

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described more fully herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. The difference between the issue price of a Bond (the first price at which a substantial amount of Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. See “LEGAL MATTERS—Tax Exemption” herein.*

**\$5,000,000**  
**COMMUNITY FACILITIES DISTRICT NO. 2**  
**(SANTALUZ)**  
**IMPROVEMENT AREA NO. 1**  
**SPECIAL TAX BONDS SERIES A OF 2004**

Dated: Date of Delivery

Due: September 1, as shown on the inside cover page

The Community Facilities District No. 2 (Santaluz) Improvement Area No. 1 Special Tax Bonds Series A of 2004 (the “Bonds”) are being issued and delivered to finance various public improvements needed to develop property located within Improvement Area No. 1 of Community Facilities District No. 2 (Santaluz) (the “District”). The District has been formed by and is located in the City of San Diego, California (the “City”).

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 et seq. of the Government Code of the State of California), and pursuant to a Bond Indenture, dated as of October 1, 2000 (the “Bond Indenture”), by and between the District and Union Bank of California, N.A. as trustee (the “Trustee”) as amended and supplemented by the First Supplemental Bond Indenture dated as of February 1, 2004 (together with the Bond Indenture, the “Indenture”). The Bonds are special obligations of the District and are payable solely from revenues derived from certain annual Special Taxes (as defined herein) to be levied on and collected from the owners of certain taxable land within Improvement Area No. 1 of the District and from certain other funds pledged under the Indenture, all as further described herein. The Special Taxes are to be levied according to the rate and method of apportionment approved by the City Council of the City and the qualified elector within Improvement Area No. 1 of the District. See “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes.” The City Council of the City is the legislative body of the District.

The Bonds are payable on a parity with the District’s Improvement Area No. 1 Special Tax Bonds Series A of 2000, originally issued in the aggregate amount of \$56,020,000 (the “2000 Bonds”). See “SOURCES OF PAYMENT FOR THE BONDS—Limited Obligations.”

The Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Individual purchases may be made in principal amounts of \$5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein. Interest on the Bonds will be payable on September 1, 2004 and semiannually thereafter on each March 1 and September 1. Principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the Bonds. See “THE BONDS—General Provisions” and APPENDIX H—“BOOK-ENTRY ONLY SYSTEM” herein.

*Neither the faith and credit nor the taxing power of the City, the County of San Diego, the State of California or any political subdivision thereof is pledged to the payment of the Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds. The Bonds are special tax obligations of the District payable solely from Special Taxes and certain other amounts held under the Indenture as more fully described herein.*

The Bonds are subject to optional redemption, extraordinary mandatory redemption and mandatory sinking fund redemption prior to maturity as set forth herein. See “THE BONDS—Redemption” herein.

**CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE DISTRICT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. THE PURCHASE OF THE BONDS INVOLVES SIGNIFICANT INVESTMENT RISKS, AND THE BONDS ARE NOT SUITABLE INVESTMENTS FOR MANY INVESTORS. SEE THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED “SPECIAL RISK FACTORS” FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.**

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

**MATURITY SCHEDULE (See Inside Cover Page)**

*The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the City and the District by the City Attorney and for the Underwriter by Orrick, Herrington & Sutcliffe LLP, as counsel to the Underwriter. It is anticipated that the Bonds in book-entry form will be available for delivery to DTC in New York, New York, on or about February 25, 2004.*

**UBS FINANCIAL SERVICES INC.**

Dated: February 13, 2004

**MATURITY SCHEDULE**  
**(Base CUSIP: 802808)†**

<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP†</u>	<u>Maturity Date (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP†</u>
2005	\$115,000	1.70%	1.70%	BF1	2012	\$135,000	4.10%	4.10%	BN4
2006	115,000	2.20	2.20	BG9	2013	145,000	4.25	4.25	BP9
2007	115,000	2.55	2.55	BH7	2014	150,000	4.40	4.40	BQ7
2008	120,000	2.90	2.90	BJ3	2015	155,000	4.50	4.60	BR5
2009	125,000	3.20	3.20	BK0	2016	160,000	4.70	4.75	BS3
2010	130,000	3.50	3.50	BL8	2017	170,000	4.75	4.85	BT1
2011	130,000	3.85	3.85	BM6	2018	180,000	4.90	4.95	BU8

\$1,285,000 5.50% Term Bonds due September 1, 2024 Yield: 5.60% CUSIP†: BV6  
 \$1,770,000 5.50% Term Bonds due September 1, 2030 Yield: 5.67% CUSIP†: BW4

† Copyright 2003, American Bankers Association. CUSIP data herein in provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The District takes no responsibility for the accuracy of such data.

**CITY OF SAN DIEGO, CALIFORNIA  
CITY COUNCIL**

Dick Murphy, *Mayor*

Scott Peters  
Michael Zucchet  
Toni Atkins  
Charles Lewis

Brian Maienschein  
Donna Frye  
Jim Madaffer  
Ralph Inzunza

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*City Manager*

Casey Gwinn  
*City Attorney*

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*City Clerk*

Mary E. Vattimo  
*City Treasurer*

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**SPECIAL TAX CONSULTANT**

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Newport Beach, California

**REAL ESTATE APPRAISER**

D.F. Davis Real Estate, Inc.  
San Diego, California

**TRUSTEE**

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

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

This Official Statement is not to be construed as a contract with the purchasers or Beneficial Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with a nationally recognized municipal securities depository.

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

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

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

All information material to the making of an informed investment decision with respect to the Bonds is contained in this Official Statement. While the City maintains an internet website for various purposes, none of the information on its website is incorporated by reference into this Official Statement. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.



Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption “IMPROVEMENT AREA NO. 1” and “THE DEVELOPMENT AND PROPERTY OWNERSHIP.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE CITY NOR THE DISTRICT PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

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

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

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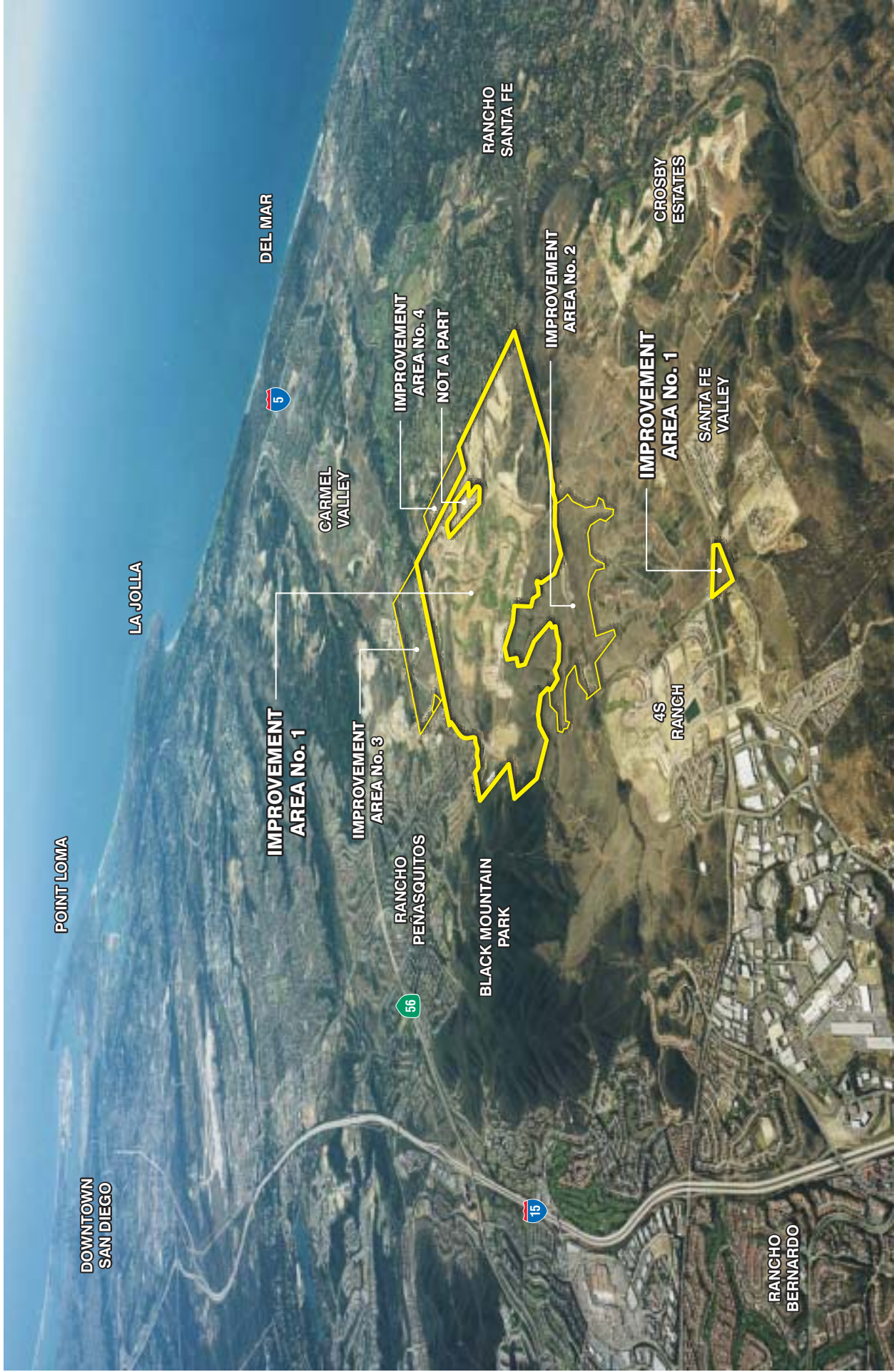
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Aerial Oblique View (Looking Southwest)  
CFD No. 2  
IMPROVEMENT AREA No. 1

**\$5,000,000**  
**COMMUNITY FACILITIES DISTRICT NO. 2 (SANTALUZ)**  
**IMPROVEMENT AREA NO. 1**  
**SPECIAL TAX BONDS SERIES A OF 2004**

**INTRODUCTION**

**Update of Certain Information Since the Date of the Preliminary Official Statement**

On February 13, 2004, the City of San Diego was notified by the U.S. Securities and Exchange Commission of an investigation into certain previous bond issues by the City. At the same time, the United States Attorney's office began its own investigation regarding previous bond issues by the City. The City intends to fully cooperate with both investigations. To the best knowledge of the City and Community Facilities District No. 2 (Santaluz), these investigations do not involve matters directly related to the Bonds or the 2000 Bonds. See APPENDIX C — "Pending Investigations Regarding Prior Bond Issues of the City" herein.

**General**

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

The purpose of this Official Statement, which includes the cover page, the inside cover page, the table of contents and the attached appendices (collectively, the "Official Statement"), is to provide certain information concerning the issuance of the \$5,000,000 Community Facilities District No. 2 (Santaluz) Improvement Area No. 1 Special Tax Bonds Series A of 2004 (the "Bonds"). The Bonds are issued on a parity with the District's Improvement Area No. 1 Special Tax Bonds Series A of 2000, originally issued in the aggregate principal amount of \$56,020,000 (the "2000 Bonds"). The proceeds of the Bonds will be used to construct and acquire various public improvements needed with respect to the proposed development within Improvement Area No. 1 of Community Facilities District No. 2 (Santaluz) (the "District"), to fund the Reserve Account securing the Bonds and the 2000 Bonds, to pay costs of administration and issuance of the Bonds, and to provide capitalized interest to September 1, 2004 on the principal amount of the Bonds.

In addition to Improvement Area No. 1 of the District ("Improvement Area No. 1"), Community Facilities District No. 2 (Santaluz) also includes Improvement Area No. 2, Improvement Area No. 3 and Improvement Area No. 4, which are authorized to issue bonds secured by special taxes levied on property within those improvement areas. None of the Special Taxes from Improvement Area Nos. 2, 3 and 4 is pledged or available to repay the Bonds.

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 et seq. of the Government Code of the State of California) (the "Act"), and a Bond Indenture dated as of October 1, 2000 (the "Bond Indenture") by and between the District and Union Bank of California, N.A. (the "Trustee") as amended and supplemented by the First Supplemental Bond Indenture, dated as of February 1, 2004 (the "First Supplement" and, together with the Bond Indenture, the "Indenture"). The Bonds and the 2000 Bonds are secured on a parity under the Indenture by a pledge of and lien upon Special Taxes (as defined herein) and all moneys in the Special Tax Fund (other than the Administrative Expense Account therein) as described in the Indenture.

## **The District and Improvement Area No. 1**

*Formation Proceedings.* The District has been formed by the City of San Diego (the “City”) pursuant to the Act.

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

Pursuant to the Act, the City Council adopted the necessary resolutions stating its intent to establish the District and Improvement Area No. 1, to authorize the levy of Special Taxes on taxable property within the boundaries of Improvement Area No. 1, and to have the District incur bonded indebtedness on behalf of Improvement Area No. 1. Following public hearings conducted pursuant to the provisions of the Act, the City Council adopted resolutions establishing the District and Improvement Area No. 1 and calling special elections to submit the levy of the Special Taxes and the incurring of bonded indebtedness to the qualified voters of Improvement Area No. 1. On March 14, 2000, at an election held pursuant to the Act, the landowners who comprised the qualified voters of Improvement Area No. 1, authorized the District to incur bonded indebtedness on behalf of Improvement Area No. 1 in an aggregate principal amount not to exceed \$62,200,000 and approved the rate and method of apportionment of the Special Taxes for Improvement Area No. 1 to pay the principal of and interest on the bonds of Improvement Area No. 1. On January 28, 2002, the landowners of Improvement Area No. 1 elected to amend the list of facilities eligible to be financed in Improvement Area No. 1 and amend the then existing rate and method of apportionment. The Amended and Restated Rate and Method of Apportionment of Special Taxes (the “Rate and Method”) is set forth in APPENDIX A hereto. The City Council of the City acts as the legislative body of the District.

*Development Status.* The master developer of the property in Improvement Area No. 1 is Santaluz, LLC, a Delaware limited liability company (the “Developer”), whose members include DMB Realco II, LLC, an Arizona limited liability company, and Taylor Woodrow Homes, Inc., a California corporation. For certain information concerning the Developer, see “THE DEVELOPMENT AND PROPERTY OWNERSHIP — The Developer.”

