMAN MICHAEL W.	1993	256-352-002		163,276	45	22408-1	233231 06/1996				
9	LARSON LOUIS G.	1993	256-352-003		151,979	46	22408-1	349790 09/1992				
10	WASHINGTON SHAWN	1993	256-352-004		183,982	47	22408-1	257730 07/1992				
11	GUTIERREZ LEROY	1993	256-352-005		191,323	48	22408-1	153494 04/1992				
12	YADAV NADHAV P	1999	256-352-006		149,684	49	22408-1	426379 10/1998				
13	FLEMING COLLEEN M	1998	256-352-007		119,735	50	22408-1	528119 03/1999				
14	GARCIA ALFRED M.	1999	256-352-008		139,875	51	22408-1	051447 02/1998				
15	DIETRICH HAROLD R.	1998	256-352-009		123,974	52	22408-1	387035 10/1997				
16	ROBINSON WYLIE LIVING TRUST	1998	256-352-010		110,622	53	22408-1	265230 12/1998				
17	EHRLICH CAROLYN W.	1998	256-353-001		109,033	54	22408-1	231755 06/1998				
18	REED WINFRED U	1999	256-353-002		151,248	55	22408-1	120777 03/1998				
19	EVETT ARTHUR	1998	256-353-003		130,437	56	22408-1	316100 08/1997				
20	HUNTER BURNETTA JEAN	1998	256-353-004		117,091	57	22408-1	340195 08/1998				
21	CLEVELAND JILL M.	1999	256-353-005		140,405	58	22408-1	518583 12/2000				
22	LEE JOAN E	1998	256-353-006		130,126	59	22408-1	324464 09/1997				
23	INMAN TERRY	1998	256-353-007		133,729	60	22408-1	315586 08/1997				
24	CHANG HENRY K.	2001	256-353-008		166,000	61	22408-1	351250 08/2000				
25	CEDARBLADE THOMAS G.	1998	256-353-009		145,944	62	22408-1	379596 09/2000				
26	SCOTT LINDA G.	1998	256-353-011		115,503	64	22408-1	340711 09/1997				
27	RAMIREZ PETER	1998	256-353-012		119,970	65	22408-1	341891 09/1997				
28	MOORE RICHARD H E	1999	256-353-013		128,000	66	22408-1	035588 01/1998				
29	BARKAUSKAS MARY JEAN	2001	256-353-014		135,700	67	22408-1	386051 09/2000				
30	MCMURRAY KAREN L.	1998	256-353-015		127,788	68	22408-1	333443 09/1997				
31	EVANS KENNETH A.	1998	256-353-016		126,517	69	22408-1	344099 09/1997				
32	ESTRADA ROBERT RUSS	1998	256-353-017		109,903	70	22408-1	473875 11/2000				
33	COLWELL MARK	1999	256-353-018		135,530	71	22408-1	025078 01/1998				
34	NAVARRETE GERSON	1999	256-353-019		136,377	72	22408-1	120771 03/1998				
35	CUEVAS JUAN JOSE	1999	256-353-020		126,304	73	22408-1	040128 02/1998				
36	MOORE RONNIE	1998	256-353-021		116,562	74	22408-1	398805 10/1997				
37	TORRES ALEX	1999	256-353-022		136,160	75	22408-1	105863 03/1998				
38	BRADLEY CYNTHIA	1994	256-353-023		147,166	76	22408-1	275685 07/2000				
39	ENCINAS MANUEL JR	1994	256-353-024		154,068	77	22408-1	166600 05/1993				
40	RHO EUN HO	1993	256-353-025		142,660	78	22408-1	348146 09/1993				
41	KIM CONNIE J.	1995	256-353-026		152,712	79	22408-1	457102 12/1994				
42	LUNA MARIA D J	1993	256-353-027		164,424	80	22408-1	457740 12/1992				
43	SYLER LUCILLE J.	1993	256-353-028		154,068	81	22408-1	496399 12/1992				
44	BERNAL RONALD A.	1993	256-353-029		176,389	82	22408-1	283933 07/1992				

ID #	SECTION III OWNER	BASE YEAR	APN	APPRAISED VALUE	TOTAL ASSESSED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	MS
45	MOORE DERWIN S	1994	256-353-030		145,392	83	22408-1	449618 11/1993				
46	STRAITT MICHAEL W	1993	256-353-031		194,842	84	22408-1	205201 06/1992				
47	DEL VALLE KELLEY J.	2000	256-353-032		127,211	85	22408-1	127831 03/1999				
48	LEFEBVRE ROBERT A.	1998	256-353-033		148,821	63	22408-1	263980 06/1999				
49	MAYNARD DONALD JAMES	2000	256-361-001		262,452	1	21167	114093 03/1999				
50	THOMPSON SACHIKO L.	2000	256-361-002		241,644	2	21167	133716 03/1999				
51	SKILES WAYNE J.	2000	256-361-003		229,170	3	21167	122978 03/1999				
52	VON INS PAUL RUSSELL JR	2000	256-361-004		192,652	4	21167	216092 05/1999				
53	ARIAS GREG TIM TR	2000	256-361-005		212,004	5	21167	034185 01/2000				
54	UNRUH WILLIAM E. JR	1999	256-361-006		191,196	6	21167	493007 11/1998				
55	WEBSTER ROBERT A.	1999	256-361-007		178,191	7	21167	493009 11/1998				
56	HODGKINSON JOHN H.	1999	256-361-008		196,398	8	21167	503471 11/1998				
57	LUCIA DONALD G P JR	1999	256-361-009		206,698	9	21167	493013 11/1998				
58	SCHROM JOHN W.	1999	256-361-010		219,004	10	21167	498027 03/2001				
59	YOCUM CRAIG K.	1999	256-361-011		203,502	11	21167	507666 12/2000				
60	YOCUM PAUL D.	1999	256-361-012		198,479	12	21167	493011 11/1998				
61	CHEN KUAN CHUNG	1999	256-361-013		223,968	13	21167	039145 02/1999				
62	BALANDIN ALEXANDER A.	2001	256-361-014		227,600	14	21167	136961 04/2000				
63	PERRONE JOHN JOSEPH	1999	256-361-015		196,635	15	21167	497849 11/1998				
64	JONES THOMAS B.	1999	256-361-016		199,935	16	21167	507374 11/1998				
65	PEIRCE DANIEL H.	1999	256-361-017		192,804	17	21167	512193 11/1998				
66	WHITTON JERRY A	1999	256-361-018		180,792	18	21167	517742 11/1998				
67	HUXEN SHARON SUZANNE	2001	256-361-019		215,360	19	21167	170341 05/2000				
68	TERRAZAS DENA	2000	256-361-020		220,356	20	21167	488430 12/2000				
69	HERNANDEZ GLORIA	1999	256-361-021		199,207	21	21167	539970 12/1998				
70	ALVAREZ MIRNA A MANJARREZ	1999	256-361-022		212,241	22	21167	551488 02/1999				
71	KOVACEVICH MILAN R	1999	256-361-023		232,009	23	21167	527402 12/1998				
72	HENDERSON ROBERT	1999	256-361-024		181,832	24	21167	513965 11/1998				
73	CALHOUNE JERMAINE	2000	256-362-001		224,400	76	21167	479021 11/1999				
74	QUAZI HASHMI S E	1999	256-362-002		201,525	77	21167	549106 12/1998				
75	YOUNG WI LIAMS CY	1999	256-362-003		192,474	78	21167	566398 12/1998				
76	MATHWIG MICHAEL W	1999	256-362-004		192,236	79	21167	547850 12/1998				
77	SAGER GLENN	1999	256-362-005		195,357	80	21167	547848 12/1998				
78	NEWBOLD LENA	1999	256-362-006		196,398	81	21167	549104 12/1998				
79	SAKNIT THOMAS K.	1999	256-371-001		202,878	25	21167	538533 12/1998				
80	HURT DARRYL L.	1999	256-371-002		222,645	26	21167	529166 12/1998				
81	LACONICO EDUARDO V.	1999	256-371-003		97,988	27	21167	530721 12/1998				
82	DARK DONALD S.	1999	256-371-004		197,438	28	21167	533549 12/1998				
83	KIM SU CHA	2001	256-371-005		235,500	29	21167	481674 12/2000				
84	GREEN DAVID B.	1999	256-371-006		204,721	30	21167	560537 12/1998				
85	PHILLIPS JAMES C	1999	256-371-007		216,923	31	21167	564059 12/1998				
86	MORALES MARINO F.	2000	256-371-008		202,357	32	21167	009405 01/1999				
87	ROBERTS MARIO	1999	256-371-009		204,958	33	21167	560539 12/1998				
88	EMC MORTGAGE CORP	2001	256-371-010		214,114	34	21167	455195 11/2000				
89	COYOCA RADITO F.	2000	256-371-011		224,176	35	21167	004870 01/1999				

ID #	SECTION III OWNER	BASE YEAR	APN	APPRAISED VALUE	TOTAL ASSESSED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	MS
90	KELLY KATHLEEN ANN	2000	256-372-001		198,092	60	21167	051482 02/1999				
91	CHU MINGJI	2000	256-372-002		216,686	61	21167	056447 02/1999				
92	VANDERZELL DEBRA A.	2000	256-372-003		208,080	62	21167	074484 02/1999				
93	CAMPOS JAVIER	2000	256-372-004		207,322	63	21167	056456 02/1999				
94	DU YONGIUN	2000	256-372-005		224,726	64	21167	056454 02/1999				
95	ANDERSON MICHAEL A	2000	256-372-006		190,676	65	21167	063337 02/1999				
96	NGUYEN LE NGOC	2000	256-372-007		209,854	66	21167	449946 10/1999				
97	POLMOUNTER RICKIE	2000	256-372-008		180,272	67	21167	127989 04/2000				
98	INIGUEZ JOSE M.	2000	256-372-009		189,635	68	21167	056449 02/1999				
99	LOEW BRIAN M.	2000	256-372-010		183,393	69	21167	056458 02/1999				
100	NICOLA FAYEZ	1999	256-372-011		197,958	70	21167	544040 12/1998				
101	BERGSTROM DANIEL J.	1999	256-372-012		205,137	71	21167	535576 12/1998				
102	HAMBLIN JEFFREY PAUL	1999	256-372-013		185,161	72	21167	535574 12/1998				
103	PEREZ VIRGIL A.	1999	256-372-014		164,666	73	21167	538535 12/1998				
104	GARCIA JUANITO T.	1999	256-372-015		184,150	74	21167	545542 12/1998				
105	REYNOLDS JAMES F. SR	1999	256-372-016		216,961	75	21167	549102 12/1998				
106	LEE PHENG H.	2000	256-381-001		209,403	36	21167	007176 01/1999				
107	DAVIS LARRY W.	2000	256-381-002		224,726	37	21167	008931 01/1999				
108	MIAO SHUKA	2000	256-381-003		190,259	38	21167	009402 01/1999				
109	LELAND FREDERICK T.	2000	256-381-004		220,696	39	21167	014496 01/1999				
110	METSCHKE IVAN C. JR	2000	256-381-005		204,334	40	21167	014498 01/1999				
111	DANIEL DAVID M. TR	2000	256-381-006		212,524	41	21167	N0541300 12/1999				
112	DUVVURI SATYA V.	2000	256-381-007		170,492	42	21167	019588 01/1999				
113	SWARRETT LARRY D.	2000	256-381-008		186,514	43	21167	037148 01/1999				
114	BELISARIO DAVID J.	2000	256-381-009		218,766	44	21167	028311 01/1999				
115	RUIZ GILBERT F.	2000	256-381-010		197,259	45	21167	030164 01/1999				
116	DEL ANGEL JULIO C.	2000	256-381-011		197,676	46	21167	028310 01/1999				
117	WILLIAMS CHARLES GENE	2000	256-381-012		182,768	47	21167	033353 01/1999				
118	SIY JOSE V.	2000	256-381-013		216,819	48	21167	033349 01/1999				
119	WARNER PAUL M.	2000	256-381-014		196,531	49	21167	033346 01/1999				
120	HUNTER JEFFREY L	2000	256-381-015		207,039	50	21167	033684 01/1999				
121	APILADO CAMILO E.	2000	256-381-016		228,435	51	21167	037992 01/1999				
122	STICKEL GARY LEWIS	2000	256-381-017		189,352	52	21167	039977 02/1999				
123	VILLAMOR RAMON S.	2000	256-381-018		194,554	53	21167	043833 02/1999				
124	SANTA ROMANA MANUEL V.	2000	256-381-019		202,982	54	21167	033344 01/1999				
125	ONTIVEROS FRANCISCO	2000	256-381-020		207,039	55	21167	045955 02/1999				
126	BUSH AMY L.	2000	256-382-001		183,110	56	21167	054022 02/1999				
127	AKI JOHN H.	2000	256-382-002		234,090	57	21167	065776 02/1999				
128	SHI CHANGAN	2000	256-382-003		219,287	58	21167	056445 02/1999				
129	JACKSON WILLIAM A.	2000	256-382-004		213,564	59	21167	047394 02/1999				
130	SOMMER GREGORY A.	2001	256-392-004		174,420	18	22408-7	073491 02/2000				
131	SAAR ALBERT M.	2000	256-392-005		90,405	19	22408-7	061769 06/2000				
132	GROVER DEEPAK	2001	256-392-006		190,944	20	22408-7	064258 02/2000				
133	MARTINEZ PAULA C.	2001	256-392-007		165,852	21	22408-7	061775 02/2000				
134	MARTIN JOYCE LYNETTE	2001	256-392-008		154,224	22	22408-7	061771 02/2000				

ID #	SECTION III OWNER	BASE YEAR	APN	APPRAISED VALUE	TOTAL ASSESSED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	MS
135	SNIDER BEN F.	2001	256-392-009		158,852	23	22408-7	060355 02/2000				
136	ANDRADE DANIEL	2001	256-392-010		178,640	24	22408-7	061765 02/2000				
137	SCOTT BEVERLEY S	2001	256-392-011		149,978	25	22408-7	069411 02/2000				
138	SHOURDS ANDRE L	2001	256-392-012		187,272	26	22408-7	069403 02/2000				
139	KNOCHE SCOTT J.	2001	256-392-013		169,052	27	22408-7	064256 02/2000				
140	BECK ALBERT EARL	2001	256-392-014		191,760	28	22408-7	075701 05/2000				
141	LOWTHER DWAIN E.	2001	256-392-015		192,270	29	22408-7	069416 02/2000				
142	CARTWRIGHT CHARITY	2001	256-392-016		166,604	30	22408-7	069420 02/2000				
143	ANDERSON JASON A.	2001	256-392-017		169,830	31	22408-7	080289 03/2000				
144	LEVICKE FRANCIS X. III	2001	256-392-018		187,476	32	22408-7	073489 02/2000				
145	DARNELL DOUGLAS ARTHUR	2001	256-392-019		172,074	33	22408-7	074601 02/2000				
146	HAFILLAH HAHID M.	2001	256-392-020		180,680	34	22408-7	074603 02/2000				
147	BUCKNER DENNIS B.	2001	256-392-021		186,864	35	22408-7	103883 03/2000				
148	RENTERIA ANTHONY J.	2001	256-392-022		164,666	36	22408-7	069418 02/2000				
149	CORBY LEE R.	2001	256-392-023		180,680	37	22408-7	082787 03/2000				
150	GLEASON GARY G.	2000	256-401-001		150,654	1	22408-7	515460 11/1999				
151	RODRIGUEZ JAVIER	2000	256-401-002		180,540	2	22408-7	518054 11/1999				
152	LEAL PRISCILLA L.	2000	256-401-003		209,036	3	22408-7	195130 05/2000				
153	GARCIA SUZANNE M.	2000	256-401-004		192,576	4	22408-7	515464 11/1999				
154	CARDWELL DAVID WITHERS III	2000	256-401-005		152,630	5	22408-7	515462 11/1999				
155	RAMIREZ HECTOR	2000	256-401-006		182,580	6	22408-7	338124 07/1999				
156	SOMMER ANGELINA M.	2000	256-401-007		148,920	7	22408-7	374793 08/1999				
157	CRAWFORD GREGG A.	2000	256-401-008		174,930	8	22408-7	351326 08/1999				
158	MATULAC JAMES PATRICK A	2000	256-401-009		143,820	9	22408-7	368397 08/1999				
159	HURTADO JAIME C.	2000	256-401-010		176,460	10	22408-7	401512 09/1999				
160	POSTON DOUGLAS S.	2001	256-401-011		153,038	11	22408-7	109092 03/2000				
161	LENAHAN MICHAEL J.	2001	256-402-002		180,578	44	22408-7	069802 02/2000				
162	BOSZE WAYNE P.	2000	256-402-003		182,070	45	22408-7	353424 08/1999				
163	FARMER DONALD L.	2001	256-402-004		185,640	46	22408-7	036771 01/2000				
164	VENEY DAVID	2000	256-402-005		168,300	47	22408-7	343717 07/1999				
165	JARAMILLO RICARDO	2000	256-402-006		176,460	48	22408-7	415567 09/1999				
166	SOMMER ALISON	2000	256-402-009		168,300	51	22408-7	329919 07/1999				
167	STEWART KWANE S.	2000	256-402-010		168,300	52	22408-7	315849 07/1999				
168	FLORES MARK E.	2000	256-402-011		182,580	53	22408-7	326276 07/1999				
169	MERVILLE CARRIE L.	2000	256-402-012		158,100	54	22408-7	322145 07/1999				
170	CHANDER SUBHASH	2001	256-402-013		176,600	55	22408-7	079787 03/2000				
171	WADE SENIDA ANGELA	2000	256-402-014		176,256	56	22408-7	540597 12/1999				
172	FRANKWICK ALETA M	2000	256-402-015		149,264	57	22408-7	533147 12/1999				
173	RIDGWAY DANA WADE	2000	256-402-016		161,606	58	22408-7	540595 12/1999				
174	FROST DIANE J.	2000	256-402-017		188,700	59	22408-7	547000 12/1999				
175	SPIEL THOMAS R.	2001	256-402-018		215,000	60	22408-7	301711 08/2000				
176	SU THOMAS E.	2000	256-402-019		180,170	61	22408-7	537515 12/1999				
177	FOLSTROM RODNEY JAMES	2000	256-402-020		153,140	62	22408-7	536094 12/1999				
178	PAYNE DAVID J.	2000	256-402-021		168,300	63	22408-7	537513 12/1999				
179	ESPARZA RUBEN J.	2000	256-402-022		178,640	49 & 50	22408-7	564552 12/1999				

