

**RATES AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR
COMMUNITY FACILITIES DISTRICT NO. 12 (EASTVALE AREA) OF
JURUPA COMMUNITY SERVICES DISTRICT**

A special tax (the "Special Tax") (defined below) shall be applicable to each Parcel (defined below) located in Community Facilities District No. 12 (Eastvale Area) of Jurupa Community Services District ("CFD No. 12"). The amount of Special Tax to be levied on a Parcel of Taxable Property in any Fiscal Year (defined below) shall be determined by the Board of Directors of Jurupa Community Services District (the "District") acting in its capacity as the legislative body of CFD No. 12 (the "Board of Directors"), as provided in Sections B, C, and D. All of the Taxable Property in CFD No. 12 shall be taxed for the purposes, to the extent and in the manner, herein provided.

A. DEFINITIONS

"**Act**" means the Mello-Roos Community Facilities Act of 1982, as amended, 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.

"**Administrative Expenses**" means all ordinary and necessary costs and expenses of the District in administering CFD No. 12, as allowed by the Act, which shall include, without limitation, all costs and expenses arising out of or resulting from the annual levy and collection of the Special Tax and payment of debt service on the outstanding bonds of CFD No. 12, any litigation involving CFD No. 12, continuing disclosure undertakings of the District as imposed by applicable laws and regulations, communication with bondholders and normal administrative expenses (including any District overhead and salaries).

"**Administrator**" means the General Manager of the District or his/her designee.

"**Alternative Special Tax Rate**" means an alternative special tax rate that applies only to Parcels of Developed Property which are classified as Residential Property in the amount of \$2,476 per Parcel or in an amount determined pursuant to Section I, if applicable.

"**Assessor's Parcel Map**" means an official map of the Assessor of the County of Riverside designating parcels by Assessor's Parcel number.

"**Board of Directors**" means the Board of Directors of the District.

"**CFD No. 12**" means Community Facilities District No. 12 (Eastvale Area) of the District.

"**Church Property**" means all property which, as of March 1 preceding the Fiscal Year for which the Special Tax is levied, has been developed or has been approved by the County for development for use as a church sanctuary, synagogue or other such place of worship, which may or may not include associated buildings which are to be used for religious educational purposes, and which is exempt from taxation pursuant to Section 214 of the Revenue and Taxation Code of the State of California.

"County" means the County of Riverside, California.

"Debt Service and Facilities Special Tax Requirement" means the amount required in any Fiscal Year, after taking into consideration available funds pursuant to the bond indenture: (1) to pay principal of and interest on all outstanding bonds of CFD No. 12, (2) to pay Administrative Expenses attributable to such bonds and the levy and collection of the Special Taxes, (3) to pay costs of credit enhancement for such bonds, (4) to replenish the reserve fund for such bonds, and (5) to provide any amounts which the Board of Directors determines are necessary to pay the costs of the provision, construction and acquisition of the Facilities and/or accumulate funds therefor.

"Developed Property" means, for each Fiscal Year, (i) for purposes of the levy of Special Taxes to satisfy the Debt Service and Facilities Special Tax Requirement, all Parcels of Residential Property and Non-Residential Property which, as of March 1 preceding the Fiscal Year for which the Special Tax is being levied, a building permit has been issued which allows residential dwelling units or non-residential buildings to be constructed, or (ii) for purposes of the levy of Special Taxes to satisfy the O & M Special Tax Requirement, all Parcels for which, as of March 1 preceding the Fiscal Year for which the Special Tax is being levied, there has been recorded in the official records of the County a subdivision map, parcel map, lot line adjustment or any other similar map which subdivides (or creates) such Parcels so that building permits can be issued for construction of one or more residential dwelling units or non-residential buildings thereon.

"District" means Jurupa Community Services District.

"Facilities" means (a) water system facilities, including capacity in existing facilities, and sewer system facilities, including capacity in existing facilities and sewage treatment and disposal capacity, of the District, (b) public school facilities of Corona-Norco Unified School District, (c) Parks and Park Improvements, and (d) any other improvements or facilities designated by the District, with an estimated useful life of five years or longer, which are eligible for financing under the Act.

"Fiscal Year" means the period from and including July 1 of any year to and including the following June 30.