Improvement Area No. 1 consists of approximately 2,500 gross acres. Improvement Area No. 1 is located in the City in the north coastal area of San Diego County, roughly halfway between Interstate 5 and Interstate 15, approximately 20 miles northeast of downtown San Diego, and approximately 6 miles north of the La Jolla/Golden Triangle Area. Based on current land use approvals and projections, the land within Improvement Area No. 1 is expected to be developed into a total of 529 single family homes, 307 custom lot properties, 96 townhome or small lot detached homes, 189 affordable units, a golf course located on 289 acres, and various nonresidential uses such as a fire station, church sites and a day care center. See “THE DEVELOPMENT AND PROPERTY OWNERSHIP — Potential Limitations on Development.”

Development of the land within Improvement Area No. 1 is ongoing. Substantially all of the infrastructure for Improvement Area No. 1, including public improvements, has been completed. See “THE DEVELOPMENT AND PROPERTY OWNERSHIP — Infrastructure Requirements and Construction Status.” As of January 5, 2004, 595 lots had closed escrow to merchant builders and 157 custom lots have closed escrow to individual owners or custom home builders. An additional 34 custom lots had been sold and were in escrow as of such date. The merchant builders have sold 469 homes to end users and 378 of such homes have closed escrow. In addition, the Developer has sold lots for 70 affordable for-sale units and 119 affordable rental apartments to two builders and as of January 5 2004, 61 of the affordable for-sale units have been sold



and 5 have closed escrow. Building permits have been issued for 436 merchant builder homes, 70 affordable for-sale units, 119 affordable rental units and 50 townhomes. See “THE DEVELOPMENT AND PROPERTY OWNERSHIP.”

D.F. Davis Real Estate, Inc. (the “Appraiser”) has conducted an appraisal (the “Appraisal”) of the land within Improvement Area No. 1 and has concluded, based upon the assumptions and limiting conditions contained in the Appraisal, that as of September 1, 2003, the value of land within Improvement Area No. 1 was \$590,289,232, assuming the public improvements to be financed by the Bonds are complete. See “THE DEVELOPMENT AND PROPERTY OWNERSHIP — Appraisal” and APPENDIX B — “APPRAISAL REPORT.”

### **Sources of Payment for the Bonds**

*Special Taxes.* As used in this Official Statement, the term “Special Tax” is that tax which has been authorized pursuant to the Act to be levied against certain land within Improvement Area No. 1 pursuant to the Act and in accordance with the Rate and Method. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes” and APPENDIX A — “AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES.” Under the Indenture, the District has pledged to repay the Bonds and the 2000 Bonds on a parity basis from the Special Tax revenues remaining after the payment of certain annual Administrative Expenses of the District (the “Net Taxes”) and from amounts on deposit in the Special Tax Fund (other than the Administrative Expense Account therein) established under the Indenture.

The Special Taxes are the primary security for the repayment of the Bonds and the 2000 Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the Bonds and the 2000 Bonds are amounts held by the Trustee in the Special Tax Fund, including amounts held in the Reserve Account therein. See “SOURCES OF PAYMENT FOR THE BONDS — Reserve Account of the Special Tax Fund.”

*Foreclosure Proceeds.* The District has covenanted for the benefit of the Beneficial Owners of the Bonds that it will commence, and diligently pursue to completion, judicial foreclosure proceedings against Assessor’s Parcels (as defined in the Rate and Method) with delinquent Special Taxes in excess of \$10,000 by the October 1 following the close of the fiscal year in which such Special Taxes were due, and it will commence and diligently pursue to completion judicial foreclosure proceedings against all Assessor’s Parcels with delinquent Special Taxes by the October 1 following the close of any Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount in the Reserve Account is less than the Reserve Requirement. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*” herein. There is no assurance that the property within Improvement Area No. 1 can be sold for the appraised value or assessed values described herein, or for a price sufficient to pay the principal of and interest on the Bonds and the 2000 Bonds in the event of a default in payment of Special Taxes by the current or future landowners within Improvement Area No. 1. See “SPECIAL RISK FACTORS — Land Values” and APPENDIX B — “APPRAISAL REPORT” herein.

**EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM SPECIAL TAXES AND AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.**

### **Description of the Bonds**

The Bonds will be issued and delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in the denominations of \$5,000 or any integral

multiple thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See APPENDIX H — “BOOK-ENTRY ONLY SYSTEM” herein.

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

The Bonds are subject to optional redemption, extraordinary mandatory redemption and mandatory sinking fund redemption as described herein. For a more complete description of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see “THE BONDS” and APPENDIX D — “SUMMARY OF INDENTURE” herein.

### **Tax Matters**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. It is the further opinion of Bond Counsel that interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See “LEGAL MATTERS — Tax Exemption” herein.

### **Professionals Involved in the Offering**

Union Bank of California, N.A. will act as Trustee under the Indenture and as the initial Dissemination Agent under the Developer Continuing Disclosure Agreement. See APPENDIX F. UBS Financial Services Inc. is the Underwriter of the Bonds. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel and Disclosure Counsel. Fieldman, Rolapp & Associates is acting as Financial Advisor to the City in connection with the Bonds. Certain legal matters will be passed upon for the City and the District by the City Attorney, and for the Underwriter by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, as Underwriter’s Counsel. Other professional services have been performed by David Taussig & Associates, Inc., Newport Beach, California, as Special Tax Consultant, and D.F. Davis Real Estate, Inc., San Diego, California, as Appraiser.

For information concerning the respects in which certain of the above-mentioned professionals, advisors, counsel and agents may have a financial or other interest in the offering of the Bonds, see “LEGAL MATTERS — Financial Interests” herein.

### **Continuing Disclosure**

Each of the District and the Developer has agreed to provide, or cause to be provided, to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state repository for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission certain annual financial information and operating data. The District and the Developer each has further agreed to provide notice of certain material events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5). See “CONTINUING



DISCLOSURE” herein and APPENDIX E and APPENDIX F hereto for a description of the specific nature of the annual reports to be filed by the District and the Developer and notices of material events to be provided by the District and the Developer.

**Bond Owners’ Risks**

Certain events could affect the timely repayment of the principal of and interest on the Bonds when due. See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds. The Bonds are not rated by any nationally recognized rating agency. *The purchase of the Bonds involves significant investment risks, and the Bonds are not suitable investments for many investors.* See “SPECIAL RISK FACTORS” herein.

**Other Information**

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

Brief descriptions of the Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bonds and the constitution and laws of the State as well as the proceedings of the City Council, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Indenture.

Copies of the Indenture, the Continuing Disclosure Certificate, the Developer Continuing Disclosure Agreement and other documents and information referred to herein are available for inspection and (upon request and payment to the City of a charge for copying, mailing and handling) for delivery from the City at the Office of the City Clerk at 202 C Street, San Diego, CA 92101, Attention: City Clerk.

**ESTIMATED SOURCES AND USES OF FUNDS**

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

**Sources of Funds**

Principal Amount of Bonds	\$ 5,000,000.00
Less: Original Issue Discount	<u>(61,347.10)</u>
<b>TOTAL SOURCES</b>	<b>\$ 4,938,652.90</b>

**Uses of Funds**

Interest Account <sup>(1)</sup>	\$ 125,118.58
Acquisition and Construction Fund	4,152,424.14
Reserve Account	355,860.18
Cost of Issuance Account	249,000.00
Underwriter’s Discount	<u>56,250.00</u>
<b>TOTAL USES</b>	<b>\$ 4,938,652.90</b>

<sup>(1)</sup> Represents capitalized interest on the principal amount of the Bonds until September 1, 2004.

## THE BONDS

### General Provisions

The Bonds will be dated their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing on September 1, 2004 (each, an “Interest Payment Date”), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. So long as the Bonds are held in book-entry form, principal and interest on the Bonds will be paid to DTC for subsequent disbursement to DTC Participants who are to remit such payments to the Beneficial Owners in accordance with DTC procedures. See APPENDIX H — “BOOK-ENTRY ONLY SYSTEM.”

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest will be payable from the date of the Bonds; provided, however, that if at the time of authentication of a Bond, interest is in default, interest on that Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

Interest on any Bond will be paid to the person whose name appears as its owner in the registration books held by the Trustee on the close of business on the Record Date. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, to the Beneficial Owner at its address on the registration books. Pursuant to a written request prior to the Record Date of a Beneficial Owner of at least \$1,000,000 in aggregate principal amount of Bonds, payment will be made by wire transfer in immediately available funds to a designated account in the United States.

Principal of the Bonds and any premium due upon redemption is payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Trustee in Los Angeles, California.

### Authority for Issuance

The Bonds are issued pursuant to the Act and the Indenture. As required by the Act, the City Council of the City has taken the following actions with respect to establishing the District and the Bonds:

*Resolutions of Intention:* On February 8, 2000, the City Council of the City adopted a resolution stating its intention to establish the District and Improvement Area No. 1 within the District and to authorize the levy of a special tax, and a resolution declaring its intention to incur bonded indebtedness in an amount not to exceed \$62,200,000 within Improvement Area No. 1.

*Resolutions of Formation:* Immediately following a noticed public hearing opened on March 14, 2000, the City Council of the City, adopted resolutions which established the District and Improvement Area No. 1, authorized the levy of a special tax within Improvement Area No. 1, and declared the necessity to incur bonded indebtedness within Improvement Area No. 1.

*Resolution Calling Election:* The resolutions adopted by the City Council of the City on March 14, 2000 also called for an election by the landowners in Improvement Area No. 1 for the same date on the issues of the levy of the Special Tax, the incurring of bonded indebtedness in Improvement Area No. 1, and the establishment of an appropriations limit.

*Landowner Election and Declaration of Results:* On March 14, 2000, an election was held at which the landowner within Improvement Area No. 1 approved a ballot proposition authorizing the issuance of up to \$62,200,000 of bonds to finance the acquisition and construction of various public facilities, the levy of the Special Tax and the establishment of an appropriations limit for Improvement Area No. 1. On March 14, 2000, the City Council adopted a resolution approving the canvass of the votes and declaring Improvement Area No. 1 to be fully formed with the authority to levy the Special Taxes, to incur the bonded indebtedness, and to have the established appropriations limit.

*Special Tax Lien and Levy:* A Notice of Special Tax Lien for the District was recorded in the real property records of the County on March 24, 2000, as a continuing lien against the property in Improvement Area No. 1.

*Ordinance Levying Special Taxes:* On April 10, 2000, the City Council adopted Ordinance No. 0-18788 levying the Special Tax within Improvement Area No. 1.

*Change Proceedings:* On January 8, 2002, an election was held at which the landowners within Improvement Area No. 1 approved a ballot proposition amending the list of facilities eligible to be financed in Improvement Area No. 1 and amending the then existing rate and method of apportionment of Special Taxes for property within Improvement Area No. 1. On January 28, 2002, the City Council of the City adopted a resolution certifying the election results amending the then existing rate and method of apportionment of Special Taxes and amending the list of eligible facilities within Improvement Area No. 1. On February 12, 2002, an Amended Notice of Special Tax lien for the District was recorded in the real property records of the County as a continuing lien against property in Improvement Area No. 1. On August 5, 2002, the City Council adopted Ordinance No. 0-19085 amending Ordinance No. 0-18788 to authorize the levy of Special Tax within Improvement Area No. 1 pursuant to the Amended and Restated Rate and Method of Apportionment of Special Taxes.

*Resolution Authorizing Issuance of the Bonds:* On January 26, 2004, the City Council adopted a resolution approving issuance of the Bonds.

## **Debt Service Schedule**

The following table presents the annual debt service on the Bonds (including sinking fund redemptions), assuming there are no optional or extraordinary redemptions. However, it should be noted that the Rate and Method allows prepayment of the Special Taxes in full or in part and the Indenture permits redemption of Bonds from the proceeds of any prepayments of Special Taxes. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes” and “THE BONDS — Redemption.”

<i>Period ending September 1</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2004	\$ --	\$ 125,118.58	\$ 125,118.58
2005	115,000	242,165.00	357,165.00
2006	115,000	240,210.00	355,210.00
2007	115,000	237,680.00	352,680.00
2008	120,000	234,747.50	354,747.50
2009	125,000	231,267.50	356,267.50
2010	130,000	227,267.50	357,267.50
2011	130,000	222,717.50	352,717.50
2012	135,000	217,712.50	352,712.50
2013	145,000	212,177.50	357,177.50
2014	150,000	206,015.00	356,015.00
2015	155,000	199,415.00	354,415.00
2016	160,000	192,440.00	352,440.00
2017	170,000	184,920.00	354,920.00
2018	180,000	176,845.00	356,845.00
2019	185,000	168,025.00	353,025.00
2020	195,000	157,850.00	352,850.00
2021	210,000	147,125.00	357,125.00
2022	220,000	135,575.00	355,575.00
2023	230,000	123,475.00	353,475.00
2024	245,000	110,825.00	355,825.00
2025	260,000	97,350.00	357,350.00
2026	270,000	83,050.00	353,050.00
2027	285,000	68,200.00	353,200.00
2028	300,000	52,525.00	352,525.00
2029	320,000	36,025.00	356,025.00
2030	335,000	18,425.00	353,425.00
Total	<u>\$ 5,000,000</u>	<u>\$ 4,349,148.58</u>	<u>\$ 9,349,148.58</u>

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Source: Underwriter.

The following table presents aggregate annual debt service on the Bonds and 2000 Bonds.