ID #	SECTION III OWNER	BASE YEAR	APN	APPRAISED VALUE	TOTAL ASSESSED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	MS
180	YOUNG WILLIAM C.	2000	256-402-023		177,480	50	22408-7	319341 07/1999				
181	FISCHER ADAM P.	2001	256-411-001		145,400	1	22408-6	263471 07/2000				
182	BRAGER RICHARD ALLEN	2001	256-411-002		167,280	2	22408-6	256917 06/2000				
183	WILSON DAVID	2001	256-411-003		181,356	3	22408-6	254807 06/2000				
184	ROBERTS MICHAEL J.	2001	256-411-004		193,940	4	22408-6	252539 06/2000				
185	JENKINS KEVIN DALE	2001	256-411-005		180,170	5	22408-6	366615 09/2000				
186	BATCHMAN KEVIN	2001	256-411-008		174,420	6	22408-6	256913 06/2000				
187	MENDOZA FREDDIE H.	2001	256-411-009		158,463	9	22408-6	306872 08/2000				
188	BALL CLINTON W.	2001	256-411-010		173,463	10	22408-6	308829 08/2000				
189	JHA RAJESH C.	2001	256-411-011		195,900	11	22408-6	N0471963 11/2000				
190	NAVARRO WILFREDO SAPALO	2001	256-411-012		165,463	12	22408-6	339888 08/2000				
191	GASSAWAY MICHAEL KEVIN	2001	256-411-013		172,463	13	22408-6	308823 08/2000				
192	FLETCHER LARRY J.	2001	256-411-014		151,463	14	22408-6	453647 11/2000				
193	DAYAHAN CESARIO D.	2001	256-411-015		165,463	15	22408-6	455392 11/2000				
194	ROSENZWEIG JEFFREY J.	2001	256-411-016		151,463	16	22408-6	465264 11/2000				
195	WESTWICK NATHAN A.	2001	256-411-017		160,983	7 & 8	22408-6	254700 06/2000				
196	PEREYRA OMAR	2001	256-411-018		175,263	7	22408-6	267064 07/2000				
197	JONES ANDREW A.	2001	256-412-001		151,463	17	22408-6	457484 11/2000				
198	STUCKEY DONNIE J.	2001	256-412-002		166,463	18	22408-6	486641 12/2000				
199	STUCKEY JOHN E.	2001	256-412-003		172,463	19	22408-6	511052 12/2000				
200	LAO JOHN	2001	256-412-004		158,463	20	22408-6	471971 11/2000				
201	THROWER SAVANNAH	2001	256-412-005		132,463	21	22408-6	460373 11/2000				
202	WARNER BRIAN C.	2001	256-412-006		165,463	22	22408-6	455394 11/2000				
203	VANSOYE SCOTT C.	2001	256-412-007		139,463	23	22408-6	521607 12/2000				
204	TAVA DEV CO	2001	256-412-008		179,463	24	22408-6	015611 01/2001				
205	PEREZ ANTHONY E.	2001	256-412-009		139,463	25	22408-6	308827 08/2000				
206	HOU ALICE WHIT T2E	2001	256-412-010		172,463	26	22408-6	308825 08/2000				
207	HOWARD PATRICIA GAIL	2001	256-412-011		139,463	27	22408-6	351684 09/2000				
208	SECRETARY OF VETERANS AFFAIR	2001	256-412-012		158,463	28	22408-6	384424 09/2000				
209	CARINO RUBEN M. TR	2001	256-412-013		139,463	29	22408-6	314076 08/2000				
210	AHMAD JAVED	2001	256-412-014		172,463	30	22408-6	320077 08/2000				
211	MATZENGER DAVID A.	2001	256-413-001		158,463	31	22408-6	312971 08/2000				
212	MOSES JOHN E.	2001	256-413-002		165,463	32	22408-6	316785 08/2000				
213	KUBIK DANIEL C.	2001	256-413-003		158,463	33	22408-6	363842 09/2000				
214	WANG ZHILIAN	2001	256-413-004		166,463	34	22408-6	322377 08/2000				
215	BUTLER ALICE T.	2001	256-413-005		158,463	35	22408-6	320080 08/2000				
216	SORBER GREGORY S.	2001	256-413-006		166,260	36	22408-6	191499 05/2000				
217	DZAZ ANAHUAC M R IV	2001	256-413-007		186,558	37	22408-6	180133 05/2000				
218	BOWLES BRENT G.	2001	256-413-008		172,686	38	22408-6	176842 05/2000				
219	HARDIN TIM	2001	256-413-009		182,070	39	22408-6	197139 05/2000				
220	SHARMAN WILLIAM M.	2001	256-413-010		155,958	40	22408-6	180131 05/2000				
221	NELSON MATTHEW WILLIAM	2001	256-413-011		188,700	41	22408-6	187503 05/2000				
222	HERNANDEZ RUBEN	2001	256-413-012		171,908	42	22408-6	185200 10/2000				
223	MILLER PAMELA M.	2001	256-413-013		162,180	43	22408-6	208520 06/2000				
224	POTTER JUSTIN	2001	256-413-014		167,484	44	22408-6	189445 05/2000				

ID #	SECTION III OWNER	BASE YEAR	APN	APPRAISED VALUE	TOTAL ASSESSED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	MS
225	WALCK KATHRYN	2001	256-413-015		151,980	45	22408-6	189447 05/2000				
226	AGUILAR STEVEN TEODORO	2001	256-413-016		187,680	46	22408-6	195765 05/2000				
227	CARTER BEVERLY INEZ	2001	256-413-017		182,580	47	22408-6	202717 05/2000				
228	NEWMAN DAVID J.	2001	256-413-018		165,240	48	22408-6	202710 05/2000				
229	EVANS JANYE SANDRA	2001	256-413-019		153,000	49	22408-6	207816 05/2000				
230	SINGH SUKHBIR	2001	256-413-020		165,063	50	22408-6	287948 07/2000				
231	GRIFFIN VALENCIA	2001	256-413-021		165,240	51	22408-6	201180 05/2000				
232	HACON CHRISTOPHER	2001	256-413-022		168,263	52	22408-6	316787 08/2000				
233	DO BENJAMIN H.	2001	256-413-023		154,020	53	22408-6	247407 06/2000				
234	KANG JAE SIN	2001	256-413-024		169,500	54	22408-6	264824 07/2000				
235	KOCH PHILIP L.	2001	256-421-001		194,300	1	22408-5	460239 11/2000				
236	DANIELS BONNIE EARL	2001	256-421-002		165,000	2	22408-5	453646 11/2000				
237	HOVAFAGH ALI MOHAMMAD	2001	256-421-004		152,131	4	22408-5	509844 12/2000				
238	GEISER JAMES M.	2001	256-421-005		180,254	5	22408-5	509834 12/2000				
239	SMITH RICKY YOSHIME	2001	256-421-006		165,764	6	22408-5	505254 12/2000				
240	HANES SCOTT R.	2001	256-421-007		159,131	7	22408-5	522211 12/2000				
241	HAKAKIAN SIAMACK	2001	256-422-022		168,864	46	22408-5	509846 12/2000				
242	BOONE HANNAH L.	2001	256-422-025		152,131	49	22408-5	516166 12/2000				
243	HODGES DENNIS W.	2001	256-422-026		167,464	50	22408-5	503409 12/2000				
244	BANALES SERGIO	2001	256-422-028		140,063	52	22408-5	516163 12/2000				
245	BRACCI DONALD SCOTT	2001	256-422-029		173,254	53	22408-5	501149 12/2000				
246	MARTINEZ FREDERICK	2001	256-422-030		159,131	54	22408-5	522194 12/2000				
247	LAW TONY EUGENE	2001	256-422-031		133,063	55	22408-5	505252 12/2000				
248	MARTINEZ JOHN JOSE	2001	256-422-032		172,796	56	22408-5	486635 12/2000				
249	FINLEY CARLA SACHELLE	2000	256-431-001		138,027	1	22408	034128 01/2000				
250	GOMEZ EDWIN	2000	256-431-002		138,027	2	22408	016517 06/2000				
251	REYES JHON SANTOS	2000	256-431-003		145,027	3	22408	033103 01/2000				
252	PEREZ JAVIER	2000	256-431-004		146,000	4	22408	022716 01/2000				
253	GREEN BRETT TRAVIS SR	2000	256-431-005		145,027	5	22408	022718 01/2000				
254	CRAWFORD MICHAEL JASON	2000	256-431-006		138,027	6	22408	020447 01/2000				
255	DESCO WADE JAMES	2000	256-431-007		145,027	7	22408	024107 01/2000				
256	LEE BERNARD CHONG MUI	2000	256-431-008		138,568	8	22408	061763 02/2000				
257	MANN ALICE	2000	256-431-009		139,516	9	22408	064260 02/2000				
258	SALAZAR DENNIS D.	2000	256-431-010		138,568	10	22408	116699 03/2000				
259	GRAVES JERRY P.	2000	256-431-011		139,516	11	22408	256915 06/2000				
260	MICHAELIS MICHAEL	2000	256-431-012		138,568	12	22408	069409 02/2000				
261	SULLIVAN RONALD LEE	2000	256-431-013		139,516	13	22408	066887 02/2000				
262	MONTE PHILLIP	2000	256-431-014		128,472	14	22408	189439 05/2000				
263	HANSEN LAURA	2000	256-431-015		139,516	15	22408	112271 03/2000				
264	GUTIERREZ RODRIGO	2000	256-431-016		145,568	16	22408	069407 02/2000				
265	WITT SAMUEL AARON	2000	256-431-017		145,568	17	22408	090174 03/2000				
266	ROBINSON VIOLA RENE	2000	256-431-018		145,568	18	22408	120546 03/2000				
267	LUCORE RICHARD C.	2000	256-431-019		140,349	19	22408	136915 04/2000				
268	PARK JINHO	2000	256-431-020		146,359	20	22408	187505 05/2000				
269	GRIFFIN PATRICK S.	2000	256-431-021		140,349	21	22408	254822 06/2000				

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270	FREEMAN FRANK III	2000	256-431-022		139,359	22	22408	181184 05/2000				
271	BROOKS STEVEN	2000	256-431-023		140,700	23	22408	333896 08/2000				
272	ROGERS ORQUIDEA H.	2000	256-431-024		139,691	24	22408	220975 06/2000				
273	OLMOS VICTOR M.	2000	256-431-025		146,691	25	22408	205717 05/2000				
274	PEREZ LORETTA C.	2000	256-431-026		147,700	26	22408	207429 05/2000				
275	SHULVER CARL	2000	256-431-027		146,691	27	22408	375850 09/2000				
276	BROWN TANYA	2000	256-431-028		147,700	28	22408	226382 06/2000				
277	CACHO ALVIN C.	2000	256-431-029		146,691	29	22408	240208 06/2000				
278	CURTIS MICHAEL R.	2000	256-431-030		136,508	30	22408	432513 10/2000				
279	SENECHAL ANDREA L.	2000	256-432-001		146,691	55	22408	245108 06/2000				
280	VIGIL RUBEN	2000	256-432-002		146,691	56	22408	274999 07/2000				
281	SAAD JOSEPH M.	2000	256-432-003		139,691	57	22408	231211 06/2000				
282	DAVIS KIM	2000	256-432-004		129,508	31	22408	256907 06/2000				
283	RAWSON JAMES R	2000	256-432-005		146,000	32	22408	030506 01/2000				
284	SIMON NINA J.	2000	256-432-006		138,027	33	22408	007346 01/2000				
285	BARBEE DOUG	2000	256-432-007		135,000	34	22408	008292 01/2000				
286	LATTIMER ALSION	2001	256-432-008		160,548	35	22408	488426 12/2000				
287	BOULOS IHAB KAMAL	2001	256-432-009		147,734	36	22408	008290 01/2000				
288	PURCELL KEVIN THOMAS	2000	256-432-010		138,027	37	22408	015348 01/2000				
289	BOULDIN KENNETH D.	2000	256-432-011		146,000	38	22408	015346 01/2000				
290	STEPHENS CLARENCE D. JR	2000	256-432-012		145,027	39	22408	033100 01/2000				
291	TRACY DAVID J. TR	2000	256-432-013		135,472	40	22408	079789 03/2000				
292	GUILLEN ANDREW ROY	2000	256-432-014		145,568	41	22408	101842 03/2000				
293	ONTO DANIEL W.	2000	256-432-015		138,568	42	22408	121099 03/2000				
294	STOEVER MICHAEL A.	2000	256-432-016		128,472	43	22408	069501 02/2000				
295	MATEJKA DARLENE	2000	256-432-017		139,359	44	22408	161142 04/2000				
296	MAHFOOD SHEILA	2000	256-432-018		139,359	45	22408	156158 04/2000				
297	TEAL STEPHEN RICHARD II	2000	256-432-019		140,349	46	22408	121107 03/2000				
298	LARA MANUEL JOSHUA	2000	256-432-020		146,359	47	22408	335553 08/2000				
299	KAZMIER CRAIG ANTON	2000	256-432-021		146,359	48	22408	121111 03/2000				
300	DHARMA STEPHANUS	2000	256-432-022		140,349	49	22408	161149 04/2000				
301	CRINER KELLY	2000	256-432-023		139,359	50	22408	159427 04/2000				
302	SAVEDRA TONY M.	2000	256-432-024		139,359	51	22408	140065 04/2000				
303	BRATCHER MICHAEL THOMAS	2000	256-432-025		129,201	52	22408	140061 04/2000				
304	JEWETT MARY VIRGINIA	2000	256-432-026		140,349	53	22408	148804 04/2000				
305	KHANIJOW ASHOK	2000	256-432-027		136,201	54	22408	207814 05/2000				
306	RACEWAY FORD INC	2000	263-030-052		459,000			416012 09/1999				
307	MCCALLAN PROP	2000	263-030-053		37,045			NO4562819 11/2000				
308	DESERT OUTDOOR ADVERTISIN	1994	263-030-055		39,102			074569 03/1997				
309	RAYSON ASSOCIATES	1998	263-030-059		1,274,000			393811 09/1998				
310	BLOOM FRANCES E. TR	2000	263-030-060		1,371,900			458603 10/1999				
311	WINDEMERE APARTMENTS	2001	263-030-062		19,400,000			159828 04/1999				
312	SYCAMORE COLONNADE APART	2001	263-030-063		23,100,000			159828 04/1999				
313	TOBIAS MAHLON	2001	263-261-001		135,000	1	22408-1	277237 07/2000				
314	KOFFORD RON K. JR	1999	263-261-002		125,457	2	22408-1	170234 07/1998				

