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Recorded in Official Records
County of Riverside
Peter Aldana
Assessor-County Clerk-Recorder



**Recording Requested By and
When Recorded Mail To:**

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attn: Brian P. Forbath, Esq.

289

This document is exempt from the payment of a recording
fee pursuant to Government Code Section 6103.

**NOTICE OF SPECIAL TAX LIEN
FOR CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-3**

Pursuant to the requirements of Section 3114.5 of the Streets and Highways Code and Section 53328.3 of the Government Code, the undersigned City Clerk of the City of Beaumont, Riverside County, State of California (the "City"), acting as the legislative body of City of Beaumont Community Facilities District No. 2016-3 (the "District" or "CFD No. 2016-3"), hereby gives notice that a lien to secure payment of a special tax within the District is hereby imposed by the City Council of the City, acting as the legislative body of CFD No. 2016-3 (the "City Council").

The special tax secured by this lien is authorized to be levied for the purpose of: paying principal of and interest on bonds, the proceeds of which will be used to finance the Facilities (as defined below); and providing for (a) the construction, purchase, modification, expansion, improvement or rehabilitation of backbone infrastructure needed for new development, such as roadway, bridge, sewer, domestic and reclaimed water, dry utilities, storm drain, curb and gutter, medians, traffic signals and any other facilities permitted under the Mello Roos Community Facilities Act of 1982, parks, trails, police facilities, fire facilities, library facilities, public community facilities, and appurtenances and appurtenant work, and development impact fees that are used by the City to construct infrastructure (collectively, the "Facilities"); (b) the provision of public services permitted to be financed under the Mello-Roos Community Facilities Act of 1982 including, without limitation, police and fire protection, and ambulance and paramedic services (collectively, the "Public Services"); (c) the provision of maintenance services permitted to be financed under the Mello-Roos Community Facilities Act of 1982 including, without limitation, street sweeping, traffic signal maintenance and the maintenance of City-owned parks, parkways and open spaces, lighting, flood and storm protection services and the operation of storm drainage systems (collectively, the "Maintenance Services"); and (d) the incidental expenses to be incurred, including: (i) the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for the Facilities and any other expenses incidental to the construction, acquisition, modification, expansion, and rehabilitation of the Facilities and the provision of the Public Services and Maintenance Services; and (ii) all costs associated with the creation of the CFD No. 2016-3, the issuance of bonds, the determination of the amount of special taxes to be levied, costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2016-3 including legal fees, fees of consultants, engineering, planning, designing and the annual administration costs of CFD No. 2016-3.

The special tax is authorized to be levied within CFD No. 2016-3 which has now been officially formed, and the lien 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.

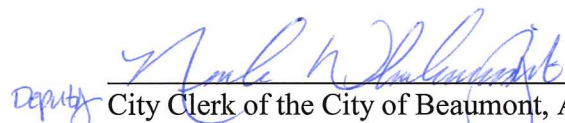
The rate, method of apportionment and manner of collection of the authorized special tax for CFD No. 2016-3 is as set forth in Appendix A attached hereto and incorporated herein by this reference (the "Rate and Method"). Conditions under which the obligation to pay the Special Tax (as defined in the Rate and Method) may be prepaid and permanently satisfied and the lien of the Special Tax cancelled are set forth in Section G of the Rate and Method.

Notice is further given that upon the recording of this notice in the office of the County Recorder for the County of Riverside, the obligation to pay the special tax levy shall become a lien upon all nonexempt real property within CFD No. 2016-3 in accordance with Section 3115.5 of the Streets and Highway Code.

The names of the owners and the assessor's tax parcel numbers of the real property included within CFD No. 2016-3 and not exempt from the special tax are as set forth in Appendix B attached hereto and incorporated herein by this reference.

Reference is made to the boundary map of CFD No. 2016-3, recorded in the County of Riverside Book of Boundary Maps in the County Recorder's Office in Book No. 80 at page 12 as Document No. 2016-0449920 on October 13, 2016, which map is now the final boundary map of CFD No. 2016-3.

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 Finance Director of the City of Beaumont, 550 East 6th Street, Beaumont, California 92223, (951) 769-8520.