<i>Period ending September 1</i>	<i>2000 Bonds</i>	<i>Bonds</i>	<i>Aggregate Debt Service</i>
2004	\$ 3,931,606.25	\$ 125,118.58	\$ 4,056,724.83
2005	4,007,291.25	357,165.00	4,364,456.25
2006	4,087,010.00	355,210.00	4,442,220.00
2007	4,175,098.75	352,680.00	4,527,778.75
2008	4,255,560.00	354,747.50	4,610,307.50
2009	4,343,283.75	356,267.50	4,699,551.25
2010	4,427,252.50	357,267.50	4,784,520.00
2011	4,517,071.25	352,717.50	4,869,788.75
2012	4,511,692.50	352,712.50	4,864,405.00
2013	4,516,125.00	357,177.50	4,873,302.50
2014	4,518,050.00	356,015.00	4,874,065.00
2015	4,514,068.75	354,415.00	4,868,483.75
2016	4,514,181.25	352,440.00	4,866,621.25
2017	4,515,762.50	354,920.00	4,870,682.50
2018	4,515,075.00	356,845.00	4,871,920.00
2019	4,516,806.25	353,025.00	4,869,831.25
2020	4,510,318.75	352,850.00	4,863,168.75
2021	4,505,612.50	357,125.00	4,862,737.50
2022	4,512,062.50	355,575.00	4,867,637.50
2023	4,511,950.00	353,475.00	4,865,425.00
2024	4,516,318.75	355,825.00	4,872,143.75
2025	4,514,212.50	357,350.00	4,871,562.50
2026	4,495,312.50	353,050.00	4,848,362.50
2027	4,494,937.50	353,200.00	4,848,137.50
2028	4,496,175.00	352,525.00	4,848,700.00
2029	4,498,068.75	356,025.00	4,854,093.75
2030	4,499,662.50	353,425.00	4,853,087.50
Total	<u>\$ 119,420,566.25</u>	<u>\$ 9,349,148.58</u>	<u>\$ 128,769,714.83</u>

### Redemption

*Optional Redemption.* The Bonds maturing on and after September 1, 2012 are subject to redemption prior to maturity at the option of the District from such maturity or maturities as selected by the District and by lot within a maturity, from any available funds on any Interest Payment Date on or after September 1, 2004, in whole or in part, at the following redemption prices, as expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Date</i>	<i>Redemption Price</i>
Interest Payment Dates through March 1, 2012	103%
September 1, 2012 and March 1, 2013	102
September 1, 2013 and March 1, 2014	101
September 1, 2014 and any Interest Payment Date thereafter	100

*Mandatory Sinking Payment Redemption.* The Bonds maturing on September 1, 2024 (the “2024 Term Bonds”) will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established by the Indenture, on September 1, 2019 and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 2024 Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be

redeemed at a redemption price for each redeemed 2024 Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

**Term Bonds Maturing September 1, 2024**

<i>Sinking Fund Redemption Date (September 1)</i>	<i>Sinking Payments</i>
2019	\$185,000
2020	195,000
2021	210,000
2022	220,000
2023	230,000
2024*	245,000

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\* Maturity

The Bonds maturing on September 1, 2030 (the “2030 Term Bonds” and together with the 2024 Term Bonds, the “Term Bonds”) will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established by the Indenture, on September 1, 2025 and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 2030 Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed 2030 Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

**Term Bonds Maturing September 1, 2030**

<i>Sinking Fund Redemption Date (September 1)</i>	<i>Sinking Payments</i>
2025	\$260,000
2026	270,000
2027	285,000
2028	300,000
2029	320,000
2030*	335,000

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\* Maturity

If the District purchases Term Bonds during the Fiscal Year immediately preceding one of the sinking fund redemption dates specified above, the District is required to notify the Trustee at least 45 days prior to the redemption date as to the principal amount purchased, and the amount purchased will be credited at the time of purchase, to the extent of the full principal amount of the purchase. In the event of a partial optional redemption or extraordinary mandatory redemption of the Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds will be reduced, as nearly as practicable, on a pro rata basis, in increments of \$5,000.

*Extraordinary Redemption.* The Bonds are subject to extraordinary redemption as a whole, or in part, on a pro rata basis among maturities, on any Interest Payment Date, and will be redeemed by the Trustee, from Prepayments deposited to the Redemption Account plus amounts transferred from the Reserve Account (see “SOURCES OF PAYMENT FOR THE BONDS — Reserve Account of the Special Tax Fund”), at the following redemption prices expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Date</i>	<i>Redemption Price</i>
Interest Payment Dates through March 1, 2012	103%
September 1, 2012 and March 1, 2013	102
September 1, 2013 and March 1, 2014	101
September 1, 2014 and any Interest Payment Date thereafter	100

Prepayments and amounts released from the Reserve Account in connection with Prepayments will be allocated to the redemption of the Bonds, the 2000 Bonds and any Parity Bonds as nearly as practicable on a proportionate basis based on the outstanding principal amount of the Bonds, the 2000 Bonds and any Parity Bonds then outstanding.

*Notice of Redemption.* The Trustee is obligated to mail, at least 30 days but not more than 45 days prior to the date of redemption, notice of intended redemption, by first-class mail, postage prepaid, to the original purchasers of the Bonds and the respective registered Beneficial Owners of the Bonds at the addresses appearing on the Bond registration books. The notice of redemption must: (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds selected for redemption; (ii) state the date fixed for redemption and surrender of the Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds are to be redeemed; (v) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (vi) state the date of issue of the Bonds as originally issued; (vii) state the rate of interest borne by each Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the Bonds being redeemed as shall be specified by the Trustee.

So long as notice by first class mail has been provided as set forth above, the actual receipt by the Owner of any Bond of notice of such redemption is not a condition precedent to redemption, and failure to receive such notice will not affect the validity of the proceedings for redemption of such Bonds or the cessation of interest on the date fixed for redemption.

*Effect of Redemption.* When notice of redemption has been given, and when the amount necessary for the redemption of the Bonds called for redemption is set aside for that purpose in the Redemption Account, the Bonds designated for redemption will become due and payable on the date fixed for redemption, and upon presentation and surrender of the Bonds at the place specified in the notice of redemption, and no interest will accrue on the Bonds called for redemption from and after the redemption date, and the Beneficial Owners of the redeemed Bonds, after the redemption date, may look for the payment of principal and premium, if any, of such Bonds or portions of Bonds only to the Redemption Account and shall have no rights, except with respect to the payment of the redemption price from the Redemption Account.

### **Registration, Transfer and Exchange**

*Registration.* The Trustee will keep sufficient books for the registration and transfer of the Bonds. The ownership of the Bonds will be established by the Bond registration books held by the Trustee.

*Transfer or Exchange.* Whenever any Bond is surrendered for registration of transfer or exchange, the Trustee will authenticate and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount of authorized denominations; provided that the Trustee will not be required to register transfers or make exchanges of (i) Bonds for a period of 15 days next preceding the date of any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

### **Issuance of Parity Bonds**

Under the terms of the Indenture, the District may issue Parity Bonds secured by the Special Taxes on a parity with the Bonds and the 2000 Bonds, for the purpose of refunding all or a portion of the Bonds, 2000 Bonds or any Parity Bonds, or for other purposes of the District. With the issuance of the Bonds, \$61,020,000 of the \$62,200,000 of debt originally authorized by the voters within Improvement Area No. 1 will have been

issued and, accordingly, the District expects that in the future Parity Bonds will be issued only for refunding purposes. The Indenture provides that if Parity Bonds are issued to refund Bonds or other Parity Bonds, the annual debt service on the Bonds, the 2000 Bonds and the Parity Bonds following the issuance of such Parity Bonds will not exceed the debt service on the Bonds, the 2000 Bonds and any outstanding Parity Bonds prior to the issuance of such Parity Bonds. The Indenture provides that Parity Bonds may be issued for purposes other than refunding provided that (i) the Maximum Special Taxes that may be levied in each Fiscal Year is not less than 110% of the Annual Debt Service in the Bond Year that begins in such Fiscal Year; (ii) the Value of District Property is not less than 4 times the sum of Direct Debt for District Property plus Overlapping Debt allocable to all property in the District subject to the Special Tax; (iii) the Value of Developed Property is at least 4.25 times the sum of Direct Debt for Developed Property plus Overlapping Debt for Developed Property; and (iv) the Value of Undeveloped Property is at least 4 times the sum of Direct Debt for Undeveloped Property plus Overlapping Debt for Undeveloped Property; provided, however, (x) the Value of Undeveloped Property need be only 3.6 times the sum of Direct Debt for Undeveloped Property plus Overlapping Debt for Undeveloped Property if there is delivered to the Trustee a Certificate of the Special Tax Administrator stating that the Maximum Special Taxes that may be levied on Developed Property is not less than 20% of Maximum Annual Debt Service; (y) the Value of Undeveloped Property need be only 3.5 times the sum of Direct Debt for Undeveloped Property plus Overlapping Debt for Undeveloped Property if there is delivered to the Trustee a Certificate of the Special Tax Administrator stating that the amount of Maximum Special Taxes that may be levied on Developed Property is not less than 40% of Maximum Annual Debt Service; and (z) the Value of Undeveloped Property need be only 3 times the sum of Direct Debt for Undeveloped Property plus Overlapping Debt for Undeveloped Property if there is delivered to the Trustee and the District a Certificate of the Special Tax Administrator stating that the amount of Maximum Special Taxes that may be levied on Developed Property is not less than 60% of Maximum Annual Debt Service. Parity Bonds may be issued by means of a supplemental indenture and without any requirement for the consent of any Beneficial Owners. See APPENDIX D — “SUMMARY OF INDENTURE — Conditions for the Issuance of Parity Bonds” herein.

## **SOURCES OF PAYMENT FOR THE BONDS**

### **Limited Obligations**

The Bonds are special, limited obligations of the District payable only from amounts pledged under the Indenture and from no other sources.

The Special Taxes are the primary security for the repayment of the Bonds. Under the Indenture, the District has pledged to repay the Bonds, the 2000 Bonds and any Parity Bonds from the Net Taxes (which are Special Tax revenues remaining after the payment of the annual Administrative Expenses of up to the Administrative Expenses Cap) and from amounts held in the Special Tax Fund (other than amounts held in the Administrative Expense Account therein). Special Tax revenues include the proceeds of the Special Taxes received by the District, including any scheduled payments and Prepayments thereof, the net proceeds of the redemption of delinquent Special Taxes or sale of property sold as a result of foreclosure of the lien of delinquent Special Taxes to the amount of said lien and penalties and interest thereon.

In the event that the Special Tax revenues are not received when due, the only sources of funds available to pay the debt service on the Bonds, the 2000 Bonds and any Parity Bonds are amounts held by the Trustee in the Special Tax Fund (other than the Administrative Expense Account therein), including amounts held in the Reserve Account therein, for the exclusive benefit of the Beneficial Owners of the Bonds, the 2000 Bonds and any Parity Bonds.

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS**



**ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE SPECIAL TAXES AND OTHER AMOUNTS PLEDGED UNDER THE BOND INDENTURE AS MORE FULLY DESCRIBED HEREIN.**

**Special Taxes**

*Authorization and Pledge.* In accordance with the provisions of the Act, the City Council established the District and Improvement Area Nos. 1, 2 and 3 within the District on March 14, 2000 for the purpose of financing the acquisition, construction and installation of various public improvements required in connection with the proposed development within the District. At a special election held on March 14, 2000, the owners of the property within Improvement Area No. 1 authorized the District to incur indebtedness in an amount not to exceed \$62,200,000, and approved a rate and method of apportionment of Special Taxes authorizing the Special Tax to be levied to repay indebtedness with respect to Improvement Area No. 1, including the Bonds. At a special election on January 8, 2002, the landowners within Improvement Area No. 1 approved an amended and restated rate and method of apportionment of Special Taxes (herein referred to as the “Rate and Method”).

The District has covenanted in the Indenture that each year it will levy Special Taxes up to the maximum rates permitted under the Rate and Method in an amount sufficient, together with other amounts on deposit in the Special Tax Fund, to pay the principal of and interest on any Outstanding Bonds and Parity Bonds, to replenish the Reserve Account to the Reserve Requirement and to pay the estimated Administrative Expenses.

The Special Taxes levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method. See APPENDIX A — “AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES” hereto. There is no assurance that the Special Tax proceeds will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See “SPECIAL RISK FACTORS — Insufficiency of Special Taxes” herein.

*Rate and Method of Apportionment of Special Taxes.* All capitalized terms used in this section shall have the meaning set forth in APPENDIX A.

Under the Rate and Method, all Taxable Property in Improvement Area No. 1 will be classified as Developed Property, Taxable Public Property, Taxable Property Owner Association Property or Undeveloped Property, and will be subject to a Special Tax levy at the maximum rates described in Sections C, D and E of the Rate and Method.

A parcel will be classified as Developed Property if it is Custom Lot Property, Golf Course Property or Taxable Property (other than Taxable Property Owner Association Property and Taxable Public Property) for which a building permit for new construction or renovations was issued after January 1, 1999, but prior to March 1 of the fiscal year preceding the Special Tax levy. Developed Property will be further assigned to land use classes for Residential Property, Non-Residential Property, Golf Course Property, and Institutional Property. The Maximum Annual Special Tax for Developed Property will be the sum of the Assigned Special Tax and any Backup Special Tax. The Assigned Special Tax rates are set forth in Table 1 of the Rate and Method and beginning on July 1, 2001 and ending on July 1 of the tenth Fiscal Year in which Special Taxes are levied, escalate by 2% of the rate in effect for the previous year. On July 1 of the eleventh and twelfth Fiscal Years, the Assigned Special Taxes may be increased by up to 2% of the amount in effect for the prior Fiscal Year to the extent necessary to meet the Special Tax Requirement. For Fiscal Year 2003-04, the Assigned Special Tax rates range from \$1,862.43 for a residential unit of less than 1,500 square feet to \$9,428.56 per unit for Custom Lots and each residential unit greater than 6,500 square feet. The Fiscal Year 2003-04 rate for Residential Property classified as Affordable Units is \$108.24 per unit, for Non-Residential Property is \$5,376.66 per acre, for Golf Course Property is \$531.33 per acre, and for Institutional Property is

\$108.24 per acre. The Fiscal Year 2003-04 maximum Special Tax rate for Undeveloped Property, Taxable Property Owner Association Property and Taxable Public Property is \$19,995.99 per acre, and this maximum rate will increase at the same rate of increase as described above for Developed Property. The maximum Special Tax rates do not increase after the twelfth Fiscal Year in which Special Taxes are levied.

After classifying the parcels, the City Council will determine the Special Tax Requirement (as defined in the Rate and Method) for the fiscal year. "Special Tax Requirement" is defined in the Rate and Method as the amount required in any Fiscal Year after taking into account amounts held in funds and accounts under the Indenture which are intended to be used to pay debt service on Outstanding Bonds in the calendar year beginning in such Fiscal Year to: (i) pay annual debt service on all Outstanding Bonds; (ii) pay periodic costs on Outstanding Bonds, including, but not limited to, credit enhancement and rebate payments thereon; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any Reserve Accounts for all Outstanding Bonds; (v) pay directly for authorized facilities; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year. The Special Tax will be levied first on Developed Property up to the applicable Assigned Special Tax rate. If additional monies are needed to satisfy the Special Tax Requirement after levying on all Developed Property at the applicable maximum rate, the Special Tax will be levied next on Undeveloped Property up to the Assigned Special Tax rate and finally on Taxable Property Owner Association Property or Taxable Public Property up to the maximum rate. See APPENDIX A — "AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES."