ID #	SECTION III OWNER	BASE YEAR	APN	APPRAISED VALUE	TOTAL ASSESSED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	MS
315	CERDA FREDDY DAVID	1999	263-261-003		134,364	3	22408-1	035584 01/1998				
316	PRATT JIMMY WALLACE JR	1998	263-261-004		135,637	4	22408-1	472255 12/1997				
317	LOVATT CAROL JEAN	1994	263-261-005		148,317	5	22408-1	122477 04/1993				
318	AGCAOILI PHILLIP B	1993	263-261-006		191,289	6	22408-1	N0180091 05/1994				
319	ALFSEN CLIFFORD A.	1993	263-261-007		180,534	7	22408-1	447173 11/1992				
320	YOUNGER MARIAN	1993	263-261-008		160,975	8	22408-1	020969 01/1993				
321	NHIM KAN LENG	2000	263-261-009		164,424	9	22408-1	141403 04/1993				
322	MARTINEZ ROMAN S.	1994	263-261-010		159,822	10	22408-1	471972 12/1994				
323	DUNAMS BRUCE W.	1993	263-261-011		179,382	11	22408-1	038364 02/1993				
324	FRAZIER IRA D.	1993	263-261-012		149,565	12	22408-1	448071 11/1992				
325	COOPER DELBERT D. JR	1993	263-261-013		182,353	13	22408-1	484322 12/1992				
326	BREWER MARK TR	1993	263-261-014		160,975	14	22408-1	402565 09/1999				
327	COLLINS BASIL B.	1993	263-261-015		186,177	15	22408-1	249022 07/1992				
328	HALUSCHAK STEVEN D	1993	263-261-016		145,512	16	22408-1	138322 04/1992				
329	FIELDS JULIE MARSHA	1993	263-261-017		156,373	17	22408-1	432198 11/1992				
330	SHINE BRIAN	2000	263-261-018		143,858	18	22408-1	183644 04/1999				
331	GAY JAMES W.	1996	263-261-019		135,991	19	22408-1	135421 04/1995				
332	TILLEY THOMAS	1993	263-261-020		146,460	20	22408-1	200780 06/1992				
333	TURPIT WILLIAM J.	1992	263-261-021		172,503	21	22408-1	284155 08/1991				
334	CATTERN FRANK A. III	1994	263-261-022		164,448	22	22408-1	072514 04/1994				
335	LOMBARDO FRANK P.	1999	263-261-023		132,457	23	22408-1	122025 03/1998				
336	GREENOUGH KATHY	2000	263-261-024		122,529	24	22408-1	038233 01/1999				
337	MCDONALD DEBORAH E.	1992	263-262-001		164,334	38	22408-1	423813 12/1991				
338	MYERS JOSEPH PETER TR	1999	263-262-002		137,755	37	22408-1	226809 06/1998				
339	POSTOLACHE NARCIS	1998	263-262-003		139,875	36	22408-1	316400 08/1997				
340	JACKSON MAXINE J.	1997	263-262-004		137,697	35	22408-1	243559 06/1996				
341	CRONIN ANESA COPES	1992	263-262-005		163,158	34	22408-1	343535 10/1991				
342	JONES LLOYD E.	1992	263-262-006		176,065	33	22408-1	441567 12/1991				
343	RHAY KARLA	1996	263-262-007		128,991	32	22408-1	088079 03/1995				
344	MEDINA RUDY T.	1992	263-262-008		198,844	31	22408-1	420115 01/1992				
345	DEVINY CHRISTINE G.	1992	263-262-009		181,346	30	22408-1	300135 08/1991				
346	WHITE MACK C.	1994	263-262-010		167,834	29	22408-1	153987 05/1997				
347	ALTEMUS LILLIAN G.	1994	263-262-011		173,474	28	22408-1	450534 11/1993				
348	ESPOSITO ANNA MARIA	1994	263-262-012		153,398	27	22408-1	009814 01/1994				
349	BARKAUSKAS MARY JEAN	2001	263-262-013		139,100	26	22408-1	344515 09/2000				
350	KEARNS TIMOTHY W.	1995	263-262-014		129,712	25	22408-1	514228 12/2000				
351	BYRD THERESA	2000	263-263-001		133,374	86	22408-1	003703 01/1999				
352	CORTEZ ALAN J.	1993	263-263-002		152,920	87	22408-1	012994 01/1993				
353	GOV TEANG TAK	1993	263-263-003		154,070	88	22408-1	492295 12/1992				
354	ELLIS LOUIS V.	1999	263-263-004		136,584	89	22408-1	094121 03/1998				
355	STEMMANN HENRY J. JR	1999	263-263-005		125,576	90	22408-1	068326 02/1998				
356	PLOUGH WILLIAM R.	1998	263-263-006		121,642	91	22408-1	455552 12/1997				
357	WILSON DEAN	1998	263-263-007		133,936	92	22408-1	466920 12/1997				
358	WILKINSON GORDON JOHN	1998	263-263-008		112,212	93	22408-1	271160 10/2000				
359	HENNING DOUGLAS P.	2001	263-263-009		173,000	94	22408-1	381932 09/2000				

ID #	SECTION III OWNER	BASE YEAR	APN	APPRAISED VALUE	TOTAL ASSESSED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	MS
360	MILANTE RODOLFO F.	2002	263-263-010		177,900	95	22408-1	430886 02/2001				
361	BRISTOL CLARENCE D.	2001	263-263-011		162,900	96	22408-1	426525 10/2000				
362	ESMERIO MISAE	2001	263-263-012		164,000	97	22408-1	269716 07/2000				
363	SNOW JOHN C.	2001	263-263-013		174,000	98	22408-1	256911 06/2000				
364	APPLEBY JIMMY R.	2000	263-271-001		161,262	99	22408-1	002508 01/2001				
365	BROWN TODD L.	2000	263-271-002		183,110	100	22408-1	183160 04/1999				
366	GEMBERLING GEORGE C. III	2000	263-271-003		166,746	101	22408-1	183623 04/1999				
367	JOHNSON LOIS A.	2000	263-271-004		149,060	102	22408-1	183156 04/1999				
368	QUINTERO STEVE RAYMOND	2000	263-271-005		171,666	103	22408-1	210741 05/1999				
369	IRWIN LOREN	2000	263-271-006		151,869	104	22408-1	125614 03/1999				
370	HERRMANN IRVIN E.	2000	263-271-007		146,459	105	22408-1	140828 04/1999				
371	GUERRERO FERNANDO	2000	263-271-008		171,116	106	22408-1	123470 03/1999				
372	COUNTRYWIDE HOME LOANS IN	2001	263-271-009		162,302	107	22408-1	211021 06/2000				
373	MALLICK SCOTT J.	1999	263-271-010		164,247	108	22408-1	178621 05/1998				
374	MAGNAYE CARMELITA L.	1999	263-271-011		163,187	109	22408-1	059066 02/1998				
375	OBRIEN STEVEN L.	1998	263-271-012		157,804	110	22408-1	193339 06/1997				
376	FISCHER LEON RAY	1998	263-271-013		127,565	111	22408-1	186586 05/1997				
377	WEBB RICHARD B.	1998	263-271-014		147,021	112	22408-1	188813 05/1997				
378	OTOOLE MICKI	1998	263-271-015		157,889	113	22408-1	473779 11/2000				
379	RODRIGUEZ BERNARD JOSEPH	1998	263-271-016		139,429	114	22408-1	188362 05/1997				
380	DIXON LINDA F.	1998	263-271-017		157,247	115	22408-1	336536 09/1997				
381	SAFIEDDINE SAYED RAMZI H	1998	263-271-018		177,830	116	22408-1	466992 12/1997				
382	REINES ADAM J.	1998	263-271-019		159,897	117	22408-1	396212 10/1997				
383	PAULSEN GREGORY A.	1998	263-271-020		169,546	118	22408-1	409717 11/1997				
384	HUGHES DORA	2001	263-271-021		183,000	119	22408-1	432428 10/2000				
385	JOHNSON ALTON R.	1999	263-271-022		139,875	120	22408-1	069355 02/1998				
386	QUALLS VICKI	1998	263-271-023		121,217	121	22408-1	378525 10/1997				
387	HOTCHKISS ROBERT V.	1999	263-271-024		143,472	122	22408-1	050263 02/1998				
388	BROWNE VANESSA	1998	263-271-025		144,752	123	22408-1	281012 06/1999				
389	ELLIS DEBORAH D.	1999	263-271-026		156,188	124	22408-1	107373 03/1998				
390	CRUEY WILLIAM L.	1999	263-271-027		134,993	125	22408-1	030526 01/1998				
391	KRUCINSKI ZBIGNIEW	1998	263-271-028		126,516	126	22408-1	436429 11/1997				
392	ARCE PEDRO A	1998	263-271-029		156,082	127	22408-1	466733 12/1997				
393	MAKI MARTHA L	1998	263-271-030		158,948	128	22408-1	472311 12/1997				
394	LARA ALMA CAROLINA	2000	263-271-031		142,800	129	22408-1	463669 10/1999				
395	JOHNSON AUDREY A	1999	263-271-032		148,768	130	22408-1	103981 03/1998				
396	ANDERSON ROBERT E JR	1999	263-271-033		168,374	131	22408-1	104403 03/1998				
397	GOLDSMITH RONALD SR	1999	263-271-034		158,837	132	22408-1	160242 04/1998				
398	RAMER JOSEPH B.	1999	263-271-035		139,233	133	22408-1	120583 03/1998				
399	KISH STEPHAN C.	1999	263-271-036		163,717	134	22408-1	121208 03/1998				
400	VILAS R. MANUEL	1999	263-271-037		169,585	135	22408-1	366246 08/1998				
401	ENYEART JOHN D.	1999	263-271-038		151,532	136	22408-1	157441 04/1998				
402	BUKARAU KENT K T	1999	263-271-039		165,423	137	22408-1	427235 10/1998				
403	KELLEY SHAWN D.	1999	263-271-040		141,465	138	22408-1	112674 03/1998				
404	JOHNSTONE STEVEN L.	1999	263-272-001		156,060	139	22408-1	446118 10/1998				

ID #	SECTION III OWNER	BASE YEAR	APN	APPRAISED VALUE	TOTAL ASSESSED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	MS
405	AL YAHYA HEITHAM M.	1999	263-272-002		165,837	140	22408-1	119518 03/1998				
406	SAUCEDO PELIPE C. JR	1999	263-272-003		144,530	141	22408-1	121977 03/1998				
407	PETZKER FRANK	1999	263-272-004		158,423	142	22408-1	N0058724 02/1999				
408	HOLCOMB RICHARD R.	1999	263-272-005		145,590	143	22408-1	081877 03/1998				
409	CHAMBLESS GINGER L.	1999	263-272-006		125,457	144	22408-1	086672 03/1998				
410	MIHARA CRAIG S.	1999	263-272-007		163,187	145	22408-1	117412 03/1998				
411	WANG QI	1999	263-272-008		151,532	146	22408-1	195301 05/1998				
412	BARGER ROBERT J. JR	1998	263-272-009		135,106	147	22408-1	479977 12/1997				
413	BARNETT MICHAEL A.	1999	263-272-010		157,247	148	22408-1	270845 06/1998				
414	ALLEN KEITH	1998	263-272-011		145,590	149	22408-1	437679 11/1997				
415	STEFFLER ROBERT C.	1998	263-272-012		121,217	150	22408-1	412246 11/1997				
416	CORONA FREDERICO MARIO	1998	263-272-013		146,650	151	22408-1	374407 10/1997				
417	BIAS PHILLIP JR	1998	263-272-014		155,425	152	22408-1	188809 05/1997				
418	FERNANDEZ LYDIA	2001	263-272-015		176,000	153	22408-1	362339 09/2000				
419	LOCKE DINETTA	1998	263-272-016		143,238	154	22408-1	226527 06/1997				
420	SALAS GEORGE	1998	263-272-017		146,650	155	22408-1	295285 07/1998				
421	HARRIS HENRY J.	1998	263-272-018		131,397	156	22408-1	313508 08/1997				
422	ORPILLA NICK V.	1998	263-272-019		145,915	157	22408-1	188800 05/1997				
423	SPRUEL KEVIN T. SR	1999	263-272-020		161,544	158	22408-1	485841 11/1998				
424	SOLOWAY JASON E.	1999	263-272-021		128,636	159	22408-1	107376 03/1998				
425	PENA DAVID	1999	263-272-022		166,770	160	22408-1	341118 07/1999				
426	ALSILAWI ALI K.	1999	263-331-001		172,706	32	22408-3	N0436930 10/1998				
427	ALVAREZ ROGERIO	1999	263-331-002		162,302	33	22408-3	410207 09/1998				
428	RINEN ROBERT A.	1999	263-331-003		155,302	34	22408-3	366218 08/1998				
429	FLAXEL CHRISTINA J.	1999	263-331-004		163,342	35	22408-3	409875 09/1998				
430	REAGAN TODD	2000	263-331-005		159,464	36	22408-3	076647 02/1999				
431	HAMMAR MARK K.	2000	263-331-006		164,383	37	22408-3	132432 03/1999				
432	HENDRIX EDWARD G.	2000	263-331-007		166,464	38	22408-3	127583 03/1999				
433	CABRERA IGNACIO JON PATRIC	1999	263-331-008		158,661	39	22408-3	N0412036 09/1998				
434	HOWARD NANCY A.	1999	263-331-009		130,540	40	22408-3	339716 08/1998				
435	MARZETT DANA	2001	263-331-010		168,440	41	22408-3	488431 12/2000				
436	HOY LAWRENCE J.	1999	263-331-011		138,373	42	22408-3	493831 11/1998				
437	RUIZ CESAR	1999	263-331-012		160,221	43	22408-3	507286 11/1998				
438	SACATROPEZ PRESTON DAVID	1999	263-331-013		168,544	44	22408-3	518698 11/1998				
439	BOROC VINCENT PAUL	1999	263-331-014		166,255	45	22408-3	497809 11/1998				
440	CASAS SER610	2000	263-331-015		168,024	46	22408-3	077176 02/1999				
441	PATTISON LINDA A.	1975	263-331-016		40,835	47	22408-3	472589 10/1998				
442	SMITH TERREL D.	2000	263-331-017		159,880	48	22408-3	026593 01/1999				
443	JONES BRIAN W.	1999	263-331-018		158,140	49	22408-3	513790 11/1998				
444	GRAIN MARGARET	2000	263-332-001		160,533	1	22408-3	037274 01/1999				
445	GRIM JANET LYNN	2000	263-332-002		164,041	2	22408-3	272439 07/2000				
446	GAUGHENBAUGH JAMES EARL	1977	263-332-003		88,332	3	22408-3	200666 05/1999				
447	ARCHIBEQUE EDDIE H.	2000	263-332-004		163,625	4	22408-3	067241 02/1999				
448	WILSON JENNIFER	2000	263-332-005		141,673	5	22408-3	039074 01/1999				
449	FIRESTONE ERIC	2000	263-332-006		165,706	6	22408-3	123467 03/1999				