City Clerk of the City of Beaumont, Acting as the
Legislative Body of City of Beaumont Community
Facilities District No. 2016-3

APPENDIX A

RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2016-3 (SUNDANCE) OF THE CITY OF BEAUMONT

A Special Tax as hereinafter defined shall be levied on and collected in Community Facilities District No. 2016-3 (Sundance) ("CFD No. 2016-3") each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the appropriate Special Tax for "Developed Property", "Final Map Property" and "Undeveloped Property". All of the real property in CFD No. 2016-3, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map or instrument. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2016-3: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City 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 City, CFD No. 2016-3 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2016-3 or any designee thereof of complying with City 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 associated with the release of funds from an escrow account; the costs associated with the issuance of Bonds, and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2016-3 for any other administrative purposes, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2016-3.

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

"Assigned Special Tax" means the Special Tax of that name described in Section D below.

"Backup Special Tax for Facilities" means the Special Tax of that name described in Section E below.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes for Facilities have been pledged.

"Building Permit" means a permit for new construction for a residential dwelling or non-residential structure. For purpose of this definition, "Building Permit" shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

"Building Square Footage" or "BSF" means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor's Parcel, as determined by the CFD Administrator.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

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

"CFD Boundary Map" means the map recorded at CFD formation, and attached hereto as Exhibit A.

"CFD No. 2016-3" or "CFD" means City of Beaumont Community Facilities District No. 2016-3 (Sundance) established by the City under the Act.

"City" means the City of Beaumont.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 2016-3, or its designee.

"Consumer Price Index" means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

"County" means the County of Riverside.

"Developed Property" means all Assessor's Parcels for which Building Permits were issued on or before March 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor Parcel is associated with a Lot, as determined by the CFD Administrator.

"Dwelling Unit" means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

"Exempt Property" means all Assessor's Parcels designated as being exempt from Special Taxes as provided for in Section J, as determined by the CFD Administrator.

"Final Map" means a subdivision of property evidenced by the recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or the recordation of a condominium plan pursuant to California Civil Code 1352 that creates individual lots for which building permits may be issued without further subdivision.

"Final Map Property" means Assessor's Parcels: (i) that are included in a Final Map that was recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

"Fiscal Year" means the period commencing on July 1 of any year and ending the following June 30.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

"Land Use Category" means any of the categories listed in the tables included in Section D.

"Lot" means an individual legal lot created by a Final Map for which a Building Permit could be issued.

"Maintenance Services" means the services permitted under the Act including, without limitation, street sweeping, traffic signal maintenance, the maintenance, landscaping and lighting of publicly owned parks, parkways, streets, roads and open spaces, flood and storm protection services, and the operation of storm drainage systems contained within the boundaries of CFD No. 2016-3 and the City.

"Maximum Special Tax" means the Maximum Special Tax for Facilities, the Maximum Special Tax for Maintenance Services, and the Maximum Special Tax for Public Services.

"Maximum Special Tax for Facilities" means the maximum Special Tax for Facilities, determined in accordance with Section C, which can be levied by CFD No. 2016-3 in any Fiscal Year on any Assessor's Parcel.

"Maximum Special Tax for Maintenance Services" means the maximum Special Tax for Maintenance Services, determined in accordance with Section C, which can be levied by CFD No. 2016-3 in any Fiscal Year on any Assessor's Parcel.

"Maximum Special Tax for Public Services" means the maximum Special Tax for Public Services, determined in accordance with Section C, which can be levied by CFD No. 2016-3 in any Fiscal Year on any Assessor's Parcel.

"Minimum Acreage" means the smallest allowable amount of taxable acreage. For CFD No. 2016-3, it shall not be less than 84.04 acres.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit was issued for any type of non-residential use, as determined by the CFD Administrator.

"Operating Fund for Maintenance Services" means a fund that shall be maintained for CFD No. 2016-3 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services and the Administrative Expenses attributable to providing such Maintenance Services.

"Operating Fund for Public Services" means a fund that shall be maintained for CFD No. 2016-3 for any Fiscal Year to pay for the actual costs of providing the Public Services and the Administrative Expenses attributable to providing such Public Services.