*Prepayment of Special Taxes.* There are certain events that will result in a required prepayment of Special Taxes. In addition, under the Rate and Method, the owner of a parcel for which a building permit has been issued may voluntarily prepay the Special Tax obligation for a parcel in whole or in part. Any required or voluntary prepayment of Special Taxes will result in an extraordinary redemption of Bonds, the 2000 Bonds and any Parity Bonds. See "THE BONDS — Redemption — *Extraordinary Mandatory Redemption from Special Tax Prepayment.*" As of January 5, 2004, prepayments of Special Taxes in the amount of \$95,954 have been made by an individual owner.

A required prepayment of Special Taxes will occur in certain situations where a Backup Special Tax is levied under the Rate and Method as a result of a reduction in the total expected number of dwelling units or if smaller residential units than was originally anticipated in the Rate and Method are constructed in a geographic area designated for a certain Development Product. The Backup Special Tax paid with respect to a Development Product will be held in a Backup Special Tax Account of the Special Tax Fund under the Indenture. If at buildout of the geographic area for a Development Product the Assigned Special Taxes that can be levied within the geographic area are less than originally projected, then the balance in the Backup Special Tax Account attributable to that Development Project will be used to redeem Bonds, the 2000 Bonds and Parity Bonds. If a Development Product does not reach full buildout within two years after the first payment of Backup Special Taxes, then all moneys in the Backup Special Tax Account for such Development Product will be applied to redeem Bonds, the 2000 Bonds and Parity Bonds. Based on the existing development plan, the Developer does not expect any prepayments to occur under the foregoing provisions of the Rate and Method. No assurance can be given, however, that future development plans will not change and result in a prepayment of Special Taxes and an extraordinary redemption of Bonds.

A prepayment of Special Taxes will also be required at or prior to the close of escrow when a Proposed Custom Lot for which a building permit has been issued is sold by a Custom Lot Merchant Builder to the first private residential owner to the extent necessary to reduce the Total Tax and Assessment Obligation on a parcel to an amount which is less than or equal to two percent (2%) of the sales price of the parcel. No prepayment is required if the Total Tax and Assessment Obligation is less than or equal to two percent (2%) or such parcel is sold prior to the issuance of a building permit. Based on anticipated sales prices, the Developer does not expect that any prepayment of Special Taxes will be required for the Custom Lot Property.

*Permitted Amendments of Rate and Method.* Under the Bond Indenture, the District is permitted to amend the Rate and Method without Bondowner consent so long as the Trustee receives a certificate of an Independent Financial Consultant stating that (i) based on the existing classification of parcels under the Rate and Method, such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than 110% of the principal and interest due in each corresponding future Bond Year on the Bonds and Parity Bonds Outstanding as of the date of such amendment; and (ii) based on the current development plan for parcels within the District, such changes will not reduce the maximum Special Taxes expected to be levied on Developed Property in each year following the buildout of such parcels to an amount which is less than 110% of the principal and interest due in each corresponding Bond Year on the Bonds and Parity Bonds Outstanding as of the date of such amendment.

*Collection and Application of Special Taxes.* The Special Taxes are levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as ad valorem property taxes. The District may, however, collect the Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

The District has made certain covenants in the Indenture for the purpose of ensuring that the current maximum Special Tax rates and method of collection of the Special Taxes are not altered in a manner that would impair the District's ability to collect sufficient Special Taxes to pay debt service on the Bonds, the 2000 Bonds and any Parity Bonds and Administrative Expenses when due. First, the District has covenanted that, to the extent it is legally permitted to do so, it will not reduce the maximum Special Tax rates and will oppose the reduction of maximum Special Tax rates by initiative where such reduction would reduce the maximum Special Taxes below the levels described under the caption "*— Permitted Amendments of Rate and Method*" above. See "SPECIAL RISK FACTORS — Proposition 218." Second, the District has covenanted not to permit the tender of Bonds, 2000 Bonds or Parity Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds, the 2000 Bonds and any Parity Bonds remaining Outstanding following such tender. See "SPECIAL RISK FACTORS — Non-Cash Payments of Special Taxes."

Although the Special Taxes constitute liens on taxed parcels within Improvement Area No. 1, they do not constitute a personal indebtedness of the owners of property within Improvement Area No. 1. Moreover, other liens for taxes and assessments already exist on the property located within Improvement Area No. 1 and others could come into existence in the future in certain situations without the consent or knowledge of the City or the landowners therein. See "SPECIAL RISK FACTORS — Parity Taxes, Special Assessments and Land Development Costs" herein. There is no assurance that property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so, all as more fully described in the section of this Official Statement entitled "SPECIAL RISK FACTORS."

Under the terms of the Indenture, all Special Tax revenues received by the District, other than Prepayments and Backup Special Taxes, are to be deposited in the Special Tax Fund. Prepayments shall be deposited in the Redemption Account of the Special Tax Fund. Special Tax revenues deposited in the Special Tax Fund are to be applied by the Trustee under the Indenture in the following order of priority: (i) to deposit up to an amount equal to the Administrative Expenses Cap (currently \$79,591, increasing on July 1 of each year through July 1, 2011 by two percent) to the Administrative Expense Fund to pay Administrative Expenses; (ii) to pay the principal of and interest on the Bonds, the 2000 Bonds and Parity Bonds when due; (iii) to replenish the Reserve Account to the Reserve Requirement; (iv) to make any required transfers to the Rebate Fund; (v) to pay Administrative Expenses of the District above the Administrative Expenses Cap referenced in (i) above; and (vi) for any other lawful purpose of the District. See APPENDIX D — "SUMMARY OF INDENTURE."

*Proceeds of Foreclosure Sales.* The net proceeds received following a judicial foreclosure sale of land within Improvement Area No. 1 resulting from a landowner's failure to pay the Special Taxes when due

are included within the Special Tax revenues pledged to the payment of principal and interest on the Bonds under the Indenture.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the District of Special Taxes in an amount which is less than the Special Tax levied, the City Council, as the legislative body of the District, may order that Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the District has covenanted for the benefit of the Beneficial Owners of the Bonds that it will commence and diligently pursue to completion, judicial foreclosure proceedings against (i) parcels with delinquent Special Taxes in excess of \$10,000 by the October 1 following the close of the Fiscal Year in which such Special Taxes were due; and (ii) all properties with delinquent Special Taxes by the October 1 following the close of any fiscal year in which the District receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount in the Reserve Account is less than the Reserve Requirement. See APPENDIX D — “SUMMARY OF INDENTURE — Other Covenants of the District” herein.

If foreclosure is necessary and other funds (including amounts in the Reserve Account) have been exhausted, debt service payments on the Bonds could be delayed until the foreclosure proceedings have ended with the receipt of any foreclosure sale proceeds. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions, involvement by agencies of the federal government and other factors beyond the control of the City and the District. See “SPECIAL RISK FACTORS — Bankruptcy and Foreclosure” herein. Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See “SPECIAL RISK FACTORS — Land Values” herein. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the District or the City any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for ad valorem taxes.

### **Reserve Account of the Special Tax Fund**

In order to secure further the payment of principal of and interest on the Bonds, the District is required, upon delivery of the Bonds, to deposit in the Reserve Account and thereafter to maintain in the Reserve Account an amount equal to the Reserve Requirement. The Indenture provides that the amount in the Reserve Account shall, as of any date of calculation, equal the lesser of (i) 10% of the initial principal amount of the Bonds, the 2000 Bonds and any Parity Bonds; (ii) the maximum annual debt service on the Bonds, the 2000 Bonds and any Parity Bonds; or (iii) one hundred twenty-five percent (125%) of average annual debt service on the Bonds and any Parity Bonds.

Subject to the limits on the maximum annual Special Tax which may be levied within Improvement Area No. 1, as described in APPENDIX A, the District has covenanted to levy Special Taxes in an amount that is anticipated to be sufficient, in light of the other intended uses of the Special Tax proceeds, to maintain the balance in the Reserve Account at the Reserve Requirement. Amounts in the Reserve Account are to be applied to (i) pay debt service on the Bonds, the 2000 Bonds and Parity Bonds, to the extent other monies are not available therefor; (ii) redeem the Bonds, the 2000 Bonds and Parity Bonds in whole or in part; and (iii) pay the principal and interest due in the final year of maturity of the Bonds, the 2000 Bonds and Parity Bonds. In the event of a prepayment of Special Taxes, under certain circumstances, a portion of the Reserve Account will be added to the amount being prepaid and be applied to redeem Bonds, the 2000 Bonds and Parity Bonds. As described in the Rate and Method, the Reserve Account Credit will be equal to the expected reduction in the Reserve Requirement; provided, however, there will be no Reserve Account Credit if the

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**Subject**



North  
No Scale  
Base Map by SANDAG

*Regional Location*  
**CFD No. 2**  
**IMPROVEMENT AREA No 1**

amount in the Reserve Account is less than the Reserve Requirement. See APPENDIX D — “SUMMARY OF INDENTURE — Reserve Account” herein.

**IMPROVEMENT AREA NO. 1**

**General Description of Improvement Area No. 1**

Improvement Area No. 1 consists of approximately 2,500 gross acres located in the northern portion of the City in northwestern San Diego County, roughly halfway between Interstate 5 and Interstate 15, approximately 20 miles northeast of the City’s downtown area and 6 miles north of the La Jolla/Golden Triangle Area.

**Description of Authorized Facilities**

The facilities authorized to be acquired or constructed within Improvement Area No. 1 by the District with the proceeds of the Bonds consist of various public improvements described in Table 1 below.

**TABLE 1**

**ESTIMATED COSTS OF PROJECTS**

<i>Projects</i>	<i>Total Cost Estimate</i>
Landscaping of Camino del Sur and San Dieguito Road	\$ 2,460,000
Improvements to Neighborhood Park	1,000,000
Other <sup>(1)</sup>	<u>740,000</u>
Total	\$ 4,200,000

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<sup>(1)</sup> Consists of costs of community park, water and sewer, roadway, and other authorized improvements to be funded by bonded indebtedness.

Source: Developer and District.

**Estimated Direct and Overlapping Indebtedness**

Within the boundaries of Improvement Area No. 1 are numerous overlapping local agencies providing public services. Some of these local agencies have outstanding bonds which are secured by taxes and assessments on the parcels within Improvement Area No. 1 and others have authorized but have not yet issued bonds which, if issued, will be secured by taxes and assessments levied on parcels within Improvement Area No. 1. The approximate amount of the direct and overlapping debt secured by such taxes and assessments on the parcels within Improvement Area No. 1 for fiscal year 2003-04 is shown in Table 2 below (the “Debt Report”).

**TABLE 2**

**DIRECT AND OVERLAPPING DEBT SUMMARY  
CITY OF SAN DIEGO COMMUNITY FACILITIES DISTRICT NO. 2  
IMPROVEMENT AREA NO. 1<sup>(1)</sup>**

<i>Overlapping District</i>	<i>Fiscal Year 2003-04 Total Levy</i>	<i>Amount of Levy on Parcels in the District</i>	<i>Percent of Levy on Parcels in the District</i>	<i>Total Debt Outstanding<sup>(2)</sup></i>	<i>Share of Total Debt Outstanding<sup>(2)</sup></i>
Poway Unified School District CFD No. 4 <sup>(3)</sup>	N/A	N/A	N/A	N/A	N/A
Metropolitan Water District G.O. Bond	\$ 99,306,818	\$ 21,924	0.0221%	\$ 475,265,000	\$ 104,926
City of San Diego Public Safety Communication System	\$ 2,003,233	\$ 29,112	1.4532%	\$ 14,390,000	<u>\$ 209,123</u>
				Estimated Share of Overlapping Debt Allocable to the District	\$ 314,049
				Plus: Bonds and 2000 Bonds	<u>\$ 60,755,000<sup>(4)</sup></u>
				Estimated Share of Direct and Overlapping Debt Allocable to the District	\$ 61,069,049

<sup>(1)</sup> Numbers have been rounded for purposes of presentation. Calculations based upon such numbers may result in different totals.

<sup>(2)</sup> As of September 1, 2003.

<sup>(3)</sup> Authorized to issue up to \$32 million.

<sup>(4)</sup> Reflects a reduction in the 2000 Bonds resulting from a July 2002 prepayment of \$95,000.

Source: David Taussig & Associates, Inc.

The Poway Unified School District Community Facilities District No. 4 (“Poway CFD No. 4”) is authorized to issue up to \$32,000,000 of bonds which, when issued, will be paid from special taxes levied on developed property within Improvement Area No. 1. The District has not been informed that Poway CFD No. 4 has any immediate plans to issue bonds, but it is likely that bonds will be issued as additional development occurs in Poway CFD No. 4 and on property in other portions of the Poway Unified School District.

**Expected Tax Burden**

It is expected that the total tax burden on residential units in Improvement Area No. 1 will be slightly less than 2% of the initial sales price of the units. Table 3 below sets forth an estimated property tax bill for three class-types of single family detached units: Class 2 single family detached units ranging in size from 1,750 square feet to 2,249 square feet, Class 5 units ranging in size from 3,150 square feet to 3,749 square feet and Class 10 units ranging in size from 5,500 square feet to 5,999 square feet. The estimated tax rates and amounts presented herein are based on currently available information. The actual amounts charged may vary and may increase in future years.



