



El Dorado, County Recorder
 William Schultz Co Recorder Office
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Acct 30-EL DORADO CO BOARD OF SUPERVISORS

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JDN/C1/1-17

**RECORDING REQUESTED BY AND
 AFTER RECORDATION RETURN TO:**

Jim Mitrisin
 Clerk of the Board of Supervisors
 County of El Dorado
 330 Fair Lane
 Placerville, CA 95667

NOTICE OF SPECIAL TAX LIEN

**Community Facilities District No. 2018-1
 (Bass Lake Hills)
 County of El Dorado**

Pursuant to the requirements of Section 3114.5 of the California Streets and Highways Code of California and Section 53328.3 of the California Government Code, the undersigned clerk of the legislative body of the County of El Dorado, State of California, hereby gives notice that a lien to secure payment of a special tax is hereby imposed by the Board of Supervisors of the County of El Dorado. The special tax secured by this lien is authorized to be levied for the purpose of paying principal and interest on bonds, the proceeds of which are being used to finance the acquisition and construction of all or a portion of the public facilities described in Exhibit A attached hereto and hereby made a part hereof.

The special tax is authorized to be levied within Community Facilities District No. 2018-1 (Bass Lake Hills) (the "CFD") which has now been officially formed and the lien of the special tax is a continuing lien which shall secure each annual levy of the special tax and which shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied, and canceled in accordance with law or until the special tax ceases to be levied and a notice of cessation of special tax is recorded in accordance with Section 53330.5 of the Government Code.

The rate, method of apportionment, and manner of collection of the authorized special tax is as set forth in Exhibit B attached hereto and hereby made a part hereof. Conditions under which the obligation to pay the special tax may be prepaid and permanently satisfied and the lien of the special tax canceled are as set forth in said Exhibit B and hereby incorporated herein by this reference.

Notice is further given that upon the recording of this notice in the office of the County Recorder of the County of El Dorado the obligation to pay the special tax levy shall become a lien upon all nonexempt real property within the CFD in accordance with Section 3115.5 of the Streets and Highways Code of California.

The name(s) of the owner(s) and the assessor's tax parcel numbers of the real property included within the area of the CFD and not exempt from the special tax are as set forth in Exhibit C attached hereto and hereby made a part hereof.

Reference is made to the boundary map of the CFD recorded in the El Dorado County Recorder's Office on July 25, 2018 as Document Number 2018- 028668-00, which map is now the final boundary map of the CFD.

For further information concerning the current and estimated future tax liability of owners or purchasers of real property subject to this special tax lien, interested persons should contact the Auditor-Controller, County of El Dorado, 360 Fair Lane, Placerville, California 95667; Telephone: (530) 621-5487.

DATED: December 6 2018


By:  /s/ Jim Mitrisin
Jim Mitrisin
Clerk of the Board of Supervisors
County of El Dorado

EXHIBIT A

County of El Dorado
Community Facilities District No. 2018-1
(Bass Lake Hills)

LIST OF AUTHORIZED FACILITIES

Transportation Improvements

Eligible roadway improvements include the following items: acquisition of land and easements; roadway design; project management; geotechnical engineering, testing and observations, bridge crossings and culverts; clearing, grubbing, and demolition; grading, soil import/export, paving (including slurry seal), and decorative/enhanced pavement concrete or pavers; power pole relocations; joint trenches, underground utilities, and undergrounding of existing utilities; dry utilities and appurtenances; curbs, gutters, sidewalks, bike trails (including on- and off-site), park and ride facilities, bus rapid transit improvements, including transfer stations and regional public transit improvements; retaining walls, sound walls, enhanced fencing, and access ramps; street lights, signalization, and traffic signal control systems; bus turnouts; signs and striping; erosion control; median and parkway landscaping and irrigation; entry monumentation; bus shelters; masonry walls; traffic control and agency fees; and other improvements related thereto. Eligible improvements for the roads listed above also include any and all necessary underground potable and non-potable water, sanitary sewer, and storm drainage system improvements.