ID #	SECTION III OWNER	BASE YEAR	APN	APPRAISED VALUE	TOTAL ASSESSED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	MS
450	FREELAND SUZANNE J.	2000	263-332-007		149,817	7	22408-3	142084 04/1999				
451	SAUCEDO SERGIO	2000	263-332-008		162,302	8	22408-3	078982 02/1999				
452	CLICK DARLENE V.	2000	263-332-009		161,544	9	22408-3	034775 05/1999				
453	WICK BILLY J.	2000	263-332-010		163,625	10	22408-3	125589 03/1999				
454	LIERZ EUGENE L.	1999	263-332-011		172,706	11	22408-3	485593 11/1998				
455	KRIEGER GREGORY J.	1999	263-332-012		164,383	12	22408-3	492842 11/1998				
456	HARDY GARY EDWARD	1999	263-332-013		164,383	13	22408-3	485683 11/1998				
457	MCCLAIN CHRISTA N	1999	263-332-014		143,575	14	22408-3	488532 11/1998				
458	FREESE JOHN COLTER	1999	263-332-015		167,504	15	22408-3	342088 08/1998				
459	CRUZ MICHAEL A.	1999	263-332-016		156,060	16	22408-3	366215 08/1998				
460	BORDEN DAVID M.	1999	263-332-017		171,666	17	22408-3	369708 08/1998				
461	MATUS MIKE	1999	263-332-018		156,342	18	22408-3	571635 12/1998				
462	ROBINSON SHARON CARO	1999	263-332-019		156,060	19	22408-3	318639 07/1998				
463	PRAINITO JENNIFER	1999	263-332-020		141,993	20	22408-3	137856 04/2000				
464	CLIFFORD DOUGLASS JAY	1999	263-332-021		171,135	21	22408-3	267653 06/1998				
465	MANNO SCOTT W.	1999	263-332-022		157,100	22	22408-3	286129 07/1998				
466	ANDERSON CRAIG A.	1999	263-332-023		165,943	23	22408-3	291269 07/1998				
467	SCHIVE GREGORY S.	1999	263-332-024		161,262	24	22408-3	286126 07/1998				
468	SUAREZ GUSTAVO	1999	263-332-025		168,544	25	22408-3	431255 10/1998				
469	LARSEN KRIS 0.	1999	263-332-026		157,100	26	22408-3	297648 07/1998				
470	SURVILLAS MATTHEW JOHN	1999	263-332-027		142,534	27	22408-3	431268 10/1998				
471	NAVARRO SALVADOR	2000	263-332-028		165,423	28	22408-3	136325 03/1999				
472	TINTLE DENNIS ANTHONY	1999	263-332-029		157,100	29	22408-3	319621 07/1998				
473	COSCIA MICHAEL J.	1999	263-332-030		144,615	30	22408-3	350642 08/1998				
474	SMITH DONALD H.	1999	263-332-031		171,666	31	22408-3	518560 11/1998				
475	WRIGHT BURNARD L.	1999	263-341-001		148,435	36	22408-2	538892 12/1998				
476	FISK DEBORAH	2000	263-341-002		151,378	37	22408-2	127705 03/1999				
477	ADAMS KEVIN	1999	263-341-003		140,442	38	22408-2	569341 12/1998				
478	GIARDINA MICHAEL JOSEPH	2000	263-341-004		150,858	39	22408-2	059695 02/1999				
479	GALVAN JESUS JR	1999	263-341-005		156,060	40	22408-2	549190 12/1998				
480	SIGLAR TAL DUANE	2000	263-341-006		164,695	41	22408-2	066079 02/1999				
481	HARTZELL JAMES ANTHONY	1999	263-341-007		132,829	42	22408-2	549188 12/1998				
482	WOODSON MARC K.	2000	263-341-008		141,494	43	22408-2	063309 02/1999				
483	BURGOS JAMES F.	1999	263-341-009		131,373	44	22408-2	362954 08/1999				
484	TOY THEODORA H.	1999	263-341-010		134,494	45	22408-2	459407 10/1998				
485	SILAS CHARLES G.	1999	263-341-011		144,095	46	22408-2	519050 11/1998				
486	FINN PATRICK	1999	263-341-012		146,696	47	22408-2	459409 10/1998				
487	DAVIS LARRY KERN	1999	263-341-013		133,454	48	22408-2	387797 09/1998				
488	MARGRAVE WENDY LYNNADA	1999	263-341-014		160,221	49	22408-2	458547 10/1998				
489	MENG YI	1999	263-341-015		133,974	50	22408-2	410361 09/1998				
490	KENDALL MICHAEL L.	1999	263-341-016		139,413	51	22408-2	465048 10/1998				
491	WYATT DEREX W.	1999	263-341-017		142,118	52	22408-2	538890 12/1998				
492	PRINCE ROBERT A.	1999	263-341-018		126,691	53	22408-2	369311 08/1998				
493	DEAVER DEAN A.	1999	263-341-019		135,772	54	22408-2	293998 07/1998				
494	FIELDING CHRIS VERNON	1999	263-341-020		128,252	55	22408-2	340964 08/1998				

ID #	SECTION III OWNER	BASE YEAR	APN	APPRAISED VALUE	TOTAL ASSESSED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	MS
495	OROPEZA MICHAEL EDWARD	1999	263-341-021		143,055	56	22408-2	411982 09/1998				
496	RODRIGUEZ ROLAND ANTHONY	1999	263-341-022		114,330	57	22408-2	206680 05/1998				
497	CASTANEDA JESSICA R	1999	263-341-023		131,814	58	22408-2	N0296433 08/2000				
498	RODRIGUE2 WILMA M.	1999	263-341-024		115,390	59	22408-2	233018 05/1999				
499	ODONNELL TIMOTHY J.	1999	263-341-025		138,815	60	22408-2	219680 05/1998				
500	SALLEY ERIK R.	1999	263-341-026		138,173	61	22408-2	252860 06/1998				
501	WOODS ANDREA L.	1999	263-341-027		143,575	62	22408-2	500391 12/2000				
502	GABOR RICHARD	1999	263-341-028		135,630	63	22408-2	220759 05/1998				
503	THOMAS CHRISTOPHER ALAN	1999	263-341-029		122,807	64	22408-2	206447 05/1998				
504	SHOOK RALPH E.	1999	263-341-030		132,874	65	22408-2	200451 05/1998				
505	DAVIS TONY JEROME	1999	263-341-031		143,055	66	22408-2	532187 12/1998				
506	ROMAN VICTOR M.	2001	263-341-032		131,500	67	22408-2	273578 07/2000				
507	GARNER GEORGE L.	1999	263-341-033		140,974	68	22408-2	297731 08/2000				
508	WILLIAMS DEREK W.	1999	263-341-034		136,053	69	22408-2	220754 05/1998				
509	PUMA CARLOS E.	1999	263-341-035		137,615	70	22408-2	320906 07/1998				
510	NESTOROVICH RUDY	1999	263-341-036		147,717	71	22408-2	220752 05/1998				
511	MENEZES LUIS E. TR	1999	263-341-037		140,622	72	22408-2	028951 01/1999				
512	BAUTISTA RAMIL L.	1999	263-341-038		136,165	72	22408-2	160151 04/1998				
513	SARNO OMAR	2001	263-341-039		166,000	72	22408-2	293145 07/2000				
514	PIOTROWSKI DOMINIC	1999	263-342-001		127,576	1	22408-2	149302 04/1998				
515	CARRILLO FRANK JR	1999	263-342-002		130,755	2	22408-2	158440 04/1998				
516	WILLE ALAN LEE	1999	263-342-003		112,741	3	22408-2	209621 09/1998				
517	BENJAMIN GREGORY R. SR	1999	263-342-004		144,318	4	22408-2	242816 06/1998				
518	WEDDINGTON MICHAEL J.	1999	263-342-005		134,494	5	22408-2	377922 09/1998				
519	MORRIS JYLL LYNETTE K	1999	263-342-006		119,099	6	22408-2	204151 07/1998				
520	BARSTOW CHARLES A. JR	2000	263-342-007		126,620	7	22408-2	376358 08/1999				
521	BATEMAN MARLIN KELLY	1999	263-342-008		131,373	8	22408-2	296426 10/1998				
522	KIM CHOL JAE	2000	263-342-009		131,373	9	22408-2	127695 03/1999				
523	SCHWENTNER RICHARD	1999	263-342-010		143,337	10	22408-2	398503 09/1998				
524	RICE FRANK JOSEPH	1999	263-342-011		114,726	11	22408-2	320908 07/199				
525	DELANGEL LINDA V.	1999	263-342-012		139,696	12	22408-2	547137 12/1998				
526	GLENN JAMES	1999	263-342-013		142,222	13	22408-2	301102 07/1998				
527	RAMIREZ OCTAVIO P.	1999	263-342-014		138,760	14	22408-2	308666 07/1998				
528	LOPEZ FREDERICK SCOTT THO	1999	263-342-015		152,014	15	22408-2	369313 08/1998				
529	MIKELSON JASON ERIK	1999	263-342-016		155,019	16	22408-2	366396 08/1998				
530	AVILA RICARDO	1999	263-342-017		137,615	17	22408-2	244889 06/1999				
531	SCHREURS RICHARD J.	1999	263-342-018		150,025	18	22408-2	012009 01/2000				
532	MONARREZ STEPHANIE	1999	263-342-019		133,974	19	22408-2	528012 12/1998				
533	LEE JAMES CHUEN KWAN TR	1999	263-342-020		133,171	20	22408-2	398502 09/1998				
534	VEAL CHRISTOPHER SHAWN	1999	263-342-021		144,615	21	22408-2	507063 11/1998				
535	DIAZ DENNY C.	1999	263-342-022		135,534	22	22408-2	428180 10/1998				
536	HUGHES CHRISTINE N.	1999	263-342-023		134,991	23	22408-2	021384 01/2001				
537	GEMENDE KEVIN J.	1999	263-342-024		135,534	24	22408-2	314810 07/1999				
538	BALDWIN DEBORAH ANN	1999	263-342-025		134,390	25	22408-2	551608 12/1998				
539	WIENKE BRIAN L.	1999	263-342-026		147,424	26	22408-2	554723 12/1998				

ID #	SECTION III OWNER	BASE YEAR	APN	APPRAISED VALUE	TOTAL ASSESSED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	MS
540	DUCKWORTH LAURI K.	1999	263-342-027		146,696	27	22408-2	472485 10/1998				
541	HAGUE HEIDI	2001	263-342-028		151,100	28	22408-2	254883 06/2000				
542	HARRELL MARK A.	1999	263-342-029		132,413	29	22408-2	398286 09/1999				
543	SPENCER JEFFREY 0.	1999	263-342-030		143,575	30	22408-2	458545 10/1998				
544	PITT ROBERT J	1999	263-342-031		132,413	31	22408-2	458537 10/1998				
545	HOU WHIT CHIE	2000	263-342-032		135,326	32	22408-2	038006 01/1999				
546	SINGLETON MILTON L.	1999	263-342-033		132,621	33	22408-2	554721 12/1998				
547	LOWE MITCHELL	2000	263-342-034		146,771	34	22408-2	078736 02/1999				
548	BLAIR SHIRLEY ANN PRINCE	2000	263-342-035		148,777	35	22408-2	123654 03/1999				
549	GUTIERREZ CHRISTOPHER H.	2000	263-351-001		149,817	1	22408-4	177514 04/1999				
550	COLBERT TINA MONIQUE	2000	263-351-002		140,216	2	22408-4	018800 01/2000				
551	HUGHEY CHRISTIAN J.	2000	263-351-003		144,378	3	22408-4	211668 05/1999				
552	MEMBIELA ANTHONY II	2000	263-351-004		156,580	4	22408-4	155651 04/1999				
553	YOON MYUNG J.	2000	263-351-005		138,656	5	22408-4	152023 04/1999				
554	SMITH JAMES B.	2000	263-351-006		137,615	6	22408-4	159890 04/1999				
555	LOPEZ JOEL	2000	263-351-007		146,979	7	22408-4	162713 04/1999				
556	BONG KATRINA L.	2000	263-351-008		139,413	8	22408-4	172626 04/1999				
557	ANDERSON GREGORY M.	2000	263-351-009		139,488	9	22408-4	177510 04/1999				
558	RAMIREZ EMILIO JR	2000	263-351-010		141,257	10	22408-4	223526 09/1999				
559	JONES ROBERT DEAN JR	2000	263-351-011		149,580	11	22408-4	216332 05/1999				
560	WINGE CLAYTON STANLEY	2000	263-351-012		134,494	12	22408-4	192526 05/1999				
561	MALDONADO JOHN ERIC	2000	263-351-013		150,337	13	22408-4	206173 05/1999				
562	MOSLEY MARK	2000	263-351-014		153,459	14	22408-4	266385 06/1999				
563	WALKER NANCY	2000	263-351-015		144,840	15	22408-4	366003 08/1999				
564	JOHNSON MICHAEL G.	2000	263-351-016		145,350	16	22408-4	365999 08/1999				
565	EARP JUDY HALSTEAD	2000	263-351-017		148,410	17	22408-4	376872 08/1999				
566	PERLSTEIN ADAM C.	2000	263-351-018		141,780	18	22408-4	387984 08/1999				
567	LYONS OLIVE NANNETTE	2000	263-351-019		141,270	19	22408-4	425842 09/1999				
568	ROMERO STEVEN	2000	263-351-020		148,410	20	22408-4	368394 08/1999				
569	CHESNEY RICHARD	2000	263-351-021		160,650	21	22408-4	384128 08/1999				
570	FRIEDRICHSEN ERIC J.	2000	263-351-022		156,060	22	22408-4	399620 09/1999				
571	EVANS REGINA LYNN	2000	263-351-023		149,940	23	22408-4	387982 08/1999				
572	DENHAM JOHN	2000	263-351-024		151,980	24	22408-4	399617 09/1999				
573	AGUILAR RANDY A.	2000	263-351-025		149,940	25	22408-4	427140 09/1999				
574	MILLER DOUGLAS B.	2000	263-351-026		160,140	26	22408-4	437062 09/1999				
575	RODRIGUEZ FRANCISCO	2000	263-351-027		158,100	27	22408-4	399615 09/1999				
576	SHEARER JERRY WILLIAM JR	2000	263-351-028		153,000	28	22408-4	390973 08/1999				
577	KIM JA HYANG	2000	263-351-029		145,490	29	22408-4	372047 08/1999				
578	WRAGE MICHAEL C.	2000	263-351-030		167,790	30	22408-4	387978 08/1999				
579	RAMIREZ MARTIN	2000	263-351-031		164,220	31	22408-4	387986 08/1999				
580	ORTIZ JEFF M.	2000	263-351-032		159,120	32	22408-4	387980 08/1999				
581	RATLIFF JAMES C.	2000	263-351-033		148,920	33	22408-4	354896 08/1999				
582	MCDERMOTT CHERYL L.	2000	263-351-034		138,414	34	22408-4	353422 08/1999				
583	CARDENAS MAGDALENO L.	2000	263-351-035		148,920	35	22408-4	456839 10/1999				
584	RENDELL KENNETH M.	2000	263-351-036		149,940	36	22408-4	447847 10/1999				

ID #	SECTION III OWNER	BASE YEAR	APN	APPRAISED VALUE	TOTAL ASSESSED VALUE	LOT NUMBER	TRACT NUMBER	SALES DOCUMENT NUMBER - DATE	UC	G	M	MS
585	BELL GLYNDA S. TR	2000	263-351-037		161,160	37	22408-4	442756 11/2000				
586	WINCHELL DUANE EVAN	2000	263-351-038		151,100	38	22408-4	465928 10/1999				
587	COTTERILL VIRGINIA I.	2000	263-351-039		139,880	39	22408-4	465926 10/1999				
588	BETHKE GARY K. JR	2000	263-351-040		155,244	40	22408-4	467512 10/1999				
589	SANCHEZ MICHAEL	2000	263-351-041		158,610	41	22408-4	465924 10/1999				
590	MITCHELL TIMOTHY RYAN	2000	263-351-042		146,000	42	22408-4	467514 10/1999				
591	ADAMS SYLVIA E.	2000	263-351-043		159,260	43	22408-4	456843 10/1999				
592	STUEVE DAVID	2000	263-351-044		156,060	44	22408-4	457795 10/1999				
593	PAULSEN ERIC V.	2000	263-352-001		143,960	45	22408-4	434408 09/1999				
594	CLEMENS THOMAS ALLEN	2000	263-352-002		131,720	46	22408-4	448985 10/1999				
595	REDD ANTHONY MARCUS	2000	263-352-003		149,940	47	22408-4	449455 10/1999				
596	JONES FELICIA	2000	263-352-004		149,430	48	22408-4	447851 10/1999				
597	ANDERSON LADD DEBORAH YV	2000	263-352-005		151,980	49	22408-4	442373 10/1999				
598	BOLIN LARRY J.	2000	263-352-006		150,960	50	22408-4	437064 09/1999				
599	BOYD RITA V.	2000	263-352-007		134,640	51	22408-4	354895 08/1999				
600	ERICSON ERIC D.	2000	263-352-008		151,661	52	22408-4	211663 05/1999				
601	MINK WAYNE BRIAN	2000	263-352-009		151,482	53	22408-4	223524 05/1999				
602	HURTADO EDWARD J.	2000	263-352-010		153,741	54	22408-4	206176 05/1999				
603	HOLGUIN LOUIS ANTHONY	2000	263-352-011		152,418	55	22408-4	239697 05/1999				
604	KEICH URI	2000	263-352-012		147,900	56	22408-4	007016 01/2001				
605	POLAND CHAD ERIC	2000	263-352-013		155,019	57	22408-4	234960 11/2000				
606	THOMPSON DAN GREGORY	2000	263-352-014		133,454	58	22408-4	239699 05/1999				
607	HUNTINGTON DALON	2000	263-352-015		147,736	59	22408-4	211665 05/1999				
608	LOOPER JOHN R.	2000	263-352-016		146,488	60	22408-4	239695 05/1999				
609	SHINNEFIELD C. RILEY	2000	263-352-017		145,135	61	22408-4	178752 04/1999				
610	JAQUEZ FRANCISCO R.	2000	263-352-018		141,048	62	22408-4	177512 04/1999				
611	ANDRE CATHERINE MARIE	2000	263-352-019		138,373	63	22408-4	165711 04/1999				
612	BROOKS DWAYNE L.	2000	263-352-020		148,019	64	22408-4	168642 04/1999				
613	PULLMAN EMILY JOSEPHINE	2000	263-352-021		145,239	65	22408-4	234962 05/1999				
613	TOTALS	613	613	$ -	$ 162,080,762	606	606	613	0	0	0	0

UC = Under Construction
G = Gap Properties
M = Model
MS = Model Sold
EL = Excess land

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APPRAISER'S QUALIFICATIONS

QUALIFICATIONS OF BRUCE W. HULL, MAI

Business Locations: 1056 E. Meta Street, Suite 202
Ventura, California 93001
(805) 641-3275 * Facsimile (805) 641-3278
E-Mail Address - bwhull2@msn.com
Direct Correspondence to Ventura Location

115 E. Second Street, Suite 100
Tustin, California 92780
(949) 581-2194 * Facsimile (949) 581-2198

Bruce W. Hull & Associates, Inc. is an appraisal firm that provides a wide variety of appraisal assignments for public agencies, developers and financial institutions.