"Landscape" means landscape, including turf, trees, shrubs, bushes, and other cultivated vegetation which is planted and growing in, associated irrigation system facilities which are located in, and landscape which is located in publicly owned street rights-of-way, parkways and open-space areas.

"Land Use Regulations" means the General Plan, Community Plan, Zoning Ordinance, any Specific Plan, and any other applicable land use regulations of the County of Riverside, or any successor agency.

"Maximum Special Tax for Debt Service and Facilities" means the maximum amount of Special Tax, determined pursuant to Section C, that can be levied by the Board of Directors in

any Fiscal Year on a Parcel of Taxable Property to satisfy the Debt Service and Facilities Special Tax Requirement.

"Maximum Special Tax for O & M" means the maximum amount of Special Tax, determined pursuant to Section C, that can be levied by the Board of Directors in any Fiscal Year on a Parcel of Taxable Property to satisfy the O & M Special Tax Requirement. The Maximum Special Tax for O & M shall be increased annually by the percentage increase in the Consumer Price Index (All Items) for Los Angeles – Riverside – Orange County (1982-84 = 100) since the beginning of the preceding Fiscal Year, or by two percent (2%), whichever is greater, on July 1, 2005 for Fiscal Year 2005-06 and on each subsequent July 1 for the Fiscal year then commencing.

"Net Acre" means the land area of a Parcel as shown on an Assessors Parcel Map, or if the land area of a Parcel is not shown on such a map, the land area shown on the applicable recorded final subdivision map, parcel map or other similar map.

"Non-Residential Property" means all Parcels of Developed Property for which a building permit has been issued for purposes of constructing a non-residential building or upon which such a building has been constructed.

"O & M Special Tax Requirement" means the amount, after taking into consideration available funds, required in any Fiscal Year to pay: (1) costs related to the ongoing Operation and Maintenance and (2) Administrative Expenses attributable to said ongoing Operation and Maintenance, as determined by the District.

"Operation and Maintenance" means the operation and maintenance of Parks and Park Improvements and Landscape.

"Parcel" means a lot or parcel, any portion of which lies within the boundaries of CFD No. 12, which is shown on the then current applicable Assessor's Parcel Map(s) with an assigned parcel number.

"Park and Open Space Property" means all property which, as of March 1 preceding the Fiscal Year for which the Special Tax is being levied, has been developed or has been approved by the County for development for active park or open space uses, conveyed to and controlled by a public agency, as specified in the Land Use Regulations.

"Parks and Park Improvement" means parks and park and recreation improvements which are to be developed, constructed and installed within and in the area of CFD No. 12 and which will be owned and operated by the District for the benefit of the residents of CFD No. 12.

"Property Owners' Association Property" means all property which, as of March 1 preceding the Fiscal Year for which the Special Tax is being levied, has been conveyed, dedicated or irrevocably offered for dedication to a property owners' association for recreational or open-space use, as specified in the Land Use Regulations.

"Public School Property" means all property which, as of March 1 preceding the Fiscal Year for which the Special Tax is being levied, has been conveyed, dedicated, or irrevocably offered for dedication or leased for a term of (10) years or more to a public agency for the purpose of providing public school facilities, as specified in the Land Use Regulations, and which is exempt from general ad valorem taxation.

"Residential Property" means all Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units or upon which a residential dwelling unit has been constructed.

"Residential Floor Area" means all of the square footage of living area of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio or similar area, on a Parcel. The determination of Residential Floor Area shall be made by reference to building permit(s) for the Parcel.

"Special Tax(es)" means the Special Tax to be levied, in each Fiscal Year, on all Parcels of Taxable Property, pursuant to Sections B, C, and D, to fund both the Debt Service and Facilities Special Tax Requirement and the O & M Special Tax Requirement.

"Table 1" means Table 1 contained in Section C.

"Taxable Property" means all Parcels in CFD No. 12 which are not exempt from the levy of Special Taxes pursuant to the Act or Section E.

"Undeveloped Property" means all Parcels of Taxable Property which are not categorized as Developed Property.