Potable and Non-Potable Water System Improvements

Authorized facilities include any and all on- and off-site backbone water facilities designed to meet the needs of development of the project. These facilities include potable and non-potable mains, valves, services, and appurtenances; wells; and water treatment and storage facilities, and related improvements, including but not limited to: site clearing, grading, and paving; curbs and gutters; recycled water storage tanks, booster pump stations, and all appurtenances thereto; wells; water treatment; stand-by generator; site lighting, drainage, sanitary sewer, and water service; landscaping and irrigation; access gates and fencing; striping and signage.

Drainage System Improvements

Authorized facilities include any and all on- and off-site backbone drainage and storm drainage improvements designed to meet the needs of development of the project. These facilities include mains, pipelines and appurtenances, outfalls and water quality measures, temporary drainage facilities, detention/retention basins, and drainage pretreatment facilities; drainage ways/channels, pump stations, landscaping, and irrigation; access roads, gates, and fencing; striping and signage.

Wastewater System Improvements

Authorized facilities include any and all on- and off-site backbone wastewater facilities designed to meet the needs of development of the project. These facilities include pipelines and all appurtenances thereto; manholes; tie-in to existing main line; force mains; lift stations; odor-control facilities; sewer treatment plant improvements and permitting related thereto; and related sewer system improvements.

Park and Landscape Corridor Improvements

Authorized facilities include any and all improvements to parks, landscape corridors and paseos located in the project.

Open Space Improvements

Authorized facilities include any and all open space improvements designed to meet the needs of development of the project, including bike trails, bike/pedestrian bridges, storm drain crossings, storm drain detention/retention, wetland mitigation, tree mitigation, on- and off-site hawk/raptor mitigation, agricultural mitigation or wetland mitigation, property acquisition, endowment payments for open space management, landscaping and irrigation, access gates and fencing, and related open space improvements.

Development Impact Fees

Authorized facilities include development impact fees paid and not otherwise reimbursed and intended to fund the construction of Authorized Facilities under the CFD.

Formation, Administrative, and Incidental Expenses

In addition to the above facilities, other expenses incidental to the above and authorized by the Mello-Roos Community Facilities Act of 1982, including but not limited to: the cost of planning, permitting, and designing the facilities; land acquisition and easement payments for the facilities; project management; construction staking; engineering studies and reports; utility relocation and demolition costs incidental to construction of the facilities, wetland/Species mitigation purchase; reimbursements to other areas for infrastructure facilities or planning serving development in the CFD; planning, legal, engineering, technical studies costs related to the facilities and any other expenses incidental to the construction, completion, and inspection of the facilities.

In addition, costs eligible to be financed by the CFD shall include all costs associated with the formation and ongoing administration of the CFD and issuance of bonds; determination of the amount of taxes and collection of taxes; inspection, plan check and other costs related to acceptance of the facilities by the County, payment of taxes; and any other costs incurred to carry out the authorized purposes of the CFD.

**COMMUNITY FACILITIES DISTRICT NO. 2018-1
(BASS LAKE HILLS)
EL DORADO COUNTY, CALIFORNIA**

RATE AND METHOD OF APPORTIONMENT

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in the El Dorado County (the "County") Community Facilities District No. 2018-1 (Bass Lake Hills) ("CFD No. 2018-1") and collected each Fiscal Year commencing in Fiscal Year 2019/20, in an amount determined by the County or its designee, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2018-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Accessory Unit" means a secondary residential unit of limited size (e.g., granny cottage, second unit) that shares an Assessor's Parcel with a Unit of Single Family Detached Property.

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map or in the Assessor's Data for each Assessor's Parcel. In the event the Assessor's Parcel Map or Assessor's Data shows no acreage, the Acreage for any Assessor's parcel shall be determined by the CFD Administrator based upon the applicable final map, parcel map, condominium plan, or other recorded County parcel map or calculated using available spatial data and GIS. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2018-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the County or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the County, CFD No. 2018-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the County, CFD No. 2018-1 or any designee thereof of complying with County, CFD No. 2018-1 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the County, CFD No. 2018-1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from any escrow account; and the County's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the County or CFD No. 2018-1 for any other administrative purposes of CFD No. 2018-1, including

attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor's Data" means Acreage or other Assessor's Parcel information contained in the records of the County Assessor.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

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

"Base Year" means the Fiscal Year beginning on July 1, 2019 and ending on June 30, 2020.

"Boundary Map" means that map recorded with the County recorder's office on July 25, 2018 in Book 5 at Page 18 as Document Number 2018-0028668-00.