"Operating Fund Balance" means the amount of funds in the applicable Operating Fund at the end of the preceding Fiscal Year.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Special Tax for the Facilities obligation for an Assessor's Parcel, as described in Section H.

"Prepayment Amount" means the amount required to prepay the Special Tax for the Facilities obligation in full for an Assessor's Parcel, as described in Section G.

"Property Owner Association" means a corporation formed by a real estate developer for the purpose of marketing, managing, and selling of homes and lots in a residential subdivision.

"Property Owner's Association Property" means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, have been conveyed, dedicated to, or irrevocably offered for dedication to a property owner association, including any master or sub-association.

"Proportionately" means that the ratio of the actual Special Tax levy to the applicable Maximum Special Tax is equal for all applicable Assessors' Parcels.

"Public Property" means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, are used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other local jurisdiction, provided, however, 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.

"Public Services" means the services permitted under the Act including, without limitation, police and fire protection, ambulance and paramedic services provided within the boundaries of CFD No. 2016-3 and the City.

"Residential Floor Area" means all of the square footage of living area within the perimeter of a residential dwelling unit, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The CFD Administrator shall determine the Residential Floor Area based upon the Building Permit issued for such residential dwelling unit.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units, as determined by the CFD Administrator.

"Special Tax(es)" means the Special Tax for Facilities, the Special Tax for Maintenance Services, and the Special Tax for Public Services.

"Special Tax for Facilities" means any of the Special Taxes authorized to be levied within CFD No. 2016-3 pursuant to the Act to fund the Special Tax Requirement for Facilities.

"Special Tax for Maintenance Services" means any of the Special Taxes authorized to be levied by CFD No. 2016-3 pursuant to the Act to fund the Special Tax Requirement for Maintenance Services. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

"Special Tax for Public Services" means any of the Special Taxes authorized to be levied by CFD No. 2016-3 pursuant to the Act to fund the Special Tax Requirement for Public Services. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

"Special Tax Requirement for Facilities" means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2016-3 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond Indenture, fiscal agent agreement, or trust agreement.

"Special Tax Requirement for Maintenance Services" means that amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2016-3 for Maintenance Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services as determined by the Administrator, and (iii) Administrative Expenses, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax Requirement for Maintenance Services include funds for bonds.

"Special Tax Requirement for Public Services" means the amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2016-3 for Public Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Public Services (ii) amount necessary to fund an operating reserve for the costs of Public Services as determined by the Administrator, and (iii) Administrative Expenses, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax Requirement for Public Services include funds for bonds.

"Taxable Property" means all Assessor's Parcels within CFD No. 2016-3, which are not Exempt Property, as determined by the CFD Administrator.

"Trustee" means the firm that holds and administers assets on behalf of CFD No. 2016-3 under and pursuant to the Indenture.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property or Final Map Property, as determined by the CFD Administrator.

SECTION B CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2017-18, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be further classified as Developed Property, Final Map Property or Undeveloped Property. Lastly, each Assessor's Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property.

SECTION C MAXIMUM SPECIAL TAXES

1. Developed Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in the tables included in Section D below or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor's Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Special Tax in the Table 1 included in Section D below.
- b. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Residential Property that is classified as Developed Property in Fiscal Year 2017-18 shall be \$79 per unit. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Non-Residential Property that is classified as Developed Property in Fiscal Year 2017-18 shall be \$657 per Acre.

On each July 1, commencing July 1, 2018, the Maximum Special Tax for Maintenance Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year or (ii) two percent (2%).

- c. The Maximum Special Tax for Public Services for each Assessor's Parcel of Residential Property that is classified as Developed Property in Fiscal Year 2017-18 shall be \$419 per unit.

On each July 1, commencing July 1, 2018, the Maximum Special Tax for Public Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year or (ii) five percent (5%).

2. Final Map Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Final Map Property shall be the Assigned Special Tax set forth in Section D below.
- b. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Residential Property that is classified as Final Map Property in Fiscal Year 2017-18 shall be \$657 per Acre.

On each July 1, commencing July 1, 2018, the Maximum Special Tax for Maintenance Services for the prior Fiscal Year shall be adjusted by the greater of i) an amount equal to the percentage change increase in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year or ii) two percent (2%).