B. ASSIGNMENT TO DEVELOPMENT CATEGORIES AND RESIDENTIAL SIZE CLASSIFICATIONS

For each Fiscal Year (commencing with Fiscal Year 2004-05), each Parcel of Taxable Property shall be categorized as either Developed Property or Undeveloped Property. Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Parcels of Residential Property shall be assigned to the applicable residential size classification set forth in Table 1 based on the Residential Floor Area of the residential structure on or to be constructed on the Parcel. Determination of the appropriate development category for each Parcel and the residential size classification for each Parcel of Residential Property shall be made by the Administrator, and shall be based upon a review of the Land Use Regulations applicable to each Parcel. All Parcels of Taxable Property shall be subject to the levy of the Special Tax based on the Maximum Special Tax for Debt Service and Facilities and the Maximum Special Tax for O & M, determined as provided in Section C, and in accordance with the method of apportionment set forth in Section D.

C. MAXIMUM SPECIAL TAX

The Maximum Special Tax for Debt Service and Facilities for a Parcel of Developed Property classified as Residential Property shall be the greater of: (i) the applicable amount set forth in Table 1 or (ii) the Alternative Special Tax Rate, and for a Parcel of Developed Property classified as Non-Residential Property shall be the amount determined by multiplying the Net Acreage of the Parcel by the amount set forth in Table 1. The Maximum Special Tax for Debt Service and Facilities for a Parcel of Undeveloped Property shall be the amount determined by multiplying the Net Acreage of the Parcel by \$14,906 per Net Acre.

Table 1
Special Tax Amounts for Developed Property

Land Use Classification	Special Tax for Debt Service and Facilities	Maximum Special Tax for O & M
Residential Size:		
Less than 2,000 SF	\$2,007 per Parcel	\$475 per Parcel
2,000 SF to 2,200 SF	\$2,052 per Parcel	\$475 per Parcel
2,201 SF to 2,400 SF	\$2,143 per Parcel	\$475 per Parcel
2,401 SF to 2,600 SF	\$2,315 per Parcel	\$475 per Parcel
2,601 SF to 2,800 SF	\$2,406 per Parcel	\$475 per Parcel
2,801 SF to 3,250 SF	\$2,496 per Parcel	\$475 per Parcel
3,251 SF to 3,500 SF	\$2,732 per Parcel	\$475 per Parcel
Over 3,500 SF	\$2,823 per Parcel	\$475 per Parcel
Non Residential Property	\$14,906 per Net Acre	\$2,860 per Net Acre

The abbreviation "SF" in Table 1 signifies square footage and the SF numbers in Table 1 are Residential Floor Areas of residential structures.

The Maximum Special Tax for O & M for Fiscal Year 2004-05 for Parcels of Developed Property shall be the amounts set forth in Table 1. The Maximum Special Tax for O & M for Parcels of Undeveloped Property shall be \$2,860 per Net Acre for Fiscal Year 2004-05. The Maximum Special Tax for O & M for all Parcels of Developed Property and Undeveloped Property shall be increased annually by the percentage increase in the Consumer Price Index (All Items) for Los Angeles – Riverside – Orange County (1982-84 = 100) since the beginning of the preceding Fiscal Year, or by two percent (2%), whichever is greater, on July 1, 2005 for Fiscal Year 2005-06 and on each subsequent July 1 for the Fiscal Year then commencing.

In accordance with Section 53321(d) of the Government Code of the State of California, the maximum special tax for each Parcel "used for private residential purposes," as defined therein, shall be calculated and thereby established by the date on which the Parcel is first subject to the Special Tax. Under no circumstances will the Special Tax levied on any parcels used for private residential purposes be increased as a consequence of delinquency or default in the payment of

Special Taxes by the owner of any other Parcel or Parcels by more than ten percent (10%) for any Fiscal Year.

D. METHOD OF APPORTIONMENT AND LEVY OF SPECIAL TAX

Starting with Fiscal Year 2004-05 and for each subsequent Fiscal Year, the Board of Directors shall determine the total amount of Special Taxes to be levied and collected in that Fiscal Year in order to satisfy the Debt Service and Facilities Special Tax Requirement and the O & M Special Tax Requirement for such Fiscal Year. The Board of Directors shall levy the Special Tax on all Parcels of Taxable Property in the following priority until it has levied the amount necessary to satisfy both the Debt Service and Facilities Special Tax Requirement and the O & M Special Tax Requirement for the Fiscal Year as follows:

(a) Debt Service and Facilities Special Tax Requirement.