"Building Permit" means a permit for new construction of a residential dwelling.

"CFD Administrator" means an official of the County, or designee thereof, responsible for determining the Special Tax Requirement, and providing for the levy and collection of the Special Taxes.

"CFD No. 2018-1" means the El Dorado County Community Facilities District No. 2018-1 (Bass Lake Hills).

"CFD No. 2018-1 Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by the County on behalf of CFD No. 2018-1 under the Act.

"County" means the County of El Dorado.

"Development Area" means the assignment of Assessor's Parcels to a designated area as set forth in Tables 1 & 2 and as shown on the Boundary Map of CFD No. 2018-1.

"Developed Property" means for each Fiscal Year, all Taxable Property for which a Building Permit was issued on or before April 30 of the prior Fiscal Year. For example, Taxable Property for which a Building Permit was issued on or before April 30 of the prior Fiscal Year (i.e., April 30, 2019), would be treated as Developed Property for Fiscal Year 2019/20.

"Estimated Sales Price" means a written document provided by the developer upon request by the CFD Administrator for an entire Development Area that has been classified as Final Map Property showing the estimated sales price for each typical model type for a Development Area. The Estimated Sales Price data will be reviewed and approved by County staff.

"Expected Units" means the total expected number of Units expected within each Development Area of CFD No. 2018-1, as shown in Table 2.

"Final Map Property" means for each Fiscal Year, all Taxable Property for which a Final Map has been recorded on or before April 30 of the prior Fiscal Year. For example, Taxable Property for

which a Final Map has been recorded on or before April 30 of the prior Fiscal Year (i.e., April 30, 2019), would be treated as Final Map Property for Fiscal Year 2019/20.

"Final Map" means a recorded map designating individual single family residential parcels, multifamily parcels and/or commercial parcels which are not intended to be further subdivided.

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

"GIS" means a geographic information system.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which CFD No. 2018-1 Bonds are issued, as modified, amended and/or supplemented from time to time.

"Maximum Special Tax" means the Maximum Special Tax determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Maximum Special Tax Revenue" means the revenue anticipated to be collected based on a group of Taxable Parcels, such as Development Areas, as shown in Table 2.

"Outstanding Bonds" means all CFD No. 2018-1 Bonds which are outstanding under an Indenture.

"Pay-As-You-Go Expenditure" means the use of annual Special Tax revenues, that are not needed for annual debt service costs on Outstanding Bonds, Administrative Expenses, for Authorized Facilities to be constructed or acquired by the CFD. Pay-As-You-Go Expenditures may be included in the Special Tax Requirement through the earlier of Fiscal Year 2033/34, or until all Authorized Facilities have been constructed or acquired.

"Proportionately" means, for Developed Property, Final Map Property, Tentative Map Property and Undeveloped Property, that the ratio of the actual Special Tax to the Maximum Special Tax is equal for each Assessor's Parcels of Developed Property, Final Map Property, Tentative Map Property and Undeveloped Property, respectively.

"Public Property" means property within the boundaries of CFD No. 2018-1 owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public right-of-way has been granted to the federal government, the State, the County, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"Single Family Detached Property" means, in any Fiscal Year, all Assessor's Parcels of Developed Property for which a building permit was issued for construction of a Unit that does not share a common wall with another Unit.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property within CFD No. 2018-1 to fund the Special Tax Requirement.

"Special Tax Requirement " means that amount required in any Fiscal Year for CFD No. 2018-1 to: (i) pay debt service on all Outstanding Bonds which is due in the calendar year that commences in such Fiscal Year; (ii) pay periodic costs on the CFD No. 2018-1 Bonds, including but not limited to, rebate payments on the CFD No. 2018-1 Bonds; (iii) pay Administrative Expenses; (iv) pay any

amounts required to establish or replenish any reserve funds for all Outstanding Bonds; to the level required under the documents pursuant to which such bonds were issued; (v) pay any amounts needed for Pay-As-You-Go Expenditures eligible to be funded by CFD No. 2018-1 under the Act to the extent that the inclusion of such amount does not increase the Special Tax levy on Undeveloped Property; (vi) an amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous Fiscal Year, less any credit from earnings on any reserve funds; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

"State" means the State of California.