- c. Final Map Property shall not be subject to the Maximum Special Tax for Public Services.

3. Undeveloped Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Undeveloped Property shall be the Assigned Special Tax set forth in Section D below.
- b. Undeveloped Property shall not be subject to the Maximum Special Tax for Maintenance Services.
- c. Undeveloped Property shall not be subject to the Maximum Special Tax for Public Services.

**SECTION D
ASSIGNED SPECIAL TAX FOR FACILITIES**

1. Developed Property

Each Fiscal Year, beginning with Fiscal Year 2017-18, each Assessor's Parcel of Developed Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Table 1 below.

TABLE 1
ASSIGNED SPECIAL TAX RATES FOR FACILITIES
FOR DEVELOPED PROPERTY

Land Use Category	Building Square Footage	Assigned Special Tax
Residential Property	< 1,426	\$1,366 per Dwelling Unit
Residential Property	1,426 – 1,575	\$1,436 per Dwelling Unit
Residential Property	1,576 – 1,725	\$1,520 per Dwelling Unit
Residential Property	1,726 – 1,875	\$1,590 per Dwelling Unit
Residential Property	1,876 – 2,025	\$1,659 per Dwelling Unit
Residential Property	2,026 – 2,175	\$1,785 per Dwelling Unit
Residential Property	2,176 – 2,325	\$1,855 per Dwelling Unit
Residential Property	2,326 – 2,475	\$1,980 per Dwelling Unit
Residential Property	>2,475	\$2,058 per Dwelling Unit
Non-Residential Property	N/A	\$14,310 per Acre

2. Final Map Property and Undeveloped Property

Each Fiscal Year, beginning with Fiscal Year 2017-18, each Assessor's Parcel of Final Map Property and Undeveloped Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Final Map Property and Undeveloped Property for any Fiscal Year shall be \$14,310 per Acre.

SECTION E
BACKUP ANNUAL SPECIAL TAX FOR FACILITIES

Each Fiscal Year, beginning with Fiscal Year 2017-18, each Assessor's Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax for Facilities. In each Fiscal Year, the Backup Special Tax for Facilities rate for Developed Property classified as Residential Property shall be the rate per Lot calculated according to the following formula:

$$B = \frac{R \times A}{L}$$

The terms above have the following meanings:

B = Backup Special Tax for Facilities per Lot in each Fiscal Year.

R = Maximum Special Tax for Facilities rate per Acre for Undeveloped Property.

A = Acreage of Developed Property classified or to be classified as Residential Property.

L = Lots which are classified or to be classified as Residential Property.

Notwithstanding the foregoing, if Assessor's Parcels of Developed Property which are classified or to be classified as Residential Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax for Facilities for the area that has been changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Special Tax for Facilities anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Developed Property classified or to be classified as Residential Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the CFD Administrator.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax for Facilities per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property classified as Residential Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax for Facilities may be levied.

SECTION F

METHOD OF APPORTIONMENT OF THE SPECIAL TAXES

1. Commencing with Fiscal Year 2017-18 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Facilities on all Taxable Property until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:

- Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in the table included in Section D as needed to satisfy the Special Tax Requirement for Facilities.
- Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.
- Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Annual Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property exempt from the Special Tax pursuant to Section J, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.
- Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor's Parcel of Developed Property whose Maximum Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.
- Step Five: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be

levied Proportionately on each Assessor's Parcel of Property Owner's Association Property and Public Property, found not to be exempt pursuant to Section J, at up to 100% of the Maximum Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

2. Commencing with Fiscal Year 2017-18 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Maintenance Services on all Taxable Property until the amount of Special Tax for Maintenance Services equals the Special Tax Requirement for Maintenance Services in accordance with the following steps:

Step One: The Special Tax for Maintenance Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Maintenance Services as needed to satisfy the Special Tax Requirement for Maintenance Services.

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

3. Commencing with Fiscal Year 2017-18 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Public Services on all Taxable Property until the amount of the Special Tax for Public Services equals the Special Tax Requirement for Public Services in accordance with the following steps:

Step One: The Special Tax for Public Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Public Services as needed to satisfy the Special Tax Requirement for Public Services.