**TABLE 3**

**SAMPLE PROPERTY TAX BILL  
PROJECTED FOR FISCAL YEAR 2003-04  
FOR TYPICAL SINGLE FAMILY DETACHED UNITS**

<i>Assessed Valuation and Property Taxes</i>	<i>Percent of Total Assessed Valuation</i>	<i>Class 2<sup>(1)</sup> Units</i>	<i>Class 5<sup>(2)</sup> Units</i>	<i>Class 10<sup>(3)</sup> Units</i>
SALES PRICE <sup>(4)</sup>		\$ 552,928	\$ 595,000	\$ 1,202,651
TOTAL ASSESSED VALUE <sup>(5)</sup>		545,928	588,000	1,195,651
<b>AD VALOREM PROPERTY TAXES<sup>(6)</sup></b>				
Basic Levy	1.00000%	\$ 5,459.28	\$ 5,880.00	\$ 11,956.51
San Diego City Zoological Exhibits	0.00500%	27.29	29.40	59.78
San Diego City Public Safety Communication Systems	0.00180%	9.83	10.58	21.52
San Diego County Water Authority	0.00067%	3.66	3.94	8.01
Metropolitan Water District	0.00610%	33.30	35.87	72.94
Total Ad Valorem Property Taxes	<u>1.01357%</u>	<u>\$ 5,533.36</u>	<u>\$ 5,959.79</u>	<u>\$ 12,118.76</u>
<b>ASSESSMENTS AND SPECIAL TAXES</b>				
County Mosquito/Rat Control <sup>(7)</sup>		\$ 3.00	\$ 3.00	\$ 3.00
Metropolitan Water District Standby Charge <sup>(8)</sup>		11.51	11.51	11.51
San Diego County Water Authority Water Availability Charge <sup>(9)</sup>		10.00	10.00	10.00
Poway Unified School District CFD No. 4 <sup>(10)</sup>		515.61	773.41	1,546.82
City of San Diego CFD No. 2 (Santaluz) <sup>(11)</sup>		2,425.82	4,353.44	8,362.32
Estimated City of San Diego Landscape Maintenance District <sup>(12)</sup>		600.00	600.00	600.00
Total Assessments and Special Taxes		<u>\$ 3,565.94</u>	<u>\$ 5,751.36</u>	<u>\$ 10,533.65</u>
<b>TOTAL, ALL PROPERTY TAXES</b>		<b>\$ 9,099.30</b>	<b>\$ 11,711.15</b>	<b>\$ 22,652.41</b>
Total Effective Tax Rate		1.64566%	1.96826%	1.88354%

<sup>(1)</sup> Homes ranging in size from 1,750 square feet to 2,249 square feet.

<sup>(2)</sup> Homes ranging in size from 3,150 square feet to 3,749 square feet.

<sup>(3)</sup> Homes ranging in size from 5,500 square feet to 5,999 square feet.

<sup>(4)</sup> Based on the lowest actual sales price as stated in Exhibit D of the Appraisal Report. Sales price used to determine Total Effective Tax Rate.

<sup>(5)</sup> Assessed Value and ad valorem taxes incorporate owner-occupied assessed value exemption of \$7,000.

<sup>(6)</sup> Based on rates for FY 2003-04 for Tax Rate Area 008-187. Tax rates subject to change.

<sup>(7)</sup> Based on FY 2003-04 rate of \$3.00 per dwelling unit.

<sup>(8)</sup> Based on FY 2003-04 rate of \$11.51 per dwelling unit for parcels less than one acre.

<sup>(9)</sup> Based on FY 2003-04 rate of \$10.00 per dwelling unit.

<sup>(10)</sup> Based on FY 2003-04 assigned special tax rate for each class-type.

<sup>(11)</sup> Based on FY 2003-04 assigned special tax rate for each class-type.

<sup>(12)</sup> Based on information provided by Springbrook Realty Advisors, Inc.

Source: David Taussig and Associates, Inc.

## Principal Taxpayers

Table 4 below sets forth the percentage of the Special Tax for Fiscal Year 2003-04, based on the ownership in Improvement Area No. 1 as of September 1, 2003 and the land use status as of March 1, 2003. Table 4A sets forth the percentage of Special Tax that is projected to be paid in Fiscal Year 2004-05 based on ownership and land use status in Improvement Area No. 1 as of September 1, 2003.

**TABLE 4**  
**PRINCIPAL TAXPAYERS FOR**  
**FISCAL YEAR 2003-04**

<i>Owner<sup>(1)</sup></i>	<i>Projected Special Tax Levy</i>	<i>Percentage of Special Tax Levy</i>
Santaluz LLC	\$ 1,824,021.18	45.44%
Taylor Woodrow Homes	133,284.84	3.32
Baywood Homes	111,633.92	2.78
DR Horton	93,200.74	2.32
Davidson	25,493.56	0.64
Warmington Homes	12,714.28	0.32
The Olson Company	9,218.00	0.23
St. Demiana Coptic Orthodox Church <sup>(2)</sup>	7,337.66	0.18
Individual Homeowners	1,344,060.40	33.49
Individual Custom Lot Owners	397,770.42	9.91
Other Undeveloped Property Owners <sup>(3)</sup>	<u>55,164.26</u>	<u>1.37</u>
<b>Total</b>	<b>\$ 4,013,899.26</b>	<b>100.00%</b>

<sup>(1)</sup> Owner information based on Appraisal Report dated September 1, 2003. Land use status is as of March 1, 2003.

<sup>(2)</sup> Property is currently undeveloped. Once a building permit has been issued, property will be taxed as Institutional Property.

<sup>(3)</sup> Includes lots that have been sold to third-party builders that will be resold as Custom Lot Property in the future.

Source: David Taussig & Associates, Inc.

**TABLE 4A**  
**PROJECTED**  
**PRINCIPAL TAXPAYERS FOR**  
**FISCAL YEAR 2004-05**

<i>Owner<sup>(1)</sup></i>	<i>Projected Special Tax Levy</i>	<i>Percentage of Special Tax Levy</i>
Santaluz LLC	\$ 1,769,503.62	40.06%
Taylor Woodrow Homes	135,950.56	3.08
The Olson Company	115,354.08	2.61
Baywood Homes	113,866.72	2.58
Davidson	109,982.50	2.49
DR Horton	95,064.78	2.15
Warmington Homes	12,183.02	0.27
St. Demiana Coptic Orthodox Church <sup>(2)</sup>	7,031.08	0.16
Individual Homeowners	1,370,940.48	31.03
Individual Custom Lot Owners	634,731.24	14.37
Other Undeveloped Property Owners <sup>(3)</sup>	<u>52,859.38</u>	<u>1.20</u>
<b>Total</b>	<b>\$ 4,417,467.46</b>	<b>100.00%</b>

<sup>(1)</sup> Owner information and land use status based on the Appraisal Report as of September 1, 2003.

<sup>(2)</sup> Property is currently undeveloped. Once a building permit has been issued, property will be taxed as Institutional Property.

<sup>(3)</sup> Includes lots that have been sold to third-party builders that will be resold as Custom Lot Property in the future.

Source: David Taussig & Associates, Inc.

**Delinquency History**

Table 5 summarizes the Special Tax delinquencies for property within the boundaries of Improvement Area No. 1 for the current fiscal year and the two prior fiscal years.

**TABLE 5**  
**COMMUNITY FACILITIES DISTRICT NO. 2**  
**IMPROVEMENT AREA NO. 1**  
**SPECIAL TAX DELINQUENCY HISTORY**

<i>Fiscal Year</i>	<i>Parcels Taxed</i>	<i>Total Levy</i>	<i>Delinquent Installments<sup>(1)</sup></i>	<i>Percent Delinquent</i>	<i>Amount Remaining Delinquent<sup>(1)</sup></i>	<i>Percent Remaining Delinquent</i>
2003-2004 <sup>(2)</sup>	905	\$ 2,006,950	\$ 92,138	4.59%	\$ 92,138	4.59%
2002-2003	866	\$ 3,644,487	\$ 16,009	0.44%	\$ 11,360	0.31%
2001-2002	487	\$ 931,527	\$ 7,341	0.79%	<u>0</u>	0.00%
					\$ 103,498	

<sup>(1)</sup> Does not include penalties and interest.

<sup>(2)</sup> Represents first installment data only based on a report from the County of San Diego as of January 29, 2004. Total levy is \$4,013,900 for Fiscal Year 2003-04

Source: City of San Diego.

**Estimated Appraised Value-to-Lien Ratios**

The value of the land within Improvement Area No. 1 is significant because in the event of a delinquency in the payment of Special Taxes the District may foreclose only against delinquent parcels. Table 6 below sets forth the estimated value-to-lien ratios for the parcels within Improvement Area No. 1 based upon the land ownership status and the values in the Appraisal as of September 1, 2003. The appraised value of the taxable land within Improvement Area No. 1 as of September 1, 2003 was determined by the

Appraiser to be \$590,289,232. The estimated value-to-lien ratio for taxable parcels within Improvement Area No. 1 based upon the principal amount of the Bonds and the 2000 Bonds, overlapping debt relating to the Metropolitan Water District General Obligation Bonds and the City of San Diego Public Safety Communications System General Obligation Bonds, and the land values as set forth in the Appraisal is 9.65 to 1.

TABLE 6

ESTIMATED APPRAISED VALUE-TO-LIEN RATIOS

Property Owner <sup>(1)</sup>	Estimated FY 2004-05 Special Tax <sup>(2)</sup>	Percentage of Estimated FY 2004-05 Special Tax	Bonds and 2000 Bonds Outstanding <sup>(3)</sup>	Metropolitan Water District G.O. Bonds Outstanding <sup>(4)</sup>	City of San Diego Public Safety Communication System G.O. Bonds Outstanding <sup>(4)</sup>	Total Direct and Overlapping Debt	Appraised Values <sup>(5)</sup>	Estimated Appraised Value-to-Lien Ratios <sup>(6)</sup>
<b>Developed Property<sup>(7)</sup></b>								
Baywood	\$ 113,867	2.58%	\$ 1,566,049	\$ 1,927	\$ 3,842	\$ 1,571,818	\$ 17,244,000	10.97 to 1
Davidson	90,957	2.06	1,250,959	1,148	2,289	1,254,396	6,475,000	5.16 to 1
DR Horton	95,065	2.15	1,307,460	1,490	2,969	1,311,919	9,667,500	7.37 to 1
The Olson Company	115,354	2.61	1,586,506	1,068	2,127	1,589,701	8,554,939	5.38 to 1
Santaluz LLC	18,455	0.42	253,817	538	1,072	255,427	14,500,048	56.77 to 1
Taylor Woodrow Homes	135,950	3.08	1,869,775	2,507	4,997	1,877,279	20,033,118	10.67 to 1
Individual Custom Lot Homeowners	57,703	1.31	793,608	1,306	2,602	797,516	5,347,964	6.71 to 1
Individual Homeowners	1,370,940	31.03	18,855,032	59,882	119,351	19,034,265	277,522,914	14.58 to 1
Subtotal	\$ 1,998,291	45.24%	\$ 27,483,206	\$ 69,866	\$ 139,249	\$27,692,321	\$ 359,345,483	12.98 to 1
<b>Undeveloped Property<sup>(8)</sup></b>								
Davidson	\$ 19,026	0.43%	\$ 261,669	\$ 3,956	\$ 7,884	\$ 273,509	\$ 18,150,000	66.36 to 1
Santaluz LLC	1,751,049	39.64	24,082,795	15,781	31,449	24,130,025	132,000,000	5.47 to 1
St. Demiana Coptic Orthodox Church	7,031	0.16	96,701	55	111	96,867	2,560,000	26.43 to 1
Warrington Homes	12,183	0.27	167,558	338	673	168,569	10,938,340	64.89 to 1
Other Undeveloped Property Owners <sup>(9)</sup>	52,859	1.20	726,994	6,735	13,424	747,153	22,878,106	30.62 to 1
Individual Custom Lot Owners	577,028	13.06	7,936,077	8,195	16,333	7,960,605	43,637,303	5.48 to 1
Subtotal	\$ 2,419,176	54.76%	\$ 33,271,794	\$ 35,060	\$ 69,874	\$33,376,728	\$ 230,163,749	6.90 to 1
<b>TOTAL:</b>	\$ 4,417,467	100.00%	\$ 60,755,000	\$ 104,926	\$ 209,123	\$61,069,049	\$ 589,509,232	9.65 to 1

(1) Reflects ownership as of the September 1, 2003 based on information in the Appraisal.

(2) Reflects amount of Special Taxes based on development status as of September 1, 2003. Excludes parcel that has prepaid in the amount of \$95,954.

(3) Allocated based on assumed Fiscal Year 2004-05 levy.

(4) Allocated based on Fiscal Year 2003-04 levy.

(5) As stated in the Appraisal. Excludes value of the prepaid parcel valued at approximately \$780,000.

(6) Represents Appraised Value column divided by the Total Direct and Overlapping Debt Column.

(7) Property for which a building permit has been issued as of September 1, 2003.

(8) Property for which a building permit has not been issued as of September 1, 2003.

(9) Includes lots that have been sold to third-party builders that will be resold as Custom Lot Property in the future.

Source: David Taussig & Associates, Inc.

### **Estimated Assessed Value-to-Lien Ratios**

Table 7 below sets forth the estimated assessed value-to-lien ratios for property ownerships within Improvement Area No. 1 based upon ownership status as of September 1, 2003 and the assessed values included on the fiscal year 2003-04 Assessor's roll. The assessed value of the taxable land within Improvement Area No. 1 for fiscal year 2003-04 is \$359,334,717. The estimated assessed value-to-lien ratio of the property within Improvement Area No. 1 based upon the principal amount of the Bonds and the 2000 Bonds, overlapping debt relating to the Metropolitan Water District General Obligation Bonds and the City of San Diego Public Safety Communication System General Obligation Bonds, and the assessed values included on the 2003-04 Assessor's roll is 5.88 to 1.