"Tax Exempt Property" means an Assessor's Parcel not subject to the Special Tax, such as Public Property, or an Assessor's Parcel for which the Special Tax has been prepaid in full pursuant to Section I below. Certain privately owned Parcels also may be exempt from the levy of Annual Special Taxes, including common areas owned by homeowner's associations or property owner associations, wetlands, detention basins, water quality ponds, and open space, as determined by the Administrator.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 2018-1 which are not exempt from the Special Tax pursuant to law or Section E below.

"Tax Escalation Factor" means a factor of 2 percent that will be applied annually after the Base Year to increase the Maximum Annual Special Tax rates shown in Tables 1 & 2.

"Tentative Map" means a map that is made for the purpose of showing the design of a proposed subdivision and the conditions pertaining thereto and is not based on a detailed survey of the property within the map and is not recorded at the County Recorder's Office to create legal lots.

"Tentative Map Property" means all Assessor's Parcels within CFD No. 2018-1 for which a Tentative Map has been approved by the County and which are not yet Final Map Property or Developed Property.

"Trustee" means the trustee or fiscal agent under the Indenture.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Map Property or Tentative Map Property.

"Unit" means an individual single family detached or attached home, townhome, condominium, apartment, or other residential dwelling unit, including each separate living area within a half-plex, duplex, triplex, fourplex, or other residential structure. An Accessory Unit that shares an Assessor's Parcel with a Unit of Single Family Detached property shall not be considered a separate Unit for purposes of calculating the Special Tax.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Assessor's Parcels within CFD No. 2018-1 shall be classified as follows:

1. Each Assessor's Parcel shall be determined to be Taxable Property or Tax Exempt Property.

2. Each Assessor's Parcel of Taxable Property shall be further classified as Developed Property, Final Map Property, Tentative Map Property or Undeveloped Property. Taxable Property shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

C. MAXIMUM SPECIAL TAX

1. Final Map Property

Subject to adjustment as provided in subsection C.1.c below, the Base Year Maximum Special Tax that may be levied in any Fiscal Year for each Assessor's Parcel classified as Final Map Property is shown in Table 2. The per Assessor's Parcel Maximum Special Tax shall be assigned to each Development Area as shown in Table 2 by using the following steps:

- a) Compare the total Units for each Development Area resulting from a Final Map to the Expected Units for such Development Area as shown in Table 2.
- b) If the total Units resulting from the Final Map for any Development Area is equal to or greater than the total Expected Units planned for such Development Area as shown in Table 2, assign a Maximum Special Tax per Unit, as shown in Table 2 to all Taxable Property, adjusted by the Tax Escalation Factor, for each Unit in the Development Area.
- c) If the total Units resulting from the Final Map for any Development Area is less than the total Expected Units planned for such Development Area as shown in Table 2, perform the following procedures:
 - i. Assign a Maximum Special Tax per Assessor's Parcel, as shown in Table 2, adjusted by the Tax Escalation Factor, to each Unit of Final Map Property in the Development Area.
 - ii. Calculate the difference between the Maximum Special Tax Revenue, adjusted by the Tax Escalation Factor, for the Development Area as shown in Table 2 and the resulting total Maximum Special Tax Revenue in step i. above.
 - iii. Assign the difference calculated in step ii. above to any remaining Taxable Parcels within the Development Area. If there are no remaining Taxable Parcels within the Development Area, Proportionately increase the Maximum Special Tax for each Unit of Final Map Property within the Development Area from the Maximum Special Tax shown in Table 2 until the Maximum Special Tax Revenue for the Development Area is equal to the total Maximum Special Tax Revenue planned for such Development Area as shown in Table 2.
 - iv. If the Maximum Special Tax of any Unit of such Final Map Property within the Development Area, as determined in the previous section, is greater than 2% of the Estimated Sales Price of any Unit of Final Map Property, the Maximum Special Tax shall be eliminated using the procedures in Section I.1, or reduced Proportionately using the steps in Section I.2 such that the Maximum Special Tax of any Unit of Final Map Property does not exceed 2% of the Estimated Sales Price for such Unit.
 - v. There shall be no net loss of Maximum Special Tax Revenue as a result of the previous steps.
- d) Once the Maximum Special Tax is assigned to Final Map Property, the Maximum Special Tax shall be increased each Fiscal Year by the Tax Escalation Factor, but

shall not otherwise be subject to adjustment based on the recordation of other Final Maps within the boundaries of CFD No. 2018-1.