The principal, Bruce W. Hull, MAI, has been in the appraisal field since graduation in 1969 from Westmont College, Santa Barbara. After being employed by the Ventura County Assessor's Office for five years, he established an appraisal company in Orange County in 1974. In August of 1995 he established an office in Ventura while maintaining an Orange County location. While most of the appraisal assignments are in Southern California, assignments have been completed in areas from San Francisco/Bay Area and Lake Tahoe to San Diego.

The appraisal assignments completed have been diverse in nature, including such property types as large masterplanned developments, shopping centers, large retail uses, and mitigation land. A brief summary of the more challenging assignments is given on the following pages.

MASTERPLANNED DEVELOPMENT

These are typically more than 1,000 acres in size and have a wide variety of residential product, often ranging from condominiums to large estate type of properties. In addition, there is often a commercial use within the development. I have been involved in the following projects.

Lake Sherwood, Hidden Valley
Wood Ranch, Simi Valley
Rancho San Clemente, San Clemente
Towne Center, Rancho Santa Margarita
Rancho Trabuco North and South, Rancho Santa Margarita
Hunters Ridge, Fontana
The Corona Ranch, Corona
Mountain Cove, Temescal

Mountain Gate, South Corona
The Foothill Ranch, Corona
Orangecrest, City of Riverside
Aliso Viejo, County of Orange
Talega Valley, City of San Clemente/County of Orange
Otay Ranch, City of Chula Vista

RETAIL USE

Consultant to City of Long Beach regarding a 30 acre site (Long Beach Naval Hospital) which the City was acquiring from the US Navy for inclusion in a 100 acre shopping center site.

Towne Center, Rancho Santa Margarita, is a masterplanned project which contains two shopping centers (Towne Center, 160,000 SF plus a Target Store, 122,000 SF; Plaza Antonio, 165,000 SF).

Mission Grove, City of Riverside, is a 395,362 SF center which included a K-Mart Department Store among the major tenants.

Victoria Gardens Masterplan was a proposed mixed use project consisting of 3,065 acres of land which included a mixture of residential (2,150 acres); commercial (335 acres of which 91.9 acres was a regional center site); schools; parks; and open space for the remainder of the lands.

Menifee Village, Riverside County, is a 1977 acre masterplanned development which had approvals for 5,256 units. The assignment included the valuation of Planning Area 2-7 which was a commercial site that had been developed with a Target Store, Ralph's Market, and in-line stores (190,000 SF with eventually being a 257,000 SF center).

MITIGATION LANDS

These assignments involved valuing lands that are considered mitigation lands which are often acquired by public agencies or nonprofit organizations.

Bolsa Chica, Huntington Beach, a 42-acre site which was part of a larger wetlands conservation program. This particular acreage was unique since it was subject to "tidal flushing" and had both fresh and saltwater impacting the lands. This assignment was completed for Metropolitan Water District.

San Joaquin Marsh, City of Irvine, consisted of approximately 289 acres of wetlands which were acquired for use as a "buffer" zone by the Irvine Ranch Water District.

Eagle Valley, a 1072-acre parcel near Lake Matthews in Riverside County, was acquired by Metropolitan Water District for use as a water treatment plant and buffer zone.

Poormans Reservoir, Moreno Valley, a 38-acre site acquired by the City of Moreno Valley for preservation/open space use.

ASSESSMENT DISTRICTS/BOND ISSUES

Have been involved in the appraisals of the following Bond Issues regarding Community Facilities Districts and/or Assessment Districts. (This represents a partial list of assignments completed from 1990 thru Present.)

CFD No. 99-1; Santa Margarita Water District
CFD No. 97-3; City of Chula Vista
CFD No. 2 (Riverside Unified School District); City of Riverside
CFD No. 89-1; City of Corona
Lake Sherwood A.D. Refunding; County of Ventura
CFD No. 9; City of Chino Hills
CFD NO. 88-12; City of Temecula
CFD No. 90-1 (Refunding); City of Corona
A.D. No. 97-1-R; City of Oxnard
A.D. No. 96-1; Valley Center Municipal Water District; San Diego County
A.D. No. 96-1; City of Oxnard
CFD No. 88-1 (Saddleback Valley Unified School Dist.); Rancho Santa Margarita
CFD No. 89-2 (Saddleback Valley Unified School Dist.); Rancho Santa Margarita
CFD No. 89-3 (Saddleback Valley Unified School Dist); Rancho Santa Margarita
Centex A.D. No. 95-1; City of Corona
Coyote Hills A.D. No. 95-1; City of Fullerton
Sycamore Creek A.D. No. 95-1; City of Orange
Prop. CFD No. 2 (Riverside Unified School District); City of Riverside
CFD No. 91-1; City of Rancho Cucamonga
Prop. CFD No. 2; City of Chino
CFD No. 9; County of San Bernardino
A.D. No. 89-1; City of Corona
CFD No. 87-1 (Series B); City of Moreno Valley
CFD No. 90-1; City of Corona
CFD No. 89-1; (Saddleback Valley Unified School District); Orange County
A.D. No. 96-1; City of Oxnard
A.D. Nos. 86-3, 87-1 and 89-1 (Refunding); City of Oxnard
CFD No. 90-1; City of Corona
CFD No. 1 (Refunding); City of Jurupa
CFD No. 88-12; City of Temecula

PARTIAL LIST OF CLIENTS

Have completed appraisal assignments for a wide variety of clients. A partial list of these includes the following.

Anaheim City Unified School District
Bank of America NT & SA
Bank of Montreal
Bear, Stearns & Co., Inc.
Best Best & Krieger LLP (Law Firm)
Carpinteria Valley Unified School District
Chino Unified School District
Citicorp, N.A.
City of Brea
City of Chino
City of Chino Hills
City of Chula Vista
City of Colton
City of Corona
City of Fullerton
City of Huntington Beach
City of Jurupa
City of Mission Viejo
City of Moreno Valley
City of Orange
City of Oxnard
City of Rancho Cucamonga
City of San Bernardino
City of San Marcos
City of Temecula
Coast Federal Bank
Colton Joint Unified School District
County of Los Angeles
County of Orange
County of Riverside
County of San Bernardino
County of Ventura
Downey Savings and Loan
Federal National Mortgage Association (FNMA)
Federal Deposit Insurance Corporation (FDIC)
Fieldman, Rolapp & Associates (Financial Consultants)
Irvine Ranch Water District
Irvine Unified School District
Jurupa Community Services District
Metrobank
Metropolitan Water District

Meserve, Mumper & Hughes (Law Firm)
Munger, Tolles & Olson LLP (Law Firm)
Rialto Unified School District
Riverside Unified School District
Saddleback Valley Unified School District
Santa Margarita Water District
Sidley & Austin (Law Firm)
Southern California Edison Company
Stone & Youngberg LLC (Bond Underwriters)
Talmantz Aviation
The Irvine Company
Wells Fargo Bank
Wells Fargo Mortgage Company
Weyerhaeuser Mortgage Company

COURT EXPERIENCE

Qualified Expert Witness in the following courts:

United States District Court/Central District of California, Los Angeles
Los Angeles County Superior Court
Orange County Superior Court
Riverside County Superior Court
Ventura County Superior Court

ORGANIZATIONS

Member - Appraisal Institute (No. 6894)

LICENSES

Real Estate Broker - State of California
Certified General Real Estate Appraiser - State of California
(Certificate: AG004964)

GUEST SPEAKER (for)

UCLA Symposium on Mello Roos Districts - 1988

"Exploring the Rumors & Realities of Land Secured Debt in California" - Conference sponsored by Stone & Youngberg, LLC, bond underwriters, held in Los Angeles on January 15, 1992

"Appraisals for Land Secured Financing" presentation for Stone & Youngberg, LLC, bond underwriters, held at San Francisco Headquarters on March 5, 1998

MISCELLANEOUS

Member Advisory Panel to California Debt Advisory Commission regarding Appraisal Standards for Land Secured Financing (May, 1994)

APPENDIX D

BOOK-ENTRY-ONLY SYSTEM

As noted above, DTC 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). One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds within a maturity 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. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 of and interest on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on an Interest Payment Date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent, the City or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City, the District or the Fiscal Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered and will be governed by the provisions of the Fiscal Agent Agreement with respect to payment of principal and interest and rights of exchange and transfer.

The City cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City and the District believe to be reliable, but neither the City nor the District takes responsibility for the accuracy thereof.

Discontinuation of Book-Entry-Only System; Payments to Owners

In the event that the book-entry system described above is no longer used with respect to the Bonds, the principal of the Bonds is payable upon surrender thereof at the principal corporate trust office of the Fiscal Agent in Los Angeles, California. Interest on the Bonds is payable on each Interest Payment Date to the registered owner thereof as of the close of business on the Record Date immediately preceding each Interest Payment Date, such interest to be paid by check of the Fiscal Agent, mailed by first-class mail to the registered owner at his address as it appears on the registration books maintained by the Fiscal Agent (or at such other address as is furnished to the Fiscal Agent in writing by the registered owner). A registered owner of $1,000,000 or more in principal amount of Bonds may be paid interest by wire transfer in immediately available funds to an account in the United States if the registered owner makes a

written request of the Fiscal Agent no later than the applicable Record Date. The principal of and interest on the Bonds shall be payable in lawful money of the United States of America.

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APPENDIX E

SUMMARY OF THE FISCAL AGENT AGREEMENT

The following is a summary of certain provisions of the Fiscal Agent Agreement (the "Agreement") not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the text of the Fiscal Agent Agreement for the complete provisions thereof.

DEFINITIONS

The following are some of the terms which are defined in the Agreement. Except as defined below, the terms previously defined in this Official Statement have the meanings previously given.

"Administrative Expenses" means any or all of the following: the fees and expenses of the Fiscal Agent (including any fees or expenses of its counsel), the expenses of the City in carrying out its duties under the Agreement (including, but not limited to, the levying and collection of the Special Taxes) including the fees and expenses of its counsel, an allocable share of the salaries of City staff directly related thereto and a proportionate amount of City general administrative overhead related thereto, any amounts paid by the City from its general funds, the fees and expenses of the Financial Advisor, and all other costs and expenses of the City or the Fiscal Agent incurred in connection with the discharge of their respective duties under the Agreement and, in the case of the City, in any way related to the administration of the District.

"Administrative Expense Fund" means the fund by that name established by the Agreement.

"Annual Debt Service" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds scheduled to be paid.

"Authorized Officer" means any officer or employee of the City authorized by the City Council or by an Authorized Officer to undertake the action referenced in the Agreement as required to be undertaken by an Authorized Officer.

"Bond Fund" means the fund by that name established by the Agreement.

"Bond Year" means the period beginning on the Closing Date and ending on September 1, 2002 and thereafter the period beginning on each September 2 and ending on the following September 1.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing payment of the purchase price of the Bonds by the Original Purchaser.

"Code" means the Internal Revenue Code of 1986, as amended.

"Defeasance Securities" means the following:

(i) United States Treasury Certificates, Notes and Bonds (including State and Local Government Series - "SLGs");

(ii) Direct obligations of the United States Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;

(iii) Resolution Funding Corporation (REFCORP) obligations; provided that only the interest component of REFCORP strips which have been stripped by request of the Federal Reserve Bank of New York in book-entry form are acceptable;

(iv) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by Standard & Poor's; provided, however, that if the issue is only rated by Standard & Poor's (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct United States or United States guaranteed obligations, or "AAA" rated pre-refunded municipal bonds; and

(v) Obligations issued by the following agencies which are backed by the full faith and credit of the United States of America:

(a) U.S. Export-Import Bank
Direct obligations or fully guaranteed certificates of beneficial ownership

(b) Farmers Home Administration
Certificates of beneficial ownership

(c) Federal Financing Bank

(d) General Services Administration
Participation certificates

(e) United States Maritime Administration
Guaranteed Title XI financing

(f) United States Department of Housing and Urban Development
Project notes
Local Authority Bonds
New Communities Debentures - United States government guaranteed debentures
United States Public Housing Notes and Bonds - United States government guaranteed public housing notes and bonds.

"Developed Property means a parcel of property within the District which is improved with a residential or commercial building.

"Federal Securities" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

(i) Cash; and

(ii) Direct general obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and CATS and TIGRS), or obligations, the payment of principal of and interest on which is unconditionally guaranteed by, the United States of America.

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

"Independent Financial Consultant" means a firm of certified public accountants, a financial consulting firm, a consulting engineering firm or engineer which is not an employee of, or otherwise controlled by, the City.

"Investment Earnings" means all interest earned and any gains and losses on the investment of moneys in any fund or account created by the Agreement excluding interest earned and gains and losses on the investment of moneys in the Rebate Fund.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

"Outstanding," when used as of any particular time with reference to the Bonds, means all Bonds (other than Bonds owned by or held for the account of the City) except:

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

(ii) Bonds called for redemption which, for the reasons specified in the Agreement, are no longer entitled to any benefit under the Agreement other than the right to receive payment of the redemption price therefor;

(iii) Bonds paid or deemed to have been paid within the meaning of the Agreement; and

(iv) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City and authenticated by the Fiscal Agent pursuant to the Agreement or any Supplemental Agreement.

"Parity Bonds" means any bonds of the District which are issued on a parity with any outstanding Bonds.

"Permitted Investments" means:

(i) Federal Securities;

(ii) Bonds, debentures, notes or other evidence issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

(a) U.S. Export-Import Bank
Direct obligations or fully guaranteed certificates of beneficial ownership

(b) Farmers Home Administration
Certificates of beneficial ownership

(c) Federal Financing Bank

(d) Federal Housing Administration Debentures

(e) General Services Administration
Participation certificates

(f) Government National Mortgage Association (GNMA)
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations

(g) U.S. Maritime Administration
Guaranteed Title XI financing

(h) U.S. Department of Housing and Urban Development
Project Notes
Local Authority Bonds
New Communities Indentures - United States government guaranteed debentures
U.S. Public Housing Notes and Bonds - United States government guaranteed public housing notes and bonds;

(iii) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

(a) Federal Home Loan Bank System
Senior debt obligations

(b) Federal Home Loan Mortgage Corporation
Participation Certificates
Senior debt obligations

(c) Federal National Mortgage Association
Mortgage-backed securities and senior debt obligations

(d) Student Loan Marketing Association
Senior debt obligations

(e) Resolution Funding Corporation (REFCORP) obligations

(f) Farm Credit System
Consolidated systemwide bonds and notes;

(iv) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's of AAAm-G, AAA-m or AA-m and, if rated by Moody's, rated Aaa, Aa1 or Aa2 by Moody's;

(v) Certificates of deposit secured at all times by collateral described in clauses (i) and/or (ii) above. Such certificates must be issued by commercial banks, savings and loan associations or

mutual savings banks. The collateral must be held by a third party and the Fiscal Agent on behalf of the Owners of the Bonds must have a perfected first security interest in the collateral;

(vi) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF;

(vii) Investment Agreements, including Guaranteed Investment Contracts, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to (and which satisfy the criteria of) the Bond Insurer;

(viii) Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by Standard & Poor's;

(ix) Bonds or notes issued by any state or municipality which are rated by Moody's and Standard & Poor's in one of the two highest rating categories assigned by them;

(x) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or better by Standard & Poor's;

(xi) Repurchase Agreements for thirty (30) days or less must satisfy the following criteria. Repurchase Agreements which exceed thirty (30) days must be acceptable to the Bond Insurer.

(a) Repurchase agreements must be between the City or the Fiscal Agent and a dealer bank or securities firm which is:

(1) A primary dealer on the Federal Reserve reporting dealer list which is rated "A" or better by Standard & Poor's and Moody's, or

(2) A bank rated "A" or above by Standard & Poor's and Moody's;

(b) The written agreement must include the following:

(1) Securities which are acceptable for transfer are:

(A) direct obligations of the United States government, or

(B) obligations of federal agencies backed by the full faith and credit of the United States of America (or the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC)),

(2) The term of the agreement may not exceed 30 days,

(3) The collateral must be delivered to the City or the Fiscal Agent (if the Fiscal Agent is not supplying the collateral) or a third party acting as agent for the Fiscal Agent (if the Fiscal Agent is supplying the collateral) before or simultaneous with payment (perfection by possession of certificated securities),

(4) (A) The securities must be valued weekly, marked-to-market at current market price plus accrued interest, and

(B) The value of the collateral must be at least equal to one hundred four percent (104%) of the amount of money transferred by the Fiscal Agent to the dealer, bank or security firm under the agreement plus accrued interest. If the value of the securities held as collateral is reduced below one hundred four percent (104%) of the value of the amount of money transferred by the Fiscal Agent, then additional acceptable securities and/or cash must be provided as collateral to bring the value of the collateral to one hundred four percent (104%); provided, however, that if the securities used as collateral are those of FNMA or FHLMC, then the value of the collateral must equal to one hundred five percent (105%) of the amount of money transferred by the Fiscal Agent; and

(c) A legal opinion must be delivered to the City and the Fiscal Agent that the repurchase agreement meets the requirements of California law with respect to the investment of public funds; and

(xii) the Local Agency Investment Fund in the State Treasury of the State of California as permitted by the State Treasurer pursuant to Section 16429.1 of the California Government Code.