Under no circumstances will the Special Tax for Facilities, the Special Tax for Maintenance Services, or the Special Tax for Public Services levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within the CFD by more than ten percent (10%) of the Special Tax that would have been levied in that Fiscal Year, had there never been any such delinquencies or defaults, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 2016-3.

SECTION G

PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following additional definitions apply to this Section G:

"CFD Public Facilities" means \$16,000,000, or such lesser amount as determined by the CFD Administrator, expressed in 2017 dollars, which shall increase by the Construction Inflation Index on January 1, 2018, and on each January 1 thereafter, or such lower amount (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2016-3, or (ii) determined by the City Council concurrently with a covenant that it will not

issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

“Construction Fund” means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 2016-3.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the city of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts that have been funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

“Outstanding Bonds” means all previously issued Bonds issued and secured by the levy of Special Taxes for Facilities which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Taxes for Facilities.

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, an Assessor's Parcel of Final Map Property or Undeveloped Property for which a building permit has been issued or an Assessor's Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2016-3 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor's Parcel.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
less	Reserve Fund Credit
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities as though it was already designated as Developed Property based upon the building permit issued or to be issued for that Assessor's Parcel. For an Assessor's Parcel classified as Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities for that Assessor's Parcel.
3. For each Assessor's Parcel of Developed Property, Final Map Property or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the CFD Administrator, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the CFD Administrator.
4. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds. The product shall be the "Bond Redemption Amount".
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
6. Compute the Future Facilities Cost.
7. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest redemption date for the Outstanding Bonds.
9. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.
10. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
11. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment

and the redemption. This amount is the "Administrative Fee."

12. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
13. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to a Special Tax for Facilities obligation that is prepaid pursuant to this Section H, the City Council shall indicate in the records of CFD No. 2016-3 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor's Parcel and the obligation of such Assessor's Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property in each future Fiscal Year, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION H

PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Final Map Property or Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount.

P_G = the Prepayment Amount calculated according to Section G.

F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the record of CFD No. 2016-3 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property in each future Fiscal Year after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION I TERMINATION OF SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessor's Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 2016-3 for uncollected Special Taxes for Facilities associated with the levy of such Special Taxes for Facilities, but no later than 2055-56 Fiscal Year. The Special Tax for Maintenance Services and the Special Tax for Public Services shall be levied as long as each is needed to meet the Special Tax Requirement for Maintenance Services and the Special Tax Requirement for Public Services, as determined at the sole discretion of the City Council.

SECTION J EXEMPTIONS

The City shall classify as Exempt Property (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a Property Owner's Association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of the Taxable Property to less than the Minimum Acreage. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of the Taxable Property to less than the Minimum Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of the Taxable Property to less than the Minimum Acreage will continue to be classified as Taxable Property, and will continue to be subject to Special Taxes accordingly.

Tax-exempt status will be assigned by the CFD Administrator in chronological order. If an Assessor's Parcel's classification is changed after the initial status is assigned, then its tax-exempt status will be revoked.

SECTION K APPEALS

Any taxpayer may file a written appeal of the Special Taxes on his/her Assessor's Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously 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 CFD Administrator agrees with the appellant, the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) amend the Special Tax levy for the current Fiscal Year prior to the payment date;
- (ii) require the CFD to reimburse the taxpayer the amount of the overpayment to the extent of the available funds of CFD No. 2016-3; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer's property within CFD No. 2016-3 in the amount of the overpayment provided that the CFD Administrator can certify there are sufficient Special Taxes to pay for the Special Tax Requirements for Facilities.