2. Developed Property

The Base Year Maximum Special Tax, as increased by the Tax Escalation Factor, is assigned to Taxable Parcels at such time as the Taxable Parcels are classified as Final Map Property. When a Taxable Parcel is subsequently classified as a Developed Parcel, the Maximum Special Tax is equal to the Maximum Special Tax previously assigned to such Final Map Property in Section C.1, as increased by the Tax Escalation Factor.

The Maximum Special Tax for Developed Property shall increase, commencing on July 1, 2020 and on July 1 of each Fiscal Year thereafter, by an amount equal to the Tax Escalation Factor.

3. Tentative Map Property and Undeveloped Property

The Base Year Maximum Special Tax for Tentative Map Property and Undeveloped Property is shown in the following table:

Table 1

Development Area	Base Year Assessor's Parcel	Base Year Maximum Special Tax (per Development Area)
Hawk View	115-040-16-100	\$342,000
Bell Ranch	119-020-52-100	384,200
Bell Woods	119-020-50-100	194,400

The Maximum Special Tax for Tentative Map Property and Undeveloped Property shall increase, commencing on July 1, 2020 and on July 1 of each Fiscal Year thereafter, by an amount equal to the Tax Escalation Factor.

4. Maximum Special Tax Rates

Table 2

Development Area	Expected Units	Base Year Maximum Special Tax (per Unit)	Maximum Special Tax Revenue
Hawk View	114	\$3,000	\$342,000
Bell Ranch	113	3,400	384,200
Bell Woods	54	3,600	194,400

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2019/20 and for each following Fiscal Year, the County or its designee shall determine the Special Tax Requirement and shall levy the Special Tax until the total Special Tax levy equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax for such Fiscal Year.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Map Property up to 100% of the Maximum Special Tax for Final Map Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first and second step have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Tentative Map Property at up to 100% of the Maximum Special Tax for Tentative Map Property;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first and second step have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Under no circumstances will the Special Tax levied against any Assessor's Parcel of Developed Property be increased by more than 10% as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 2018-1.

E. CONVERSION OF TAX EXEMPT PROPERTY TO TAXABLE PROPERTY

If an Assessor's Parcel designated in CFD 2018-1 as Tax Exempt Property is not needed for public use and is converted to a private use, it shall become Taxable Property subject to the Special Tax. The Maximum Special Tax for each such Assessor's Parcel shall be assigned according to Table 2, with all applicable intervening Tax Escalation Factor increases added thereto. The CFD Administrator will assign the Maximum Special Tax by identifying the Development Area of the affected Assessor's Parcels.

F. TAXABLE PARCELS ACQUIRED BY A PUBLIC AGENCY

All Assessor's Parcels of Taxable Property that are acquired by a public agency after CFD 2018-1 is formed will remain subject to the applicable Maximum Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code.

G. APPEALS AND INTERPRETATIONS

Any property owner may file a written appeal of the Special Tax with the CFD Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Tax that is disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made.

The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems

necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD Administrator's decision relative to the appeal, the owner may then file a written appeal with the County whose subsequent decision shall be final and binding on all interested parties. If the decision of the CFD Administrator or subsequent decision by the County requires the Special Tax to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Tax levy (ies).

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

H. **MANNER OF COLLECTION**

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2018-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

I. **PREPAYMENT OF SPECIAL TAX**

The following definition applies to this Section I:

"**CFD Public Facilities**" means either \$20,000,000 in 2018 dollars, which shall increase by the Construction Inflation Index on July 1, 2019, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 2018-1 under the authorized bonding program for CFD No. 2018-1, or (ii) shall be determined by the County concurrently with a covenant that it will not issue any more CFD No. 2018-1 Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section D.

"**Construction Fund**" means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible to be funded by CFD No. 2018-1 under the Act.

"**Construction Inflation Index**" means the annual percentage change in the Engineering News-Record Building Cost Index for the 20-city average, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the 20-city average.

"**Future Facilities Costs**" means the CFD Public Facilities minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance facilities costs.

"Outstanding Bonds" means all Previously Issued Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

"Previously Issued Bonds" means all CFD No. 2018-1 Bonds that have been issued by CFD No. 2018-1 prior to the date of prepayment.