"Principal Office" means with respect to the payment, registration, surrender, exchange or transfer of any Bond or Bonds, the principal corporate trust office or agency of the Fiscal Agent in St. Paul, Minnesota, or such other offices as the Fiscal Agent may designate.

"Proceeds," when used with reference to the Bonds, means the aggregate principal amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any.

"Rebate Certificate" means the certificate delivered by the City upon the delivery of the Bonds relating to Section 148 of the Code, or any functionally similar replacement certificate.

"Rebate Fund" means the fund by that name established by the Agreement.

"Record Date" means the fifteenth (15th) day of the month next preceding the applicable Interest Payment Date whether or not such day is a Business Day.

"Regulations" means the temporary and permanent regulations of the United States Department of the Treasury promulgated under the Code.

"Reserve Fund" means the fund by that name established and held by the Agreement.

"Reserve Requirement" means the lesser of (i) ten percent (10%) of the proceeds of the sale of the Bonds, (ii) Maximum Annual Debt Service on the Bonds or (iii) one hundred twenty-five percent (125%) of average Annual Debt Service on the Bonds, as determined by the City.

"Special Taxes" or "Special Tax" means the special taxes levied by the City Council on parcels of taxable property within the District pursuant to the Act and the Agreement.

"Special Tax Fund" means the fund by that name established by the Agreement.

"Special Tax Prepayments" means amounts received by the City as prepayments of all or a portion of the Special Tax obligation of a parcel of property in the District.

"Special Tax Prepayments Account" means the account by that name established by the Fiscal Agent in the Bond Fund.

"Special Tax Revenues" means the proceeds of the Special Taxes received by the City, including any scheduled payments, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes in the amount of said lien and interest and penalties thereon.

"Tax Consultant" means an independent financial or tax consultant retained by the City for the purpose of computing the Special Taxes.

SPECIAL TAX FUND AND ADMINISTRATIVE EXPENSE FUND

Special Tax Fund

(A) *Establishment of Special Tax Fund.* There is established, as a separate account to be held by the Fiscal Agent, the "Community Facilities District No. 90-1 of the City of Riverside Special Tax Refunding Bonds Special Tax Fund" to the credit of which the City shall deposit, within five (5) Business Days after receipt, all Special Tax Revenues received by the City and any amounts required by the Agreement to be deposited therein. There is established in the Special Tax Fund, as a separate account to be held by the Fiscal Agent, the "Surplus Account." Moneys in the Special Tax Fund shall be held in trust by the Fiscal Agent for the benefit of the City and the Owners of the Bonds, shall be disbursed as provided below and, pending disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

Notwithstanding the foregoing, any amounts received by the City which constitute Special Tax Prepayments shall be transferred by the City, within five (5) Business Days after receipt, to the Fiscal Agent for deposit by the Fiscal Agent in the Special Tax Prepayments Account

(B) *Disbursements.* As soon as practicable after the receipt from the City of any Special Tax Revenues, as provided in subsection (A) above, but no later than ten (10) Business Days after such receipt, the Fiscal Agent shall withdraw from the Special Tax Fund and deposit in the Administrative Expense Fund, an amount estimated by the City to be sufficient, together with the amount then on deposit in the Administrative Expense Fund, to pay the Administrative Expenses during the current Fiscal Year; provided, however, that, except as provided below, the amount deposited in the Administrative Expense Fund shall not exceed $30,000 for any Fiscal Year. From the amount then remaining on deposit in the Special Tax Fund, the Fiscal Agent shall, concurrently with the foregoing deposit, deposit in the Reserve Fund the amount, if any, which is necessary to make the amount on deposit therein equal to the Reserve Requirement. The Fiscal Agent shall thereafter transfer amounts from the Special Tax Fund to the Interest Account and the Principal Account pursuant to another section of the Agreement.

Notwithstanding the preceding provisions of this subsection, if prior to the September 1 Interest Payment Date in any Bond Year the City determines that Special Tax Revenues will be sufficient to enable the Fiscal Agent to deposit in the Reserve Fund the amount, if any, which is necessary to make the amount on deposit therein equal to the Reserve Requirement and deposit in the Bond Fund the full amount required for deposit to the Interest and Principal Accounts to pay the interest on and principal of the Bonds on such Interest Payment Date, the City may instruct the Fiscal Agent in an Officer's Certificate, upon which the Fiscal Agent may conclusively rely, to deposit an additional amount, not to exceed $30,000, in the Administrative Expense Fund before making the required deposit to the Bond

Fund, and the Fiscal Agent shall deposit such additional amount in the Administrative Expense Fund before depositing any amount to the Reserve Fund or Bond Fund.

On or before the March 1 Interest Payment Date in each Bond Year, the Fiscal Agent shall transfer moneys from the Surplus Account, to the extent of moneys on deposit therein, to the Interest Account in an amount equal to any deficiency in the amount of other moneys which are on deposit in the Special Tax Fund and available for transfer to and deposit in such account to pay the full amount of the interest on the Bonds which is due and payable on such Interest Payment Date. On or before the September 1 Interest Payment Date in each Bond Year, the Fiscal Agent shall transfer moneys from the Surplus Account, to the extent of moneys on deposit therein, to the Interest and Principal Accounts in an amount equal to any deficiency in the amount of other moneys which are on deposit in the Special Tax Fund and available for transfer to and deposit in such accounts to pay the full amount of the interest on and principal of the Bonds which is due and payable on such Interest Payment Date. On or before May 30 of each year, commencing on May 30, 2002, the Fiscal Agent shall notify the City of the amount which is then on deposit in the Surplus Account and of the aggregate amount of the principal of and interest on the Bonds which will become due and payable on the following September 1.

On September 2 of each year, beginning on September 2, 2002, the amount on deposit in the Special Tax Fund (including the amount on deposit in the Surplus Account), together with the amount then on deposit in the Principal Account (but not the amount of deposit in the Interest Account), shall not exceed the greater of (i) one year's earnings on such amounts, or (ii) one-twelfth (1/12th) of Annual Debt Service for the then current Bond Year. If on September 2 of any year the amount on deposit in the Special Tax Fund, together with the amount then on deposit in the Principal Account, exceeds the maximum amount allowable pursuant to the preceding sentence, the excess shall be deposited, as directed in writing by the City, to the Reserve Fund to the extent that the amount on deposit therein is less than the Reserve Requirement, and any such excess remaining in the Special Tax Fund thereafter shall be deposited to the Administrative Expense Fund. On September 2 of each year, after any such excess amount has been transferred as hereinabove provided, the amount on deposit in the Special Tax Fund, together with the amount then on deposit in the Principal Account, shall not exceed in the aggregate the greater of (i) one year's earnings thereon, or (ii) one-twelfth (1/12th) of Annual Debt Service for the then current Bond Year.

Notwithstanding the foregoing, moneys shall not be transferred from the Special Tax Fund for deposit in the Administrative Expense Fund if such transfer or the amount thereof would adversely affect the payment of Debt Service on the Bonds in the then current Bond Year.

Administrative Expense Fund

(A) *Establishment of Administrative Expense Fund.* There is established, as a separate account to be held by the Fiscal Agent, the "Community Facilities District No. 90-1 of the City of Riverside Special Tax Refunding Bonds Administrative Expense Fund" to the credit of which deposits shall be made as required by the Agreement. Moneys in the Administrative Expense Fund shall be held in trust by the Fiscal Agent for the benefit of the City, and shall be disbursed as provided below.

(B) *Disbursement.* Amounts in the Administrative Expense Fund shall be withdrawn by the Fiscal Agent and paid to the City or its order upon receipt by the Fiscal Agent of an Officer's Certificate stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense (or a Cost of Issuance) and the nature of such Administrative Expense (or Cost of Issuance). Annually, not later than the last day of each Fiscal Year, the Fiscal Agent shall withdraw any amounts then remaining in the Administrative Expense Fund that have not been allocated to pay Administrative Expenses incurred but not yet paid, and transfer such amounts to the Special Tax Fund.

SPECIAL TAX REVENUES; BOND FUND; RESERVE FUND; BOND INSURANCE POLICY

Pledge of Special Tax Revenues

The Bonds shall be secured by a first and prior pledge of and lien upon (which shall be effected in the manner and to the extent herein provided) all of the Special Tax Revenues and all moneys deposited in Principal Account and the Interest Account in the Bond Fund and all moneys deposited in the Reserve Fund. The Bonds shall be equally secured by a pledge of and lien upon the Special Tax Revenues and such moneys without priority for number, date of Bond, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premium upon the redemption of any thereof shall be and is secured by a first and prior pledge of and lien upon the Special Tax Revenues and such moneys. The Special Tax Revenues and all moneys deposited into such accounts are hereby dedicated in their entirety to the payment of the principal of the Bonds, and interest and any premium on, the Bonds, as provided in the Agreement and in the Act, until all of the Bonds have been paid and retired or until moneys or Defeasance Securities have been set aside irrevocably for that purpose in accordance with the Agreement.

Bond Fund

(A) *Deposits.* There is hereby established, as a separate account to be held by the Fiscal Agent, the "Community Facilities District No. 90-1 of the City of Riverside Special Tax Refunding Bonds Bond Fund" to the credit of which deposits shall be made as required by certain sections of the Agreement and any other provision of the Agreement or the Act. There are established in the Bond Fund, as separate accounts to be held by the Fiscal Agent, the "Interest Account" and the "Principal Account." There is also established in the Bond Fund, as a separate account to be held by the Fiscal Agent, the "Special Tax Prepayments Account" to the credit of which deposits shall be made as required by another section of the Agreement. Moneys in the Bond Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

(B) *Disbursements.*

(1) *Bond Fund Disbursements.* On or before each Interest Payment Date, the Fiscal Agent shall transfer from the Special Tax Fund (including the Surplus Account therein) and deposit into the following respective accounts in the 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 Tax 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:

(a) *Interest Account.* On or before each Interest Payment Date, the Fiscal Agent shall deposit in the Interest Account the amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on the Bonds on such Interest Payment Date. No deposit need be made into the Interest Account on any Interest Payment Date if the amount on deposit therein is at least equal to the interest becoming due and payable on the Bonds on such Interest Payment Date. All moneys in the Interest Account shall be used and withdrawn by the Fiscal Agent 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). All amounts on deposit in the Interest Account on the first day of any Bond Year, to the extent not required to pay any interest then

having become due and payable on the Outstanding Bonds shall be withdrawn therefrom by the Fiscal Agent and transferred to the Surplus Account in the Special Tax Fund.

(b) *Principal Account.* On or before each Interest Payment Date which occurs on September 1, the Fiscal Agent shall deposit in the Principal Account the amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds becoming due and payable on such Interest Payment Date pursuant to the Agreement, or the redemption price of the Bonds (consisting of the principal amount thereof and any applicable redemption premium) required to be redeemed on such Interest Payment Date pursuant to any of the provisions of the Agreement. All moneys in the Principal Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of (i) paying the principal of the Bonds at the maturity thereof, or (ii) paying the principal of and premium (if any) on any Bonds upon the redemption thereof pursuant to the Agreement. The amount on deposit in the Principal Account on the first day of any Bond Year, to the extent not required to pay the principal of any Outstanding Bonds then having become due and payable, shall be withdrawn therefrom and transferred to the Surplus Account in the Special Tax Fund.

On the first Business Day following each Interest Payment Date, the Fiscal Agent shall transfer any moneys remaining on deposit in the Bond Fund, including the Interest Account and the Principal Account (but not the Special Tax Prepayments Account), to the Surplus Account in the Special Tax Fund.

In the event that moneys on deposit in the Special Tax Fund, including moneys on deposit in the Surplus Account, will be insufficient on any Interest Payment Date for the Fiscal Agent to deposit the required amounts in the Interest Account and the Principal Account as provided above, the Fiscal Agent shall deposit the available funds first to the Interest Account up to the full amount required to cause the aggregate amount on deposit therein to equal the amount of interest becoming due and payable on the Bonds on the Interest Payment Date, and shall then deposit the remaining available funds in the Special Tax Fund to the Principal Account up to the full amount required to cause the aggregate amount on deposit therein to equal the amount, if any, of principal becoming due and payable on the Bonds on the Interest Payment Date. If, after making such deposits to the Interest Account and the Principal Account, and after transferring moneys from the Reserve Fund to such accounts, as provided in the Agreement, the amount on deposit in the Principal Account is insufficient to pay the full amount of the principal of each of the Bonds which is to be redeemed on the Interest Payment Date, the Fiscal Agent shall make a prorated payment of the principal of each of such Bonds as specified in an Officer's Certificate provided to the Fiscal Agent.

On September 2 of each year, beginning on September 2, 2002, the amount on deposit in the Principal Account (but not the amount on deposit in the Interest Account) together with the amount then on deposit in the Special Tax Fund (including the Surplus Account therein), shall not exceed the greater of (i) one year's earnings on such amounts, or (ii) one-twelfth (1/12th) of Annual Debt Service for the then current Bond Year. If on September 2 of any year the amount on deposit in the Principal Account, together with the amount then on deposit in the Special Tax Fund, exceeds the maximum amount allowable pursuant to the preceding sentence, the excess shall be transferred by the Fiscal Agent, as directed in writing by the City, to the Reserve Fund to the extent that the amount on deposit therein is less than the Reserve Requirement, and any such excess remaining thereafter shall be transferred by the Fiscal Agent to the Administrative Expense Fund. On September 2 of each year, after any such excess amount has been transferred as hereinabove provided, the amount on deposit in the Principal Account, together with the amount then on deposit in the Special Tax Fund, shall not exceed the greater of (i) one year's earnings thereon, or (ii) one-twelfth (1/12th) of Annual Debt Service for the then current Bond Year.

(2) *Special Tax Prepayments Account Deposits and Disbursements.* Within five (5) Business Days after receiving a Special Tax Prepayment the City shall deliver the amount thereof

to the Fiscal Agent, together with an Officer's Certificate notifying the Fiscal Agent that the amount being delivered is a Special Tax Prepayment which is to be deposited in the Special Tax Prepayments Account. Upon receiving a Special Tax Prepayment from the City and such an Officer's Certificate, the Fiscal Agent shall deposit the amount of the Special Tax Prepayment in the Special Tax Prepayments Account. Such an Officer's Certificate may be combined with the Officer's Certificate which the City is required to deliver to the Fiscal Agent pursuant to another section of the Agreement. Moneys on deposit in the Special Tax Prepayments Account shall be transferred by the Fiscal Agent to the Principal Account on the next date for which notice of the redemption of the Bonds can timely be given under another section of the Agreement and shall be used to redeem the Bonds on the redemption date selected in accordance with another section of the Agreement. Pending such transfer, the moneys on deposit in the Special Tax Prepayments Account shall be invested in Defeasance Securities at such yield as Bond Counsel may determine is necessary to preserve the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

(C) *Amounts Received from Bond Insurer.* The amounts, if any, paid by the Bond Insurer to the Fiscal Agent pursuant to the Bond Insurance Policy shall be deposited by the Fiscal Agent in the Interest Account and the Principal Account, as appropriate, and used for the payment of the interest on and principal of the Bonds as provided in subparagraphs (a) and (b) of subsection (B)(1) above.

Reserve Fund

(A) *Establishment of Fund.* There is established, as a separate account to be held by the Fiscal Agent, the "Community Facilities District No. 90-1 of the City of Riverside Special Tax Refunding Bonds Reserve Fund" to the credit of which deposits shall be made as provided in the Agreement. Moneys in the Reserve Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of the principal of and interest and any premium on the Bonds and shall be subject to a lien in favor of the Owners of the Bonds.

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

(C) *Transfer Due to Deficiency in Interest and Principal Accounts.* Whenever transfer is made from the Reserve Fund to the Interest Account or the Principal Account due to a deficiency in either such account, the Fiscal Agent shall provide written notice thereof to the City.

(D) *Transfer of Excess of Reserve Requirement.* Whenever, on any September 2, the total of the amount in the Reserve Fund, less Investment Earnings resulting from the investment of the funds therein which must be rebated to the United States, exceeds the Reserve Requirement, the Fiscal Agent shall provide written notice to the City of the amount of the excess. Upon receiving written direction from an Authorized Officer (upon which the Fiscal Agent may conclusively rely), the Fiscal Agent shall, subject to the requirements of the Agreement, (i) transfer an amount from the Reserve Fund which will reduce the amount on deposit therein to an amount equal to the Reserve Requirement to the Interest Account and the Principal Account to be used for the payment of the interest on and principal of the Bonds on the next succeeding Interest Payment Date in accordance with the Agreement.