**TABLE 7**  
**ESTIMATED ASSESSED VALUE-TO-LIEN RATIOS**

<i>Property Owner<sup>(1)</sup></i>	<i>Estimated FY 2004-05 Special Tax<sup>(2)</sup></i>	<i>Percentage of Estimated FY 2004-05 Special Tax</i>	<i>Bonds and 2000 Bonds Outstanding<sup>(3)</sup></i>	<i>Metropolitan Water District G.O. Bonds Outstanding<sup>(4)</sup></i>	<i>Public Safety Communication System G.O. Bonds Outstanding<sup>(4)</sup></i>	<i>Total Direct and Overlapping Debt</i>	<i>Assessed Values<sup>(5)</sup></i>	<i>Estimated Assessed Value-to-Lien Ratios<sup>(6)</sup></i>
<b>Developed Property<sup>(7)</sup></b>								
Baywood Homes	\$ 113,867	2.58%	\$ 1,566,049	\$ 1,927	\$ 3,842	\$ 1,571,818	\$ 6,602,428	4.20 to 1
Davidson	90,957	2.06	1,250,959	1,148	2,289	1,254,396	3,932,754	3.14 to 1
DR Horton	95,065	2.15	1,307,460	1,490	2,969	1,311,919	5,103,907	3.89 to 1
The Olson Company	115,354	2.61	1,586,506	1,068	2,127	1,589,701	3,650,000	2.30 to 1
Santaluz LLC	18,455	0.42	253,817	538	1,072	255,427	1,841,691	7.21 to 1
Taylor Woodrow Homes	135,950	3.08	1,869,775	2,507	4,997	1,877,279	8,588,455	4.57 to 1
Individual Custom Lot Homeowners	57,703	1.31	793,608	1,306	2,602	797,516	4,472,500	5.61 to 1
Individual Homeowners	<u>1,370,940</u>	<u>31.03</u>	<u>18,855,032</u>	<u>59,882</u>	<u>119,351</u>	<u>19,034,265</u>	<u>205,121,951</u>	<u>10.78 to 1</u>
Subtotal	\$ 1,998,291	45.24%	\$ 27,483,206	\$ 69,866	\$ 139,249	\$ 27,692,321	\$ 239,313,686	8.64 to 1
<b>Undeveloped Property<sup>(8)</sup></b>								
Davidson	\$ 19,026	0.43%	\$ 261,669	\$ 3,956	\$ 7,884	\$ 273,509	\$ 13,550,000	49.54 to 1
Santaluz LLC	1,751,049	39.64	24,082,795	15,781	31,449	24,130,025	53,984,159	2.24 to 1
St. Demiana Coptic Orthodox Church	7,031	0.16	96,701	55	111	96,867	190,081	1.96 to 1
Warrington Homes	12,183	0.27	167,558	338	673	168,569	1,156,266	6.86 to 1
Other Undeveloped Property Owners <sup>(9)</sup>	52,859	1.20	726,994	6,735	13,424	747,153	23,071,013	30.88 to 1
Individual Custom Lot Owners	<u>577,028</u>	<u>13.06</u>	<u>7,936,077</u>	<u>8,195</u>	<u>16,333</u>	<u>7,960,605</u>	<u>28,069,512</u>	<u>3.53 to 1</u>
Subtotal	\$ 2,419,176	54.76%	\$ 33,271,794	\$ 35,060	\$ 69,874	\$ 33,376,728	\$ 120,021,031	3.60 to 1
<b>TOTAL:</b>	<b>\$ 4,417,467</b>	<b>100.00%</b>	<b>\$ 60,755,000</b>	<b>\$ 104,926</b>	<b>\$ 209,123</b>	<b>\$ 61,069,049</b>	<b>\$ 359,334,717</b>	<b>5.88 to 1</b>

(1) Reflects ownership as of the September 1, 2003 based on information in the Appraisal. Ownership status for future estimated value-to-lien ratio tables shall reflect the ownership as shown on the most recent assessment roll of the San Diego County Assessor preceding the date of the Annual Report.

(2) Reflects amount of Special Taxes based on development status as of September 1, 2003. Excludes parcel that has prepaid.

(3) Allocated based on assumed Fiscal Year 2004-05 levy.

(4) Allocated based on Fiscal Year 2003-04 levy.

(5) Assessed values for Fiscal Year 2003-04.

(6) Represents Assessed Value column divided by the Total Direct and Overlapping Debt Column.

(7) Property for which a building permit has been issued as of September 1, 2003.

(8) Property for which a building permit has not been issued as of September 1, 2003.

(9) Includes lots that have been sold to third-party builders that will be resold as Custom Lot Property in the future.

Source: David Taussig & Associates, Inc.

As a part of its Annual Report delivered pursuant to its Continuing Disclosure Certificate, the District will provide the estimated assessed value-to-lien ratio for all Developed Property in the aggregate and for each owner of Undeveloped Property until such time as all of the Special Taxes are levied only on Developed Property and the estimated assessed value-to-lien ratio for all parcels is greater than 7 to 1.

## **THE DEVELOPMENT AND PROPERTY OWNERSHIP**

*Except for the information under the captions "Appraisal," the Developer has provided the information in this section.*

*The information herein regarding ownership of property in Improvement Area No. 1 has been included because it is considered relevant to an informed evaluation of the Bonds. The inclusion in this Official Statement of information related to the Developer should not be construed to suggest that the Bonds, or the Special Taxes that will be used to pay the Bonds, are recourse obligations of any property owner in Improvement Area No. 1. A property owner may sell or otherwise dispose of land within Improvement Area No. 1 or a development or any interest therein at any time.*

*No assurance can be given that the proposed development within Improvement Area No. 1 will occur as described below. As the proposed land development progresses and parcels are sold, it is expected that the ownership of the land within Improvement Area No. 1 will become more diversified. No assurance can be given that development of the land within Improvement Area No. 1 will occur, or that it will occur in a timely manner or in the configuration or intensity described herein, or that the Developer will retain ownership of any of the land within Improvement Area No. 1. The Bonds and the Special Taxes are not personal obligations of the Developer or any subsequent landowners and, in the event that the Developer or any other landowner defaults in the payment of the Special Taxes, the District may proceed with judicial foreclosure but has no direct recourse to the assets of the Developer or any other landowner. As a result, other than as provided herein, no financial statements or information is, or will be, provided about the Developer or the other landowners within the District. The Bonds are secured solely by the Special Taxes and other amounts pledged under the Indenture. See "SOURCES OF PAYMENT FOR THE BONDS" and "SPECIAL RISK FACTORS."*

### **General Description of Santaluz**

The portion of the Santaluz development ("Santaluz") which comprises Improvement Area No. 1 consists of approximately 2,500 acres situated in the City in northwestern San Diego County. See Location Map opposite of Page 15. The development is located approximately 20 miles north of the City's downtown area and 6 miles north of the La Jolla/Golden Triangle area. The vesting tentative tract map for the development was approved by the City on October 31, 1995. On March 17, 1997, the City Council of the City adopted the Second Amended and Restated Development Agreement ("Development Agreement") encompassing the project. During 1998 and 1999, the land use plan for the project was revised. The revised plan reduces the grading substantially, provides larger lots, and orients the lots to take advantage of the natural terrain, open space, golf course and views. On October 29, 1999, the City issued an administrative determination stating that the modifications are in substantial conformance with the general intent, terms and conditions of the approved Vesting Tentative Map and Planned Residential Development Permit No. 95-0173.

Santaluz is characterized by gently rolling terrain. The land use plan is based on a foundation of neighborhoods and community. The land use plan provides for the development of a maximum of 1,121 residential units (including 189 income-restricted units), an 18-hole private golf course, and school and institutional facilities.

### **The Developer**

The master developer of the land within Improvement Area No. 1 is Santaluz, LLC, a Delaware limited liability company (the "Developer"), whose members include DMB Realco II, LLC, an Arizona limited



liability company, and Taylor Woodrow Homes, Inc., a California corporation (“Taylor Woodrow”). The primary business of the Developer is to own, develop and sell the approximately 2,500 acres that it acquired in Improvement Area No. 1. The Developer purchased the property on June 16, 1998. The Developer was formed by DMB Realco LLC and an affiliate of Taylor Woodrow for the sole purpose of acquiring the property and participating in its development. Subsequently, Taylor Woodrow purchased the interest in the Developer of its affiliate and is currently the managing member of the Developer. DMB Realco LLC has assigned its interest in the Developer to an affiliate, DMB Realco II LLC. DMB Realco II LLC, together with certain affiliates, are collectively referred to herein as “DMB.”

DMB. DMB is involved in 13 planned communities in California, Arizona and other states. These communities encompass approximately 48,000 acres and are being planned for more than 42,000 residential units, along with commercial, recreational, and resort uses upon completion of development. These communities include:

DC Ranch/Silverleaf. This 3,700-acre planned community is located in the western foothills of Scottsdale, Arizona. Approximately 4,000 homesites are proposed, including custom lots, luxury production homes, townhouses and other attached products. The development also contains two 18-hole championship golf courses and associated clubhouses, a K-8 school, an extensive path and trail system, and a community recreation center offering a variety of activities. DMB is venturing this project with the family who has owned the land for several decades.

Ladera Ranch. This 4,000-acre property is set in historic Rancho Mission Viejo, in Orange County, California. Ladera Ranch is a joint venture between DMB and the family that has owned the land since 1882. The community is comprised of several residential villages, each of which has subtly distinguished product mixes, land forms, development patterns, architectural style and landscape character. Ladera Ranch opened for Phase 1 sales in July 1999. Currently, sales are occurring to builders on Phase 6 land.

San Juan. DMB and the family that owns the Ladera Ranch land are also partners in the development of an 9,000-acre parcel adjacent to Ladera Ranch referred to as San Juan. San Juan is a part of a 15,000-acre landholding currently going through the entitlement process.

Power Ranch. This 2,000-acre mixed-use residential, commercial, and retail master planned community, located in Gilbert, Arizona, is two distinct communities, tied together by consistent design guidelines, program and project character. Power Ranch is a joint venture between DMB and Sunbelt Holdings. The venture teamed with Shea Communities to develop Trilogy, the project’s first phase consisting of a 670-acre active adult golf course community. The first phase broke ground in 1998. The second community, a 1,330-acre planned single family community, broke ground in early 2001.

Verrado. Verrado is an 8,000-acre master-planned community in Buckeye, Arizona with approximately 9,700 dwelling units planned. This project broke ground in 2002 and will have its grand opening for sales in early 2004.

KuKui’Ula. This 1,000-acre master-planned resort community is located on the island of Kauai. This project is in the planning and entitlement phase.

Glenwild. This 880-acre private residential golf community is located in Park City, Utah. Glenwild is a joint venture between DMB and Grayhawk Development. The project consists of 198 homesites, a Tom Fazio-designed 18-hole championship golf course, and a 24,000 square foot clubhouse. The project broke ground in 2000.

Lahontan. The only private residential golf club community in North Lake Tahoe, California, this 720-acre community is centered around an 18-hole Tom Weiskopf-designed golf course and features a variety of sport, recreational, and lodging amenities. The project features 509 custom homesites with lots ranging

from an acre to 1.38 acres, a 5-acre recreation center, a community path and trail system, the Lodge at Lahontan (a 24,000 square foot clubhouse and spa), and Martis Creek, a natural trout stream that winds its way through the community. All homesites have been sold.

*Taylor Woodrow.* Taylor Woodrow has been developing and building lifestyle communities, quality homes and high-rise condominiums in North America for over 65 years. Headquartered in Bradenton, Florida, current operations include more than 60 active developments throughout Florida, California, Arizona, Texas and Ontario, Canada. The Company recorded revenues in excess of \$815 million in 2002, and is a wholly owned subsidiary of Taylor Woodrow plc, a United Kingdom based, housing and development company founded in 1921.

Taylor Woodrow's Southern California division has been building and selling new-home neighborhoods for more than 25 years. Currently, Taylor Woodrow is selling homes in Los Angeles, Orange, San Bernardino, Riverside, San Diego and Ventura Counties. In addition, Taylor Woodrow's Southern California division expanded its operations into Arizona in 2002.

Taylor Woodrow's current activity in the California real estate market covers 12 communities currently under development in Southern California and 7 communities under development in Northern California. Sales prices for the communities currently under development range from \$200,000 to \$2.9 million in Southern California, with square footages for the homes ranging from approximately 1,350 to 5,565 square feet. In Northern California, sales prices for the communities currently under development range from \$400,000 to \$1 million, with square footages for the homes ranging from approximately 1,300 to 3,500 square feet.

### **Current Development**

Current development plans for Improvement Area No. 1 include 932 market rate residential units, 189 affordable housing units, an 18-hole golf course comprising 289 acres, 16 acres of church and other institutional uses, 36 acres of public parks, 28 acres for two school sites, a fire station, and 1,291 acres of open space, roads, other public facilities, and property owner association property. One of the school sites includes an additional 9.6 acres included within Improvement Area No. 3. The Developer is currently planning to develop 625 lots to be sold to merchant builders and 307 custom lots, to be marketed by the Developer to individuals and custom home builders.

As of January 5, 2004, the Developer has closed escrow for the sale of 595 of the 625 lots to be developed by merchant builders. The remaining 30 lots are subject to the terms of an existing purchase and sale agreement. In addition, the Developer has sold 191 of the 307 custom lots, 157 of which have closed escrow.

Santaluz is planned to include 529 merchant builder built homes within the golf course community and 96 merchant builder built homes and 189 affordable units outside the golf course community. As of January 5, 2004, building permits have been issued for 436 merchant builder homes within the golf course community. In addition, building permits have been issued for 189 affordable units and 50 market rate townhomes outside the golf course community. As of January 5, 2004, 366 homes within the golf course community have closed escrow to end users.

Based on current economic and market conditions, the Developer expects to continue to develop Santaluz over the next several years. The Developer's development expectations could be altered due to changes in economic and market conditions, or other factors.

The Developer has completed the golf course and community center. A 35,000 square foot clubhouse is under construction and scheduled for completion in April 2004. The golf course is an 18-hole course, designed by Reese Jones, a designer of numerous golf courses, including the Nantucket Golf Club (Nantucket,

Massachusetts), Sandpines Golf Club (Florence, Oregon) and Atlantic Golf Club (Bridgehampton, New York). The Nantucket and Atlantic courses were named “Best New Private Course” in 1998 and 1992, respectively, by Golf Digest. The Sandpines Golf Club was named “Best New Public Course” by Golf Digest in 1993.

A variety of grass, sand and water features was employed to create a “multi-theme” style of design for the Santaluz golf course. The routing provides significant diversity throughout the holes and maximizes the natural plateaus, ridges, hollows and valleys of the site. The Santaluz golf course is a private equity membership course. A community center of approximately 19,000 square feet has been completed adjacent to the clubhouse site and is open for member use. The community center includes a fitness center, tennis courts, swimming pool, gymnasium, pro shop and cafe. The community center currently serves as an interim golf clubhouse pending completion of the permanent clubhouse.

A site map of Improvement Area No. 1 is set forth on the next page, and a summary of the merchant-built planned units by product type and the estimated sizes and prices is set forth in Table 8 below. Table 9 below shows the sales status of the lots for the various product types as of January 5, 2004. Table 10 below sets forth the two types of custom lots being marketed by the Developer and the Developer’s estimated sales prices.