1. Prepayment in Full

The Special Tax may be prepaid for Assessor's Parcels of Developed Property and Final Map Property, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment and only if the County determines that the prepayment does not jeopardize its ability to make timely payments of any component of the Special Tax Requirement. Assessor's Parcels of Tentative Map Property and Undeveloped Property may not prepay the Special Tax. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The CFD Administrator may charge a fee for providing this service. If there are Outstanding Bonds for CFD 2018-1, prepayment in any six month period must be made not less than 45 days prior to the next occurring date that notice of redemption of CFD No. 2018-1 Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The Special Tax Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	<u>Reserve Fund Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Special Tax Prepayment Amount (defined below) shall be calculated by the CFD Administrator as follows:

Paragraph No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Maximum Special Tax applicable for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Final Map Property which are required to prepay pursuant to Section C.1.c.b., compute the Maximum Special Tax Assessor's Parcel as though it was already designated as Developed Property, based upon the Maximum Special Tax described in Section C for that Assessor's Parcel.

3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total estimated Maximum Special Tax for CFD No. 2018-1 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all expected development through build out of CFD No. 2018-1, excluding any Assessor's Parcels which have been prepaid, and
4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (e.g., the redemption price-100%), if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Compute the current Future Facilities Costs
7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Determine the Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.
10. Add the amounts computed pursuant to paragraphs 8 and 9 to determine the "Defeasance Amount".
11. Verify the administrative fees and expenses of CFD No. 2018-1, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 2018-1 Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
12. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement on the prepayment date or the redemption date.
13. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 10 and 11, less the amount computed pursuant to paragraph 12 (the "Prepayment Amount").
14. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 10 and 12 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount

computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 11 shall be retained by CFD No. 2018-1.

The Special Tax Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of CFD No. 2018-1 Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of CFD No. 2018-1 Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Tax that may be levied on Taxable Property within CFD No. 2018-1 both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding CFD No. 2018-1 Bonds.

2. Prepayment in Part

The Special Tax may be partially prepaid for Assessor's Parcels of Developed Property and Final Map Property, provided that a partial prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of partial prepayment and only if the County determines that the partial prepayment does not jeopardize its ability to make timely payments of any component of the Special Tax Requirement. Assessor's Parcels of Tentative Map Property and Undeveloped Property may not partially prepay the Special Tax. An owner of an Assessor's Parcel intending to partially prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to partially prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the partial prepayment amount of such Assessor's Parcel. The CFD Administrator may charge a fee for providing this service. If there are Outstanding Bonds for CFD 2018-1, partial prepayment in any six month period must be made not less than 45 days prior to the next occurring date that notice of redemption of CFD No. 2018-1 Bonds from the proceeds of such partial prepayment may be given to the Trustee pursuant to the Indenture.

The amount of the partial prepayment shall be calculated as in Section I.1; except that a partial prepayment shall be calculated by the CFD Administrator according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

- PP = the partial prepayment
- P_E = the Special Tax Prepayment Amount calculated according to Section I.1
- F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax.

The Special Tax partial prepayment amount must be sufficient to redeem at least a \$5,000 increment of Bonds, unless the partial prepayment is required pursuant to Section C.1.c.iv above.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator shall (i) distribute the prepayment funds remitted according to Section I.1, Paragraph 14, and (ii) indicate in the records of CFD No. 2018-1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Tax that may be levied on Taxable Property within CFD No. 2018-1 both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding CFD No. 2018-1 Bonds.

J. TERM OF SPECIAL TAX

The Special Tax shall be levied for a period not to exceed 40 years commencing with Fiscal Year 2019/20.

Revised: 8/3/2018

EXHIBIT C

**Community Facilities District No. 2018-1
(Bass Lake Hills)
County of El Dorado, California**

**ASSESSOR'S PARCEL NUMBERS AND OWNERS OF LAND
WITHIN COMMUNITY FACILITIES DISTRICT**

<u>Assessor's Parcel No.</u>	<u>Name of Property Owner</u>
115-040-016-000	Lennar Homes of California, Inc., a California corporation
119-020-050-000	Lennar Winncrest, a Delaware limited liability company
119-020-052-000	Lennar Winncrest, a Delaware limited liability company