(E) *Transfer When Balance Exceeds Outstanding Bonds.* Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including

interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall, upon receiving written direction from an Authorized Officer, transfer the amount in the Reserve Fund to the Interest Account and the Principal Account to be applied, on the next succeeding Interest Payment Date to the payment and redemption, in accordance with the Agreement, of all of the Outstanding Bonds. In the event that the amount available to be transferred from the Reserve Fund to the Interest Account and the Principal Account exceeds the amount required to pay and redeem the Outstanding Bonds, the excess shall be transferred to the City to be used for any lawful purpose of the City.

(F) *Transfers on Payment of Special Tax Obligations.* Whenever the City receives a Special Tax Prepayment for a lot or parcel of property within the District, the City shall by an Officer's Certificate notify the Fiscal Agent thereof and of the amount by which the Reserve Fund is to be reduced and which is transferable from the Reserve Fund to the Principal Account of the Bond Fund, which amount shall be specified in the Officer's Certificate. Each such Officer's Certificate shall be accompanied by a report of an Independent Financial Consultant verifying the accuracy of the calculation of the amount to be transferred from the Reserve Fund to the Principal Account ("Verification"). Upon receipt of each such Officer's Certificate and Verification, upon which the Fiscal Agent may conclusively rely, the Fiscal Agent shall at such time as the amount of such Special Tax Prepayment will be used to redeem Bonds, transfer the amount specified in such Officer's Certificate to the Principal Account and use such amount, together with the amount of such Special Tax Prepayment, to redeem Bonds.

(G) *Investment.* Moneys on deposit in the Reserve Fund shall be invested in Permitted Investments which do not have maturities extending beyond five (5) years, except for Investment Agreements approved by the Bond Insurer. The City shall cause the Permitted Investments, other than such Investment Agreements, in which moneys on deposit in the Reserve Fund are invested to be valued at fair market value and marked-to-market at least once in each Fiscal Year.

Payments Under the Bond Insurance Policy

(A) In the event that, on the second Business Day, and again on the Business Day, prior to an Interest Payment Date, the Fiscal Agent does not have sufficient moneys on deposit in the Special Tax Fund and the Bond Fund (including any accounts therein) to pay all principal of and interest on the Bonds due on the second following or the following, as the case may be, Business Day, the Fiscal Agent shall immediately notify the Bond Insurer, or its designee, on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(B) If the deficiency is made up in whole or in part prior to or on the Interest Payment Date, the Fiscal Agent shall so notify the Bond Insurer or its designee.

(C) In addition, if the Fiscal Agent has notice that any Bondowner has been required to disgorge payments of principal or interest on the Bonds to a trustee in Bankruptcy or creditors or others pursuant to a final judgement by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondowner within the meaning of any applicable bankruptcy laws, then the Fiscal Agent shall notify the Bond Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(D) The Fiscal Agent is hereby irrevocably designated, appointed, directed and authorized to act as the attorney-in-fact for the Owners of the Bonds as follows:

(1) If and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the Fiscal Agent shall (a) execute and deliver to State Street Bank and Trust

Company, N.A., or its successor under the Bond Insurance Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Bond Insurer as agent for such Owners in any legal proceeding related to the payment of such interest and an assignment to the Bond Insurer of the claims for interest to which such deficiency relates and which are paid by the Bond Insurer, (b) receive as designee of the respective Owners (and not as Fiscal Agent) in accordance with the tenor of the Bond Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Owner; and

(2) If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Fiscal Agent shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Bond Insurer as agent for the Owners of the Bonds in any illegal proceeding relating to the payment of such principal and an assignment to the Bond Insurer of any of the Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Fiscal Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Owners (and not as Fiscal Agent), in accordance with the tenor of the Bond Insurance Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Owners.

(E) Payments with respect to claims for interest on and principal of the Bonds disbursed by the Fiscal Agent from proceeds of the Bond Insurance Policy shall not be considered to discharge the obligations of the City and the District with respect to the Bonds, and the Bond Insurer shall become the Owner of such unpaid Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(F) Irrespective of whether any such assignment is executed and delivered, the City and the Fiscal Agent hereby agree for the benefit of the Bond Insurer that:

(1) They recognize that to the extent the Bond Insurer makes payments, directly or indirectly (as by paying through the Fiscal Agent), on account of principal of or interest on the Bonds, the Bond Insurer will be subrogated to the rights of such Owners to receive the amount of such principal and interest from the City, with interest thereon as provided and solely from the sources stated in this Agreement and the Bonds; and

(2) They will accordingly pay to the Bond Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Bond Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Agreement and the Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Bonds to the Owners thereof, and will otherwise treat the Bond Insurer as the owner of such rights to the amount of such principal and interest.

(G) In connection with the issuance of additional Bonds, the City shall deliver to the Bond Insurer a copy of the disclosure document, if any, circulated with respect to such additional Bonds.

(H) Copies of any amendments made to the documents executed in connection with the issuance of the Bonds which are consented to by the Bond Insurer shall be sent by the City to Standard & Poor's.

(I) The City shall deliver or cause to be delivered to the Bond Insurer notice of any resignation or removal of the Fiscal Agent and the appointment of a successor thereto.

(J) The City and the Fiscal Agent shall deliver to the Bond Insurer copies of all notices required to be delivered to the Bondowners and, on an annual basis, the City shall deliver to the Bond Insurer a copy of the City's audited financial statements and annual budget.

OTHER COVENANTS OF THE CITY

Punctual Payment

The City will punctually pay or cause to be paid the principal of and interest and any premium on the Bonds when and as due in strict conformity with the terms of the Agreement and any Supplemental Agreement to the extent that the Special Tax Revenues are available therefor, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Agreement and all Supplemental Agreements and of the Bonds.

Special Obligation

The Bonds are special obligations of the City and the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Bond Fund, the Reserve Fund and the Special Tax Fund.

Extension of Time for Payment

In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default under the Agreement, to the benefits of the Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Against Encumbrances

The City shall not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by the Agreement.

Books and Accounts

The City shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Administrative Expense Fund. Such books of record and accounts shall at all times during business hours, upon reasonable notice, be subject to the inspection of the Owners of not less than ten percent (10%) of the aggregate principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Protection of Security and Rights of Owners

The City will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

Collection of Special Tax Revenues

The City shall comply with all requirements of the Act, including the enactment of necessary Ordinances, so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of the payment or collection of delinquent Special Taxes.

On or within five (5) Business Days of May 1 of each year, the Fiscal Agent shall provide the City with a notice stating the amount then on deposit in the Bond Fund and the Reserve Fund, and informing the City that the Special Taxes are to be levied by Ordinance as necessary to provide for Annual Debt Service and Administrative Expenses and replenishment (if necessary) of the Reserve Fund so that the balance therein equals the Reserve -Requirement. The receipt of such notice by the City or the failure of the Fiscal Agent to give such notice shall in no way affect the obligations of the City under the following two paragraphs. Upon receipt of such notice, the City shall communicate with the 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 City shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Act by August 1 of each year (or such later date as may be authorized by the Act or any amendment thereof) that the Bonds are Outstanding, such that the computation of the levy is complete before the final date on which the Auditor will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the tax roll for the Fiscal Year then beginning. Upon the completion of the computation of the amounts of the levy of the Special Taxes, the City shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the tax roll. Notwithstanding the preceding provisions of this paragraph, the City Council may elect, as permitted by the Act, to collect the Special Taxes to be levied for any Fiscal Year directly from the owners of the parcels of taxable property upon which the Special Taxes are levied rather than by transmitting the Special Taxes to the Auditor for collection on the tax roll; provided that, in such event, the City shall otherwise comply with the provisions of this Section.

The City shall fix and levy the amount of Special Taxes within the District required for the payment of principal of and interest on any Outstanding Bonds becoming due and payable during the ensuing calendar year, including any necessary replenishment of expenditure of the Reserve Fund and an amount estimated to be sufficient to pay the Administrative Expenses during such calendar year. The Special Taxes so levied shall not exceed the authorized amounts as provided in the proceedings for the establishment of the District. In levying the Special Taxes to replenish the Reserve Fund, if the City receives a written notification from the Fiscal Agent pursuant to another section of the Agreement that amounts have been withdrawn from the Reserve Fund to pay debt service on the Bonds and if the City determines that such amounts were withdrawn as a result of delinquencies in the payment of Special Taxes, the City shall include in the levy of the Special Taxes for the following Fiscal Year, the amount necessary to restore the Reserve Fund to the Reserve Requirement. The Special Taxes so levied shall not exceed the authorized amounts as provided in the proceedings for the establishment of the District.

The Special Taxes shall be payable and be collected (except in the event of judicial foreclosure proceedings pursuant to the Agreement) in the same manner and at the same time and in the same installments 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.

The City will not, in collecting the Special Taxes or in processing any such judicial foreclosure proceedings, exercise any authority which it has pursuant to Sections 53340, 53344.1, 53344.2, 53356.1 and 53356.5 of the California Government Code in any manner which would materially and adversely

affect the interests of the Bondowners and, in particular, will not permit the tender of Bonds in full or partial payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the City having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds remaining Outstanding following such tender.

Levy of Special Taxes for Administrative Expenses

The City covenants (a) that, to the extent that it is legally permitted to do so, it will levy the Special Taxes for the payment of the Administrative Expenses which are expected to be incurred in each Fiscal Year, and (b) that, to the extent that it is legally permitted to avoid doing so, it will not initiate proceedings under the Act to reduce the Maximum Special Tax rates (the "Maximum Rates") on then existing Developed Property below the amounts which are necessary to provide Special Tax Revenues in an amount equal to one hundred fifteen percent (115%) of Maximum Annual Debt Service on the Outstanding Bonds.

The City further covenants that in the event an ordinance is adopted by initiative pursuant to Section 3 of Article XIII C of the California Constitution, which purports to reduce or otherwise alter the Maximum Rates, it will commence and pursue legal action seeking to preserve its ability to comply with its covenant contained in the preceding paragraph.

Further Assurances

The City will adopt, make, execute and deliver any and all such further ordinances, resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Agreement, and for better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Agreement.

Tax Covenants

The City covenants that:

(A) It will not take any action or omit to take any action, which action or omission, if reasonably expected on the date of the initial issuance and delivery of the Bonds, would have caused any of the Bonds to be "arbitrage bonds" within the meaning of Section 103(b) and Section 148 of the Code;

(B) It will not take any action or omit to take any action, which action or omission, if reasonably expected on the date of initial issuance and delivery of the Bonds, would result in loss of exclusion from gross income for purposes of federal income taxation under Section 103(a) of the Code of interest paid with respect to the Bonds;

(C) It will not take any action or omit to take any action, which action or omission, if reasonably expected on the date of initial issuance and delivery of the Bonds, would have caused any of the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code;

(D) It will comply with the Rebate Certificate as a source of guidance for achieving compliance with the Code; and

(E) In order to maintain the exclusion from gross income for purposes of federal income taxation of interest paid with respect to the Bonds, it will comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code.

The covenants of the City contained in this Section shall survive the payment, redemption or defeasance of Bonds.

Covenant to Foreclose

The City hereby covenants with and for the benefit of the Owners of the Bonds (i) that it will order, and cause to be commenced, judicial foreclosure proceedings against properties with delinquent Special Taxes in excess of $5,000 by the October 1 following the close of the Fiscal Year in which such Special Taxes were due, and (ii) that it will commence judicial foreclosure proceedings against all properties with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than ninety-five percent (95%) of the total Special Taxes levied or in which the Reserve Fund is below the Reserve Requirement, and diligently pursue to completion such foreclosure proceedings.

Prepayment of Special Taxes

The City shall cause all applications of owners of property in the District to prepay and satisfy the Special Tax obligation for their property to be reviewed by an Independent Financial Consultant or a Tax Consultant and an Independent Accountant and shall not accept any such prepayment unless (a) such consultant and such Independent Accountant certify in writing that following the acceptance of the proposed prepayment by the City and the redemption of Bonds with such prepayment, the ratio of (i) the maximum amount of the Special Taxes that may be levied on all Developed Property which following such prepayment will be subject to the levy of the Special Taxes to (ii) Maximum Annual Debt Service on the Bonds which will remain Outstanding following such redemption (*e.g.*, 1.15 to 1.0) will not be less than such ratio as it existed prior to such prepayment, and (b) the City determines that the owner who has made application to make such prepayment is not delinquent in the payment of Special Taxes levied on any other property in the District.

Calculation of Prepayments

The City will not include in any calculation of the amount necessary to prepay and permanently satisfy the Special Tax obligation of any parcel of taxable property in the District a proportionate amount of the amount then on deposit in the Reserve Fund, if at the time of such calculation the amount on deposit in the Reserve Fund is less than the Reserve Requirement; provided, however, that in such event the City may pay to the owner of any such property who prepays and permanently satisfies the Special Tax obligation for his/her property, under such circumstances, such a proportionate amount if the amount on deposit in the Reserve Fund is thereafter increased to the Reserve Requirement.

INVESTMENTS AND DISPOSITION OF INVESTMENT PROCEEDS; LIABILITY OF THE CITY

Deposit and Investment of Moneys in Funds

Subject in all respects to the provisions of the Agreement, moneys in any fund or account created or established by the Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. In the absence of any such Officer's Certificate, the Fiscal Agent shall invest any such moneys in Permitted Investments described in clause (iv) of the definition of Permitted Investments. The Fiscal Agent shall not have any responsibility for determining the legality of any Permitted Investments. The Fiscal Agent shall have no obligation to pay additional interest or maximize investment income on any funds held by it. Neither the City nor the

Owners of the Bonds shall have any claim of any kind against the Fiscal Agent in connection with investments properly made pursuant to the Agreement. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account, subject, however, to the requirements of the Agreement for transfer of Investment Earnings in funds and accounts.

The Fiscal Agent and its affiliates may act as sponsor, advisor, depository, principal or agent in the holding, acquisition or disposition of any investment. The Fiscal Agent shall not incur any liability for losses arising from any investments made pursuant to the Agreement. For purposes of determining the amount on deposit in any fund or account held hereunder, all Permitted Investments or investments credited to such fund or account shall be valued at the cost thereof (excluding accrued interest and brokerage commissions, if any).

Subject in all respects to the provisions of the Agreement, investments in any and all funds and accounts may be commingled in a single fund for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent hereunder, provided that the Fiscal Agent shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Agreement.

The Fiscal Agent shall sell at the highest price reasonably obtainable (provided that the highest of any three bids received by the Fiscal Agent shall be deemed the highest price reasonably obtainable), or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited, and the Fiscal Agent shall not be liable or responsible for any loss resulting from the acquisition or disposition of any such investment security in accordance herewith.

The City acknowledges that notwithstanding regulations of the Comptroller of the Currency or other applicable regulatory entity may grant the City the right to receive brokerage confirmations of securities transactions as they occur, the City agrees that the Fiscal Agent shall not send such confirmations to the City to the extent permitted by law. The Fiscal Agent shall furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Fiscal Agent hereunder.

The Fiscal Agent shall determine the current market value of the investments in which moneys in the funds and accounts held by the Fiscal Agent are invested as of the end of each month in such manner as the Fiscal Agent shall determine is most appropriate for each type of investment.

Liability of City

The City shall not incur any responsibility in respect of the Bonds or the Agreement other than in connection with the duties or obligations explicitly therein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties under the Agreement, except for its own negligence or willful default. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Fiscal Agent in the Agreement or of any of the documents executed by the Fiscal Agent in connection with the Bonds.

In the absence of bad faith, the City may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of the Agreement. The City shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of the Agreement shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations thereunder, or in the exercise of and of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The City may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel, who may be counsel to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties under the Agreement the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Agreement, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Fiscal Agent, and such certificate shall be full warranty to the City for any action taken or suffered under the provisions of the Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

In order to perform its duties and obligations under the Agreement, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith under the Agreement, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

THE FISCAL AGENT

Appointment of Fiscal Agent

The Fiscal Agent is appointed and undertakes to perform such duties, and only such duties, as are specifically set forth in the Agreement, and no implied covenants or obligations shall be read into the Agreement against the Fiscal Agent.

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

The City may remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least $50,000,000, and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section, combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Fiscal Agent may at any time resign by giving written notice to the City and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the City shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent.

If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Fiscal Agent shall have given to the City written notice or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent, at the expense of the City, or any Owner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

Liability of Fiscal Agent

The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the City and the District, and the Fiscal Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of the Agreement or of the Bonds, nor shall the Fiscal Agent incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

In the absence of bad faith, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of the Agreement. Except as provided above in this paragraph, the Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of the Agreement, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of the Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

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

No provision of the Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Agreement, or in the exercise of any of its rights or powers.