Legend:

- Open Space/  
Property Owner Association Lots
- Residential
- Golf Course
- Park
- School
- Reservoir
- Santraluz Boundary

- AH Affordable Housing
- CC Community Center with Lighted Tennis Courts
- CS Golf Course Comfort Station
- CH Club House
- DC Day Care Site
- FS Fire Station
- GH Guard House
- LA Landmark
- PM Neighborhood Park Site
- PR Regional Park Site
- RC Recreation Center Site
- SC Senior Center Site
- SE Elementary School Site
- SM Middle School Site
- WS Worship Site



Not To Scale  
01.29.04



**TABLE 8**

**SUMMARY OF PROPOSED DEVELOPMENT  
FOR MERCHANT BUILDER PRODUCTS  
(As of January 5, 2004)**

<i>Product Type</i>	<i>Merchant Builder</i>	<i>Number of Lots</i>	<i>Projected Average Square Footage<sup>(1)(3)</sup></i>	<i>Projected Average Home Price<sup>(2)(3)</sup></i>
<u>Single family detached</u>				
Sentinels	Baywood Development Group	80	2,480	\$ 700,000
Casitas	Taylor Woodrow	80	2,260	620,000
Spanish Bungalows	Christopher Homes	64	3,064	700,000
Garden Homes	D.R. Horton	63	3,720	705,000
Posadas	Taylor Woodrow	56 <sup>(4)</sup>	5,207	1,309,000
Haciendas Sur	Centex Homes	50	3,460	823,000
Court Homes	Davidson Communities	71	4,276	857,000
Country Homes	Warmington Homes	<u>65</u>	<u>4,400</u>	<u>940,000</u>
<b>Total/Average</b>		<b>529</b>	<b>3,523</b>	<b>\$ 815,153</b>
<u>Townhomes</u>				
Sycamore Walk	Olson Companies	50	1,674 <sup>(3)</sup>	\$ 375,000
La Vina	Taylor Woodrow	<u>46</u>	<u>2,000<sup>(3)</sup></u>	436,000
<b>Total/Average</b>		<b>96</b>	<b>1,830</b>	<b>\$ 404,229</b>

(1) Square footages shown exclude room options which may be offered by several of the merchant builders.

(2) Average home prices shown include the builder's estimate of lot premiums but exclude the sales of options and extras.

(3) Information provided by the merchant builder which has not been independently verified by the Developer.

(4) Number is net of ten lots repurchased by the Developer for sale as custom lots.

Source: The Developer.

The following table shows the current sales status of the lots by product type as of January 5, 2004. In addition to the units set forth in Table 9, as of January 5, 2004, 61 of 70 of affordable for-sale units had been sold and 5 had closed escrow.

**TABLE 9**  
**SALES STATUS**  
**(As of January 5, 2004)**

<i>Product Type</i>	<i>Merchant Builder</i>	<i>Number of Lots</i>	<i>Sold</i>	<i>Closed</i>
<u>Single family detached</u>				
Sentinels	Baywood Development Group	80	80	56
Casitas	Taylor Woodrow Home	80	80	80
Spanish Bungalows	Christopher Homes	64	64	64
Garden Homes	D.R. Horton	63	63	62
Posadas	Taylor Woodrow Homes	56	56	54
Haciendas Sur	Centex Homes	50	50	50
Court Homes	Davidson Communities	71	26	0
Country Homes	Warmington Homes	<u>65</u>	<u>0</u>	<u>0</u>
<b>Total</b>		<b>529</b>	<b>419</b>	<b>366</b>
<u>Townhomes</u>				
Sycamore Walk	Olson Companies	50	50	12
La Vina	Taylor Woodrow	<u>46</u>	<u>0</u>	<u>0</u>
<b>Total</b>		<b>96</b>	<b>50</b>	<b>12</b>

Source: The Developer.

The following table provides a summary of the proposed development of the custom lots by the Developer.

**TABLE 10**  
**SUMMARY OF PROPOSED DEVELOPMENT**  
**FOR CUSTOM LOTS**  
**(As of January 5, 2004)**

<i>Product Type</i>	<i>Number of Lots</i>	<i>Lots Sold</i>	<i>Lots Closed Escrow</i>	<i>Projected Typical Pad Size (Square Feet) <sup>(1)</sup></i>	<i>Projected Average Estimated Sales Price <sup>(2)</sup></i>
Custom Northern Lights (non-golf)	110	62	39	18,000	\$759,500
Village Green	<u>197</u>	<u>129</u>	<u>118</u>	<u>21,000</u>	<u>910,500</u>
<b>Total/Average</b>	<b>307</b>	<b>191</b>	<b>157</b>	<b>20,000</b>	<b>\$848,000</b>

<sup>(1)</sup> Pad size shown is based on preliminary engineering estimates and is subject to change as those estimates are refined and as a result of revisions to the grading plan during construction.

<sup>(2)</sup> Average custom lot prices shown include lot premiums but exclude the custom lot buyers' costs of constructing homes.

Source: The Developer.

The development summaries shown above are based on the Developer's current plans. These plans may change to respond to changes in economic or market conditions.

## Financing Plan

The full development of Improvement Area No. 1 property requires the expenditure of substantial amounts both directly related to Improvement Area No. 1 property and for other infrastructure improvements located outside of Improvement Area No. 1. Table 11 below has been provided by the Developer to indicate its present projection of the sources and uses associated with the development of Santaluz. There can be no assurance that the Developer will have timely access to the sources of funds (as shown below) which will be necessary to construct the various public facilities and other capital improvements necessary to accommodate the proposed development. There can also be no assurance that there will be no substantial changes in the sources and uses of funds shown below. Although Table 11 reflects the Developer's current projections, many factors beyond the Developer's control, or a decision by the Developer to alter its current plans, may cause the actual sources and uses to differ from the projections. Table 11 is presented to show that expected revenues make the development proposed feasible and not to guarantee a particular cash flow to the Developer. Future changes to the Developer's financial projections will be shown in the Annual Report to be prepared by the Developer pursuant to the Continuing Disclosure Agreement of Developer. See APPENDIX F — "CONTINUING DISCLOSURE AGREEMENT OF THE DEVELOPER."

**TABLE 11**  
**DEVELOPER'S PROJECTED SOURCES AND USES OF FUNDS**  
**(Amounts in Thousands)**

	<i>2004</i>	<i>2005</i>	<i>2006-10</i>	<i>Total</i>
<b>Sources of Funds</b>				
Beginning Cash Balance	\$ 12,126	\$ -	\$ -	\$ 12,126
Net Land Sale Proceeds	63,320	64,964	-	128,284
Net Public Reimbursements	14,245	2,700	6,283	23,228
Third party Cost Sharing	4,967	460	4,229	9,656
Builder Marketing Fees, Golf Course Membership Sales	<u>14,208</u>	<u>12,348</u>	<u>17,478</u>	<u>44,034</u>
<b>Total Sources</b>	<b>\$108,866</b>	<b>\$ 80,972</b>	<b>\$ 27,990</b>	<b>\$217,328</b>
<b>Uses of Funds</b>				
Public Facilities	\$ 7,926	\$ 360	\$ -	\$ 8,285
Other Project Costs	<u>28,192</u>	<u>6,771</u>	<u>1,526</u>	<u>36,490</u>
Subtotal Project Costs	\$ 36,118	\$ 7,131	\$ 1,526	\$ 44,775
Interest Expense and Loan Fees	1,164	208	-	1,372
Member Management Fees	<u>600</u>	<u>33</u>	<u>-</u>	<u>633</u>
<b>Total Uses</b>	<b>\$ 37,882</b>	<b>\$ 3,372</b>	<b>\$ 1,526</b>	<b>\$ 46,780</b>
Sources in Excess of Uses	\$ 70,984	\$ 73,600	\$ 26,464	\$171,048
Cumulative Sources Over Uses	\$ 70,984	\$144,584	\$ 171,048	

Source: The Developer.

As of January 1, 2004, the Developer had expended \$426 million on project costs, of which approximately \$12 million is subject to future reimbursement out of Bond proceeds. As shown in Table 11 above, the Developer expects to expend an additional \$46,780,000 to complete development of the land within Improvement Area No. 1, including \$4,065,000 for public improvements being financed in part by the District. The Developer currently has a \$70 million line of credit (the "Line of Credit"). Proceeds of the Line of Credit were used to reimburse the members of the Developer for a portion of their advances to the Developer. The amount outstanding on the Line of Credit was \$37 million as of January 1, 2004. The proceeds of the Line of Credit are not shown in Table 11 above. The Developer plans to repay the Line of Credit from the surplus cash expected to be generated as set forth in the Sources in Excess of Uses line in Table 11. Under the terms

of a separate credit arrangement, the Developer has guaranteed loans aggregating \$3.9 million as of January 1, 2004 for the purchase of golf club memberships by individuals.

The Developer anticipates that revenues from land sales, together with available proceeds of the Bonds and other anticipated reimbursements will be more than sufficient to cover future development expenses.

The projected sources and uses of funds in Table 11 has been prepared based upon assumptions of future sales revenues, development costs, operating costs, property taxes, public facilities financing and other items. Land sales have occurred with merchant builders for the sale of 595 builder lots. In addition, 30 lots are subject to takedown under the terms of an existing purchase and sale agreement. Estimates for the sale of custom lots have been derived from internal sources. No contracts have been signed for the sale of the unsold custom lots, and there can be no assurance that any of these sales will occur, or if they do occur that they will occur on the dates projected. Table 11 portrays the projected sources and uses of cash that the Developer projects based on its current development plans. The project's actual sources and uses of cash may vary from the table above. Therefore, there can be no assurance that the actual revenues will not be less than projected or occur later than projected by the Developer. There can be no assurance that the actual development costs will not be greater than projected or occur sooner than projected by the Developer. There can be no assurance that any of the other assumptions made by the Developer in Table 11 will occur or that other matters not considered in the projections will not occur that have an adverse impact on cash available to the Developer for construction of improvements. There can be no assurance that projected sources of revenue will, in fact, be available as projected by the Developer.

To the extent that actual revenues are less than projected in Table 11 or are received more slowly than projected in Table 11, other needed financing mechanisms are not put into place, or actual expenses are greater than or occur earlier than projected above, there could be a shortfall in the cash required to complete the development as projected above.

### **Status of Entitlement Approvals**

The vesting tentative tract map for the development was approved by the City on October 31, 1995. During 1998 and 1999, the land use plan for the project was revised with the goal of enhancing the economics and marketability of the project. The revised plan reduces the grading substantially, provides larger lots, and orients the lots to take advantage of the natural terrain, open space, golf course and views. On October 29, 1999 the City issued a determination that the modifications are consistent with the general intent, terms and conditions of the approved Vesting Tentative Map and Planned Residential Development Permit No. 95-0173. Subsequently, other changes have occurred to the development plan, including increasing the number of custom lots, consolidating lots previously designated for merchant builders, adding lots in certain areas, and increasing the number of affordable units. These changes have occurred through administrative approvals at the City staff levels.

On March 17, 1997, the City Council adopted the Development Agreement encompassing the project. The Development Agreement vests the right to develop the property with respect to the permitted uses of land, density and intensity, and timing and phasing as described in the Project Phasing and Financing Plan attached to the Development Agreement. Specifically, the Development Agreement permits the development of a maximum of 942 market rate dwelling units, 179 affordable dwelling units, one 18-hole golf course accompanying clubhouse and other onsite and off-site public and private facilities subject to various land use regulations referred to in the Development Agreement. Subsequently, the number of affordable dwelling units was increased to 189 and the number of market rate dwelling units was decreased to 932. The Developer believes that all discretionary approvals required for development of the property have been received.



## **Environmental Constraints**

The Santaluz project has received extensive environmental review and has acquired all of the required permits from regulatory agencies that the Developer currently believes will be required to complete the project. All appeal periods with respect to such approvals have expired. An extensive series of mitigation measures are required which the Developer has implemented or is carrying out. An active program of monitoring during construction to protect conserved habitats, sensitive species and cultural resources, to provide noise control and dust abatement, and to control soil erosion, is being carried out. Notwithstanding the foregoing, it is possible that future events relating to environmental issues could impact the development. See “SPECIAL RISK FACTORS — Future Land Use Regulations and Growth Control Initiatives” and “— Endangered Species.”

The Environmental Impact Report (the “EIR”) for the project was prepared in 1995. The EIR included analysis of associated permits and environmental regulations, including the City Resource Protection Ordinance, State Natural Communities Conservation Program, Clean Water Act and Fish and Game Code, among others. Issues addressed in the 1995 EIR included land use, transportation, biology (including wetlands and endangered species), hydrology, landform alteration/visual quality, cultural resources, air quality, geology/soils, agriculture, natural resources, paleontology, noise, public services, water conservation, and public safety. Permits were issued by the Army Corps of Engineers (404 permit) and from California Department of Fish and Game (1603 Streambed Alteration Agreement).

An EIR for the 5,000-acre Subarea I Plan area which the Santaluz development is within, was also prepared in 1998. This EIR addresses future development in areas adjoining the Santaluz development on the north and east, but also addressed the cumulative impacts of all the current and future projects.

## **Infrastructure Requirements and Construction Status**

The infrastructure requirements for Improvement Area No. 1 consist of four major construction categories, each of which is discussed below.

*Major Backbone Infrastructure.* The major backbone infrastructure requirement for the development consists of: the construction of two lanes of Carmel Valley Road from East of Black Mountain Road to Via Abertura (with grading to accommodate future widening); construction of Camino Ruiz from Carmel Valley Road to San Dieguito Road; construction of San Dieguito Road from its existing terminus at the City of San Diego/County of San Diego boundary to Camino Ruiz; construction of a 25 million gallon water reservoir and sewer facilities; traffic signal improvements, acquisition of a fire station site and construction of a fire station, and acquisition and grading of a regional park site. A major portion of the water facilities are being funded by the City under provisions of a cost-sharing agreement. All major backbone infrastructure is substantially complete.

*Minor Backbone Infrastructure.* A neighborhood park and a series of two-lane collector roads complete the onsite improvements which are to be installed by the Developer. The collector roads provide access from the major backbone roads to the merchant builder sites, the golf course facilities and the community center. Paving of all of the minor backbone roads has been completed. Construction of the neighborhood park is currently underway with completion scheduled for Spring of 2004.