SECTION L MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2016-3 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

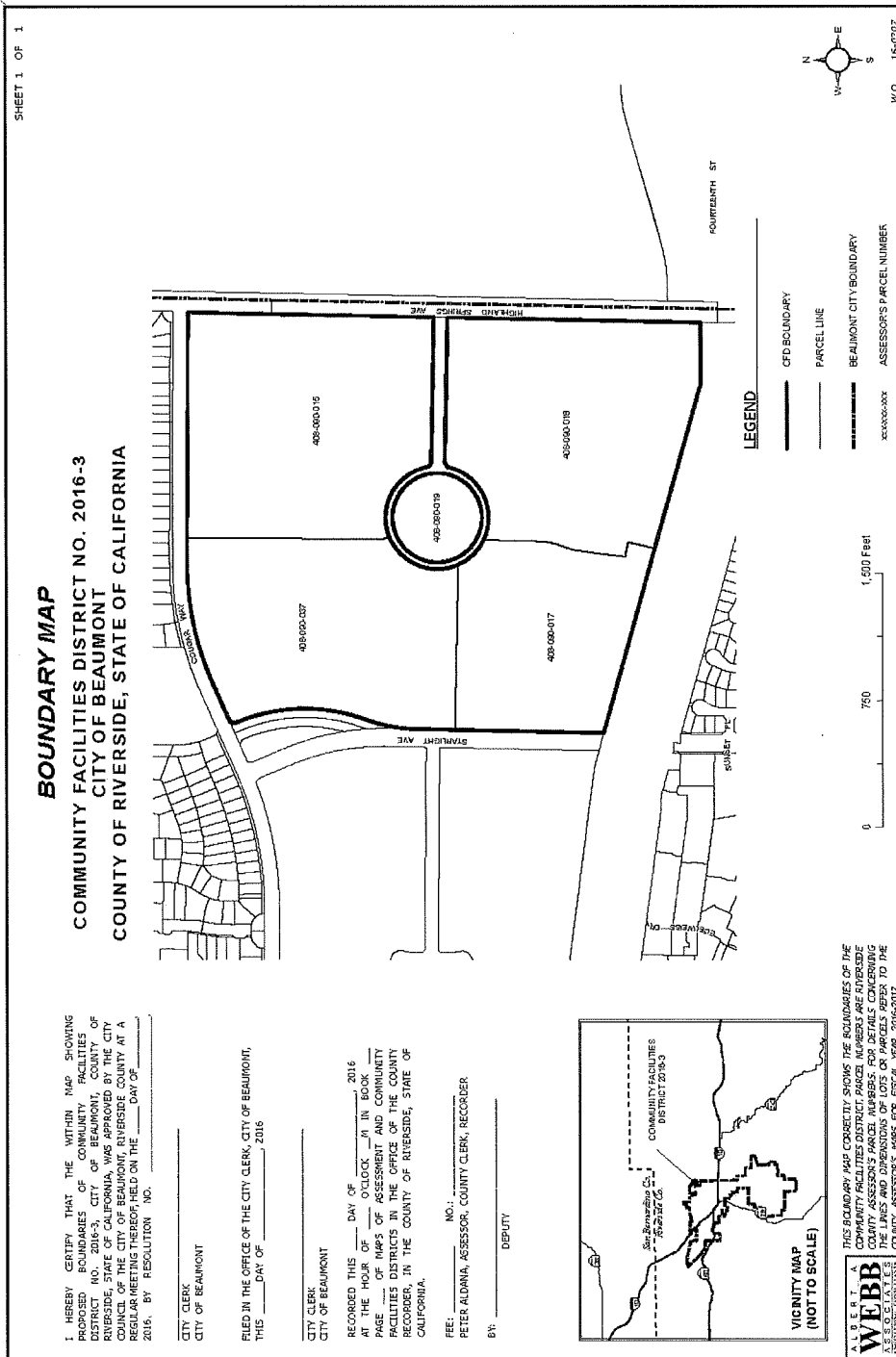
SECTION M INTERPRETATIONS

The City Council may interpret this Rate and Method of Apportionment of Special Tax by ordinance or resolution for purposes of clarifying any vagueness or ambiguity. Any decision of the City Council shall be final and binding as to all persons.

EXHIBIT A

CFD BOUNDARY MAP

COMMUNITY FACILITIES DISTRICT NO. 2016-3 (SUNDANCE)



APPENDIX B

**NAMES OF OWNERS AND ASSESSOR'S PARCEL NUMBERS
WITHIN CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2016-3**

Names of Property Owners

Assessor Parcel Numbers

Pardee Homes	408-090-015
Pardee Homes	408-090-017
Pardee Homes	408-090-018
Pardee Homes	408-090-019
Pardee Homes	408-090-037