The Fiscal Agent shall not be responsible for accounting for, or paying to, any party to the Agreement, including, but not limited to the City and the Owners, any returns on or benefit from funds held for payment of unredeemed Bonds or outstanding checks and no calculation of the same shall affect, or result in any offset against, fees due to the Fiscal Agent under the Agreement.

The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by the Agreement at the request or direction of any of the Owners pursuant to the Agreement unless such Owners shall have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent.

All indemnification and releases from liability granted in the Agreement to the Fiscal Agent shall extend to the directors, officers and employees of the Fiscal Agent.

Information

The Fiscal Agent shall provide to the City such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent under the Agreement as the City shall reasonably request, including, but not limited to, quarterly statements reporting funds held and transactions by the Fiscal Agent.

Notice to Fiscal Agent

The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Fiscal Agent may consult with counsel, who may be counsel to the City, with regard to legal questions, and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Fiscal Agent in good faith and in accordance therewith.

Whenever in the administration of its duties under the Agreement the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a certificate of the City, and such certificate shall be full warranty to the Fiscal Agent for any action taken or suffered under the provisions of the Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Compensation, Indemnification

The City shall pay to the Fiscal Agent from time to time reasonable compensation for all services rendered as Fiscal Agent under the Agreement, and also all reasonable expenses, charges, fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under the Agreement, and the Fiscal Agent shall have a first priority lien therefor on any funds at any time held by it under the Agreement, and the Fiscal Agent shall pay and reimburse all expenses, charges, fees and other disbursements, including those of its attorneys, agents and employees, incurred in connection therewith from the funds held by it under the Agreement. The City further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents, harmless against any liabilities, costs, claims, expenses or charges of any kind whatsoever (including fees and expenses of its attorneys) which it may incur in the exercise and performance of its powers and duties under the Agreement which are not due to its negligence or willful misconduct. The obligation of the City under this Section shall survive resignation or removal of the Fiscal Agent under the Agreement and payment of the Bonds and discharge of the Agreement.

Books and Accounts

The Fiscal Agent shall keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions made by it to the expenditure of amounts disbursed from the Bond Fund, the Special Tax Fund, the Administrative Expense Fund, the Reserve Fund and the Cost of Issuance Fund. Such books of record and accounts shall, upon reasonable notice, at all times during business hours be subject to the inspection of the City and the Owners of not less than ten percent (10%) of the aggregate principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

MODIFICATION OR AMENDMENT OF THE AGREEMENT

Amendments Permitted

(A) The Agreement and the rights and obligations of the District, the City and the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement with the written consent of the Bond Insurer and with either (a) the affirmative vote of the Owners conducted at a meeting of the Owners or (b) the written consent of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Agreement. No such modification or amendment shall (i) extend the maturity of any Bond or the time for paying interest thereon, or otherwise alter or impair the obligation of the City on behalf of the District to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation of any pledge of or lien upon the Special Tax Revenues, or the moneys on deposit in the Bond Fund or the Reserve Fund, superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or the Agreement), (iii) reduce the percentage of Bonds required for the amendment of the Agreement, or (iv) reduce the principal amount of or redemption premium on any Bond or reduce the interest rate thereon. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent. The Fiscal Agent shall be furnished an opinion of counsel that any such Supplemental Agreement entered into by the City and the Fiscal Agent complies with the provisions of the Agreement and the Fiscal Agent may conclusively rely on such opinion

(B) The Agreement and the rights and obligations of the District and the City and the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the City in the Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(2) to make modifications not adversely affecting any Outstanding series of Bonds of the District in any material respect;

(3) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provisions of the Agreement, or in regard to questions arising under the Agreement, as the City and the Fiscal Agent may deem necessary or desirable and not inconsistent with the Agreement, and which shall not adversely affect the rights of the Owners; or

(4) to make such additions, deletions or modifications as may be necessary or desirable to assure compliance with Section 148 of the Code relating to required rebate of moneys to

the United States or otherwise as may be necessary to assure exclusion from gross income for federal income tax purposes of interest on the Bonds or to conform with the Regulations.

Notwithstanding the preceding provisions of this Subsection (B), the Fiscal Agent shall give written notice, in a form provided by the City, to the Bond Insurer of any Supplemental Agreement which is entered into between the City and the Fiscal Agent pursuant to this Subsection and of the modification or amendment which will be made by such Supplemental Agreement.

Owners' Meetings

The City may at any time call a meeting of the Owners. In such event the City is authorized to fix the time and place of any such meeting and to provide for the giving of notice thereof and to fix and adopt rules and regulations for the conduct of the meeting.

Procedure for Amendment with Written Consent of Owners

The City and the Fiscal Agent may at any time enter into a Supplemental Agreement amending the provisions of the Bonds or of the Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by the Agreement, to take effect when and as provided in this Section. A copy of the Supplemental Agreement, together with a request to Owners and the Bond Insurer for their consent thereto, shall be mailed by first class mail, postage prepaid, by the Fiscal Agent to each Owner of Bonds Outstanding and the Bond Insurer, but failure to mail copies of the Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in this Section provided.

Such a Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding and the written consent of the Bond Insurer and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by the Agreement. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds and the Bond Insurer shall have filed their consents to the Supplemental Agreement, the City shall mail a notice to the Owners and the Bond Insurer in the manner hereinbefore provided in this Section for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and the Bond Insurer and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by this Section to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City, the District and the Owners of all Bonds then Outstanding at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60)-day period.

Disqualified Bonds

Bonds owned or held for the account of the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in the Agreement, and shall not be entitled to vote upon, consent to, or participate in any action provided for in the Agreement.

Effect of Supplemental Agreement

From and after the time any Supplemental Agreement becomes effective, the Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Agreement of the City and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of the Agreement for any and all purposes.

Endorsement or Replacement of Bonds Issued After Amendments

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and upon presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for like Bonds then Outstanding, upon surrender of such Bonds.

Amendatory Endorsement of Bonds

The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

DISCHARGE OF THE AGREEMENT

If the City shall pay and discharge the entire indebtedness on all Outstanding Bonds in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of and interest and any premium on all such Bonds, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, an amount of money which, together with the amounts then on deposit in the Bond Fund, the Special Tax Fund and the Reserve Fund, is fully sufficient to pay all such Bonds, including all principal, interest and redemption premiums, if any; or

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash or non-callable Defeasance Securities in such amount as the City shall determine, as confirmed by an Independent Financial Consultant, will, together with the interest to accrue thereon and amounts then on deposit in the Bond Fund, the Special Tax Fund and the Reserve Fund, be fully sufficient to pay and discharge the

indebtedness on all such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in the Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any such Bonds shall not have been surrendered for payment, the pledge of the Special Tax Revenues and other funds provided for in the Agreement and all other obligations of the City and the District under the Agreement with respect to such Bonds shall cease and terminate, except the obligation of the City to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon, the obligation of the City to pay all amounts owing to the Fiscal Agent pursuant to the Agreement, and the obligations of the City pursuant to the covenants contained in the Agreement; and thereafter Special Taxes shall not be payable to the Fiscal Agent. Notice of such election shall be filed with the Fiscal Agent. The satisfaction and discharge of the Agreement shall be without prejudice to the rights of the Fiscal Agent to charge and be reimbursed by the City for the expenses which it shall thereafter incur in connection herewith.

Any funds held by the Fiscal Agent to pay and discharge the indebtedness on such Bonds, upon payment of all fees and expenses of the Fiscal Agent, which are not required for such purpose, shall be paid over to the City.

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APPENDIX F

SPECIMEN OF INSURANCE POLICY

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MBIA

FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

In the event the Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

President

SPECIMEN

Attest: Assistant Secretary

STD-R-CA-6
4/95

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APPENDIX G

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of July 1, 2001 (the "Disclosure Agreement") is executed and delivered by the City of Riverside for and on behalf of Community Facilities District No. 90-1 (Lusk-Highlander) of the City of Riverside (the "Issuer") and U.S. Bank Trust National Association, as fiscal agent (the "Fiscal Agent") and as dissemination agent (the "Dissemination Agent"), in connection with the issuance and delivery by the Issuer of its $14,325,000 Special Tax Refunding Bonds, 2001 Series A (the "Bonds"). The Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of July 1, 2001 (the "Fiscal Agent Agreement"), by and between the Issuer and the Fiscal Agent. The Issuer, the Fiscal Agent and the Dissemination Agent covenant as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Fiscal Agent and the Dissemination Agent, for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Fiscal Agent Agreement, 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 provided by the Issuer 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 purposes.

"Disclosure Representative" shall mean the Director of Finance of the City of Riverside or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean, initially, U.S. Bank Trust National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designed in writing by the Issuer and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purpose of the Rule.

"Participating Underwriter" shall mean UBS PaineWebber Inc. as the original underwriter of the Bonds and any other underwriter which the City acknowledges is required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and each State Repository.

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

"State Repository" shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository.

"Tax-exempt" shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preferences or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent by written direction to such Dissemination Agent to, not later than February 1 after the end of the Issuer's fiscal year (which currently ends on June 30), commencing with the report for the fiscal year ending June 30, 2001, provide to each Repository 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; provided that the audited financial statements of the Issuer may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

An Annual Report shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The Issuer's fiscal year is currently effective from July 1 to the immediately succeeding June 30 of the following year. The Issuer will promptly notify each Repository or the Municipal Securities Rulemaking Board and, in either case, the Fiscal Agent and the Dissemination Agent of a change in the fiscal year dates.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to Repositories, the Issuer shall provide the Annual Report to the Dissemination Agent and the Fiscal Agent (if the Fiscal Agent is not the Dissemination Agent). If by fifteen (15) Business Days prior to such date the Fiscal Agent has not received a copy of the Annual Report, the Fiscal Agent shall contact the Issuer and the Dissemination Agent to determine if the Issuer is in compliance with subsection (a). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Fiscal Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent and Fiscal Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) promptly after receipt of the Annual Report, file a report with the Issuer and (if the Dissemination Agent is not the Fiscal Agent) the Fiscal Agent certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference:

(a) Financial Statements. The audited financial statements of the Issuer for the most recent fiscal year of the Issuer then ended. If the Issuer prepares audited financial statement and if the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the Issuer in a format similar to the financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements of the Issuer shall be audited by such auditor as shall then be required or permitted by State law or the Fiscal Agent Agreement. Audited financial statements, if prepared by the Issuer, shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the Issuer may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer shall modify the basis upon which its financial statements are prepared, the Issuer shall provide a notice of such modification to each Repository, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following information:

(i) the principal amount of Bonds outstanding as of June 30 of each year;

(ii) the balance in each fund under the Agreement as of the June 30 preceding the filing of the Annual Report;

(iii) an update of Tables 3 (for so long as there is undeveloped property in the District), 4, 7 and 8 in the Official Statement for the Bonds based on the assessed values within the District for the current fiscal year, the Special Tax levy for the fiscal year in which the Annual Report is being filed and the outstanding principal amount of the Bonds as of the September 2 preceding the date of the Annual Report;

(iv) if the Special Tax delinquency rate in the District is greater than 5%, then the delinquency amounts by delinquent property owner and the status of any foreclosure proceedings;

(v) any changes to the Rate and Method of Apportionment of the Special Tax approved or submitted to the qualified electors for approval prior to the filing of the Annual Report;

(vi) any event known to the Issuer which reduces the number of residential units permitted to be constructed within the District;

(vii) the status of any foreclosure actions being pursued by the Issuer with respect to delinquent Special Taxes; and

(viii) any information not already included under (i) through (vi) above that the Issuer is required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

(c) Any or all of the items listed in (a) or (b) above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(1) principal and interest payment delinquencies.

(2) an event of default under the Fiscal Agent Agreement other than as described in (1) above.

(3) unscheduled draws on the Reserve Fund reflecting financial difficulties.

(4) unscheduled draws on any credit enhancements securing the Bonds reflecting financial difficulties.

(5) any change in the provider of any letter of credit or any municipal bond insurance policy securing the Bonds or any failure by the providers of such letters of credit or municipal bond insurance policies to perform on the letter of credit or municipal bond insurance policy.

(6) adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds.

(7) modifications to the rights of Bond Owners.

(8) unscheduled redemption of any Bond.

(9) defeasances.

(10) any release, substitution, or sale of property securing repayment of the Bonds.

(11) rating changes.

(b) The Fiscal Agent shall, promptly upon the obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Issuer pursuant to the Fiscal Agent Agreement, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f). For purposes of this Disclosure Agreement, "actual knowledge" of the occurrence of such Listed Events shall mean actual knowledge by the officer at

the corporate trust office of the Fiscal Agent with regular responsibility for the administration of matters related to the Fiscal Agent Agreement.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Fiscal Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with (i) the Municipal Securities Rulemaking Board or (ii) each National Repository, and in either case, to each State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Fiscal Agent Agreement. In each case of the Listed Event, the Dissemination Agent shall not be obligated to file a notice as required in this subsection (f) prior to the occurrence of such Listed Event.

(g) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and that the Fiscal Agent or the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The obligation of the Issuer, the Fiscal Agent and the Dissemination Agent 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 Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Fiscal Agent shall be the Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank Trust National Association. The Dissemination Agent may resign by providing (i) thirty days written notice to the Issuer and the Fiscal Agent and (ii) upon appointment of a new Dissemination Agent hereunder.

SECTION 8. Amendment. (a) This Disclosure Amendment may be amended, by written agreement of the parties, without the consent of the Owners, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Disclosure Agreement as so amended would have complied with the

requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have delivered to the Fiscal Agent an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer and the Fiscal Agent, to the same effect as set forth in clause (2) above, (4) the Issuer shall have delivered to the Dissemination Agent an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the Owners or Beneficial Owners, and (5) the Issuer shall have delivered copies of such opinion and amendment to each Repository.

(b) This Disclosure Agreement may be amended, by written agreement of the parties, upon obtaining consent of Owners in the same manner as provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of the Owners of the Bonds, provided that the conditions set forth in Section 8(a)(1), (2) and (3) have been satisfied.

(c) To the extent any amendment to this Disclosure Agreement results in a change in the type of financial information or operating data provided pursuant to this Disclosure Agreement, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the basis on which financial statements are prepared, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer 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 Issuer 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 Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice if occurrence of a Listed Event.

The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that under some circumstances compliance with this Disclosure Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

SECTION 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Owner 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 Issuer 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 Fiscal Agent Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Fiscal Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Fiscal Agent and Dissemination Agent. The provisions of Article VII of the Fiscal Agent Agreement are hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Fiscal Agent Agreement and the Dissemination Agent and the Fiscal Agent shall be entitled to the same protections, limitations from liability and indemnities hereunder as are afforded the Fiscal Agent thereunder. The Dissemination Agent and the Fiscal Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and the Fiscal Agent and their respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their 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 the Fiscal Agent's respective negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Issuer 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 Fiscal Agent shall have no duty or obligation to review any information provided to them hereunder. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and Fiscal Agent and payment of the Bonds. No person shall have any right to commence any action against the Fiscal Agent or the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. The Dissemination Agent and the Fiscal Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Agreement.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Notices. Notices should be sent in writing to the following addresses. The following information may be conclusively relied upon until changed in writing.

Disclosure Representative:	Director of Finance City of Riverside 3900 Main Street Riverside, California 92522
Dissemination Agent:	U.S. Bank Trust National Association 550 South Hope Street, Suite 500 Los Angeles, California 90071
Fiscal Agent:	U.S. Bank Trust National Association 550 South Hope Street, Suite 500 Los Angeles, California 90071
Participating Underwriter:	UBS PaineWebber Inc. 888 San Clemente Drive, Suite 400 Newport Beach, California 92660 Attention: John Gibson

SECTION 14. 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 RIVERSIDE

By: _____
Finance Director

U.S. BANK TRUST NATIONAL ASSOCIATION, as Fiscal Agent and Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	City of Riverside for and on behalf of Community Facilities District No. 90-1 (Lusk-Highlander) of the City of Riverside
Name of Bond Issue:	Community Facilities District No. 90-1 (Lusk-Highlander) of the City of Riverside, California $14,325,000 Special Tax Refunding Bonds, 2001 Series A
Date of Issuance:	July 29, 2001

NOTICE IS HEREBY GIVEN that the City of Riverside acting for and on behalf of Community Facilities District No. 90-1 (Lusk-Highlander) of the City of Riverside (the "City") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement, dated as of July 1, 2001, by and between the City and U.S. Bank Trust National Association, as fiscal agent and dissemination agent. [The City anticipates that the Annual Report will be filed by _____.]

Dated: _____

U.S. BANK TRUST NATIONAL
ASSOCIATION, as Dissemination Agent

cc: City of Riverside
UBS PaineWebber Inc.

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