(1) First: The Special Tax shall be levied on all Parcels of Developed Property in equal percentages up to 100% of the applicable Special Tax amount set forth in Table 1; and

(2) Second: If additional funds are needed, the Special Tax shall be levied on all Parcels of Undeveloped Property in equal percentages up to 100% of the Maximum Special Tax for Debt Service and Facilities for Undeveloped Property; and

(3) Third: If additional funds are needed, the Special Tax shall be levied on all Parcels of Developed Property classified as Residential Property whose Maximum Special Tax for Debt Service and Facilities is determined through application of the Alternative Special Tax Rate in equal percentages from the applicable amount set forth in Table 1 up to 100% of such Maximum Special Tax.

No Special Tax shall be levied on Parcels of Undeveloped Property in any Fiscal Year to provide any amounts which the Board of Directors determines are necessary to pay the costs of the provision, construction and acquisition of Facilities and/or to accumulate funds therefor, as described in Clause (5) of the definition of Debt Service and Facilities Special Tax Requirement.

(b) O & M Special Tax Requirement.

(1) First: The Special Tax shall be levied on all Parcels of Developed Property in equal percentages up to 100% of Maximum Special Tax Rate for O & M; and

(2) Second: If additional funds are needed, the Special Tax shall be levied on all Parcels of Undeveloped Property in equal percentages up to 100% of Maximum Special Tax Rate for O & M.

E. EXEMPTIONS

The Special Tax related to the Debt Service and Facilities Special Tax Requirement shall not be levied on up to 54.96 Net Acres of Parcels of exempt property in the chronological order in which such property becomes any of the following:

1. Property that lies within dedications for public streets or publicly owned surface drainage channels.
2. Property Owners' Association Property.
3. Public School Property.
4. Park and Open Space Property.
5. Church Property.

Any Parcels described in the preceding paragraph that exceed 54.96 Net Acres shall be classified as Taxable Property and be subject to the Special Tax as either Developed Property or Undeveloped Property as provided for in Sections B, C, and D, unless the obligation to pay the Special Tax for any such Parcel is prepaid pursuant to Section H.

The Special Tax related to the O & M Special Tax Requirement shall not be levied upon any Parcels of exempt property described in items 1 through 5 above.

F. MANNER OF COLLECTION

The Special Taxes shall be collected in the same manner and at the same time as ad valorem property taxes 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; provided, however, that the District may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of CFD No. 12.

G. DURATION OF SPECIAL TAX LEVIES

Pursuant to Section 55321(d) of the Government Code of the State of California, the tax year after which no further Special Tax shall be levied or collected with respect to any Parcel to satisfy the Debt Service and Facilities Special Tax Requirement shall be Fiscal Year 2041-42.

All Parcels of Taxable Property shall continue to be subject to the levy and collection of the Special Tax to satisfy the O & M Special Tax Requirement as long as the District operates and maintains Parks and Park Improvements and Landscape within and for the benefit of the residents within CFD No. 12.

H. PREPAYMENT

The Board of Directors may allow property owners to prepay, in whole or in part, the obligation of Parcels to pay the Special Taxes with respect to the Debt Service and Facilities Special Tax Requirement, if it determines, based on the certificate of a Financial Advisor, that allowing such

prepayment will not adversely affect its ability to levy sufficient Special Taxes in any Fiscal Year to pay the Debt Service and Facilities Special Tax Requirement or result in the maximum amount of Special Taxes which could be levied on Parcels of Taxable Property for any Fiscal Year, based on the Special Tax Rates for Debt Service and Facilities set forth in Table 1, as applicable, being less than 110 percent of maximum annual debt service on the outstanding bonds of CFD No. 12 which have been issued, plus estimated annual Administrative Expenses.

I. CHANGES TO TENTATIVE TRACTS

The Alternative Special Tax Rates have been established based on the land use configurations shown on the subdivision maps for Tentative Tracts Nos. 31323, 30816, 29694 and 30817. In the event any of Tracts Nos. 31323, 30816, 29694 and 30817 are modified by the County, the Alternative Special Tax Rate for all Parcels of Developed Property in such tract, or the portion thereof which is modified, which are classified as Residential Property shall be determined by multiplying the total square footage of the Parcel or Parcels by \$0.3422 per square foot.