*Intract Infrastructure.* Intract infrastructure consists of roads and improvements that will be located within the merchant builder tracts and custom lot areas and are directly accessed by residential units. The Developer is responsible for construction of these roadways within most of the project. All intract infrastructure has been completed with the exception of infrastructure necessary to serve 30 lots, a 46 unit small lot detached home program, and a 119 unit affordable site. Mass grading of 65 lots has been completed along with site improvements for the last 35 lots and installation of underground utilities is underway. Installation of the remaining intract infrastructure for the 30 lots is the responsibility of the merchant builder. For the 46-unit small lot detached program and the 119 unit affordable site, mass grading and creation of

building pads have been completed. Offsite water and sewer improvements necessary to serve those two sites remain to be completed by the Developer. The remaining infrastructure is the responsibility of the respective builders.

Regional Infrastructure. Construction of Carmel Valley Road from Via Abertura to Highway SR-56 is the major regional infrastructure requirement for the development and has been completed.

### **Affordable Housing Requirements**

Pursuant to the terms of the Development Agreement, as amended by a Master Affordable Housing Agreement between the Developer, the City of San Diego, and the Housing Authority of the City of San Diego, the Developer is required to provide 189 affordable housing units. 70 of the units are required to be available to households earning up to 80% of Area Median Income adjusted for family size. The remaining 119 units are required to be available to persons earning 65% or less of the Area Median Income, adjusted for family size. The Development Agreement also provides that the units must be completed prior to the closing of escrow of certain numbers of market rate units (homes and custom lots) as shown below:

**TABLE 12**  
**AFFORDABLE HOUSING REQUIREMENTS**

<i>Description</i>	<i>Market Rate Threshold</i>	<i>Estimated Threshold Date <sup>(1)</sup></i>
Start of construction for 70 affordable units	450 occupancies	October 2003
Completion of construction for 70 affordable units	The earlier of 650 occupancies or December 2005	January 2005
Start of construction of additional 60 affordable units	650 occupancies	January 2005
Completion of construction for additional 60 affordable units	Earlier of 725 occupancies or December 2006	September 2005
Start of construction for final 59 affordable units	725 occupancies	September 2005
Completion of construction for final 59 affordable units	The earlier of 795 occupancies or December 2007.	March 2006

<sup>(1)</sup> Estimated by the Developer.  
Source: The Developer.

The Developer is planning to provide 70 for sale affordable units and 119 rental units to satisfy this requirement. Construction and sales of the 70 for sale units is currently underway and closings have commenced. Building permits have been issued and construction of the 119 rental affordable units commenced in January 2004.

### **Merchant Builders**

The Developer intends to complete the land development process and sell all of the developable land within Improvement Area No. 1 to merchant builders, custom home buyers, or affordable housing developers. As previously discussed, 595 lots have been sold and closed escrow to merchant builders. Of those lots, the builders have completed construction and closed escrow on 378 homes as of January 5, 2004. An additional 91 homes have been sold and are in escrow. The product types which have been developed and the merchant builder who has entered into an option agreement with the Developer for the purchase of the remaining 30 lots is discussed below. There can be no assurance that the merchant builder will close escrow pursuant to the terms or schedule set forth in the option agreement. The lot sizes, house sizes, and sales prices discussed

below are based on estimates by the Developer and the merchant builders and are subject to change based on final engineering plans or changes by the merchant builders.

*Sentinels (Baywood Development Group).* The Sentinels project consists of 80 single family detached homes with three different floor plans ranging in size from 2,175 square feet to approximately 2,900 square feet, with an average sales price, including lot premiums, of \$700,000. The average lot size is approximately 6,800 square feet each. As of January 5, 2004, all of the 80 homes offered for sale have been sold, 56 of which have closed escrow.

*Casitas (Taylor Woodrow Homes).* The Casitas project consists of 80 single family detached homes with 3 different floor plans. The Casitas average 2,260 square feet each, with an average sales price, including lot premiums, of \$620,000 and with average lot sizes of approximately 6,000 square feet each. As of January 5, 2004, all 80 homes have been sold and have closed escrow.

*Spanish Bungalows (PLC Christopher Homes).* The Spanish Bungalows project is located in the Lazanja area, west of Camino Ruiz and south of the proposed town center. The project consists of 64 single family detached homes with 3 different floor plans. The Spanish Bungalows average 3,064 square feet each, with an average sales price, including lot premiums, of \$700,000 and with average lot sizes of approximately 8,000 square feet each. As of January 5, 2004, all 64 homes have been sold and have closed escrow.

*Garden Homes (D.R. Horton).* The Garden Homes is also located in the Lazanja area. The minimum lot size is approximately 7,100 square feet. The Garden Homes include four different floor plans ranging in size from approximately 3,350 square feet to approximately 4,000 square feet, with an average sales price, including lot premiums, of \$705,000. As of January 5, 2004, all of the 63 homes have been sold, 62 of which have closed escrow.

*Posadas (Taylor Woodrow Homes).* The Posadas product consists of 56 homes. The Posadas range in size from 4,750 to 5,500 square feet each, with an average sales price, including lot premiums, of \$1,309,000. As of January 5, 2004, all of the 56 homes have been sold, 54 of which have closed escrow.

*Haciendas Sur (Centex Homes).* The Haciendas Sur project includes 50 single family detached homes with three different floor plans. The lot size ranges from one-quarter acre to one acre, with a minimum 10,000 square foot building pad. The Haciendas Sur homes range in size from 3,200 square feet to 3,700 square feet, with sales prices, including lot premiums, averaging \$823,000. As of January 5, 2004, all of the 50 homes have been sold and have closed escrow.

*Court Homes (Davidson Communities).* DW Black Mountain Ranch L.P., an affiliate of Davidson Communities, has purchased the 71 lot Court Homes site. The project is planned to be developed with three different floor plans ranging from approximately 3,802 to 4,731 square feet, with anticipated sales prices (excluding premiums) ranging from \$815,000 to \$900,000. Model homes opened in October 2003. As of January 5, 2004, 26 homes have been offered for sale and all 26 of these homes have been sold. Closings are expected to commence in late January or early February 2004.

*Country Homes (Warmington Homes).* The Country Homes are to be the largest of the four home types in the Lazanja area, with lots that are currently planned to be a minimum of 9,500 square feet. The initial takedown of 35 lots occurred in July 2003 with the remaining 30 lots scheduled to close in September 2004. Construction of the model homes commenced in January 2004. Homes are expected to range in size from 3,851 to 4,745 square feet with an estimated average sales price of \$940,000. Model homes are scheduled to open in Spring 2004.

*Affordable Units and Townhome Units (Olson Companies).* The Olson Company is developing a 70 unit for-sale affordable site combined with 50 market rate townhomes. The affordable units are planned to range from 584 to 1,099 square feet and are currently being sold at prices ranging from \$118,800 - \$151,400.

As of January 5, 2004, 61 of the 70 affordable units have been sold. The townhome units are anticipated to range from 1,411 to 1,828 square feet and are planned to be sold at an average sales price, including premiums, of approximately \$375,000. As of January 5, 2004, all of the 50 market rate townhome units have been sold. As of January 5, 2004, 5 of the affordable units and 12 of the market rate units have closed escrow.

*Affordable Units (Chelsea Investment Company).* The Developer has sold a 119-unit rental affordable housing site to Chelsea Investment Company. Construction of the units is scheduled to commence in January 2004.

*La Vina by Taylor Woodrow (Del Norte Villas).* Taylor Woodrow has purchased a 6.55 acre parcel adjacent to the affordable housing site at the Northeast corner of Camino del Norte and Four Gee Road. The 46 unit project is planned to be developed with three different floor plans ranging from 1,858 to 2,181 square feet with anticipated base sales prices (excluding premiums) between \$415,000 and \$451,000. Model homes are anticipated to open in June 2004.

### **Custom Lots**

The Developer intends to develop and market a total of 307 custom lots. 110 of the lots are planned to be situated in the northwest portion of the development. The remaining 197 lots are to be located in the central area of the development, overlooking the golf course. The lots are expected to range in size from .2 acres to over two acres with average building pad sizes ranging from 18,000 to 21,000 square feet. The lots are anticipated to be graded to final elevations with all utilities and street improvements installed to the edge of the lots. The custom lots are anticipated to range in average price from \$759,500 to \$910,500, depending on the location, size of lot, and view premiums. Actual sales prices for custom lots may be more or less than the averages shown, depending on the location, size of lot, and view premiums. The lot sizes shown are subject to change based on final engineering plans.

### **Potential Changes to Product Plan**

The Developer will retain the discretion to change the product plan in response to or in anticipation of changes in market conditions. The changes may include increasing or decreasing the house sizes or estimated sales prices; other changes may include, without limitation, increasing or decreasing the number of custom lots and merchant builder lots.

### **Potential Limitations on Development**

The City may prevent the recordation of final maps and the issuance of certificates of occupancy for Santaluz if the required facilities as identified in the Development Agreement are not completed in accordance with the conditions of Vesting Tentative Tract Map No. VTM-0179 and the Development Agreement. The foregoing documents are available for review in the office of the City's Development Services Department.

The only remaining significant restriction on the issuance of certificates of occupancy for the property in Improvement Area No. 1 is the requirement to provide affordable housing as previously discussed and the requirement to construct the neighborhood park. Construction of the neighborhood park is underway and is scheduled for completion in Spring of 2004.

The Development Agreement and Vesting Tentative Tract Map conditions for the project also assign to the Developer responsibility for certain onsite and offsite improvements to Camino Ruiz, at the election of the City Engineer. Based on requirements imposed by the City on adjacent developments and the current Public Facilities Financing Plan for Subarea IV, the Developer believes that the improvements will be constructed by other developments and will not be required of Santaluz.

## Appraisal

The Appraiser has appraised the property within Improvement Area No. 1 based upon a number of assumptions and limiting conditions contained in the Appraisal set forth in APPENDIX B. Based on these assumptions and limiting conditions, in the opinion of the Appraiser, the market value of the fee simple interest of the property in Improvement Area No. 1, assuming that the improvements to be financed with the Bonds are complete, was \$590,289,232 as of September 1, 2003.

The Appraiser valued the property within Improvement Area No. 1 using two different valuation methodologies. All developed land (land for which a building permit has been issued) owned within Improvement Area No. 1 was valued using the sales comparison method. Under the sales comparison approach, value is derived by comparing each subject with recent sales of comparable properties and then isolating pertinent units of comparison in order to value the subject property. In utilizing the sales comparison approach, residential properties are typically analyzed on a price per lot or price per unit basis and non-residential properties on the basis of price per square foot or acre. All undeveloped land (land for which no building permit has been issued) owned within Improvement Area No. 1 was appraised using the development method, an approach for estimating the value of vacant land improved with public improvements. The development method typically attributes an estimated gross selling price to raw, undivided land, deducting from such price the direct expense of development such as the cost of streets, utilities, sales, advertising and overhead. The projected revenues based on such selling price is then analyzed by estimating the absorption time needed to sell these properties and applying a discounted cash flow analysis to the projected revenue stream of the sales. The discounted cash analysis is based on a discount rate which takes into account the time value of money, the risk associated with the development of the land and an expected profit.

The Appraisal valued developed land within Improvement Area No. 1 to be \$359,345,483 and valued undeveloped land to be \$230,943,749.

In the discounted cash flow of undeveloped property, the Appraiser used a discount rate of 20% per year in the discounted cash flow. The Appraiser selected the 20% figure based upon a review of current market conditions, the construction and economic risk associated with the current condition of the property, and the profit due to the Developer.

Certain of the other assumptions in the Appraisal are that (i) there are no hazardous waste or toxic chemicals on the property that render it more or less valuable; (ii) the property is free of adverse soil conditions that would prohibit development to its highest and best use; (iii) the expenses presented by the Developer as the costs to develop the property are accurate; (iv) all required licenses, certificates of occupancy or other legislative or administrative authorizations from governmental agencies or private entities or organizations have been or can be obtained; and (v) the improvements to be funded with the proceeds of the Bonds are completed. See "SPECIAL RISK FACTORS — Future Land Use and Growth Control Initiatives" below.

No assurance can be given that the assumptions made by the Appraiser will, in fact, be realized, which is one reason that no assurance can be given that the property within Improvement Area No. 1 could be sold at the appraised value. See "SPECIAL RISK FACTORS — Land Values."

The Appraiser delivered a self-contained appraisal to the District. Appendix B omits certain of the appendices included in the self-contained appraisal. Copies of the omitted appendices are available for inspection and (upon request and payment to the City of a charge for copying, mailing and handling) for delivery from the City at the Office of the City Clerk at 202 C Street, San Diego, California 92101, Attention: City Clerk.

## **SPECIAL RISK FACTORS**

The purchase of the Bonds involves significant investment risks and, therefore, the Bonds are not suitable investments for many investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in Improvement Area No. 1 to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in Improvement Area No. 1. See “SPECIAL RISK FACTORS — Land Values” and “— Limited Secondary Market” below.

### **Concentration of Ownership**

Based on the ownership status of the land within Improvement Area No. 1 as of September 1, 2003, approximately 45.40% of the Special Taxes for fiscal year 2004-05 would be payable by the owners of individual homes and custom lots, 40.06% by the Developer and 14.54% by the various merchant builders and other owners. The receipt of the Special Taxes is dependent on the willingness and the ability of each to pay the Special Taxes when due. Any failure of the Developer, merchant builders or individual owners, or any successor thereof, to pay the annual Special Taxes when due could result in a default in payments of the principal of, and interest on, the Bonds, when due. See “SPECIAL RISK FACTORS — Failure to Develop Properties” below.

No assurance can be made that the Developer, or its successors, will complete the intended construction and development in Improvement Area No. 1. See “SPECIAL RISK FACTORS — Failure to Develop Properties” below. As a result, no assurance can be given that the Developer, and its successors, will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See “SPECIAL RISK FACTORS — Bankruptcy and Foreclosure” below, for a discussion of certain limitations on the District’s ability to pursue judicial proceedings with respect to delinquent parcels.

### **Limited Obligations**

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

### **Insufficiency of Special Taxes**

Under the Rate and Method, the annual amount of Special Tax to be levied on each taxable parcel in Improvement Area No. 1 will generally be based on whether such parcel is categorized as Undeveloped Property or as Developed Property and on the land use class to which a parcel of Developed Property is assigned. See APPENDIX A — “AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES” and “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Rate and Method of Apportionment of Special Taxes.*”

The maximum Special Taxes that may be levied within Improvement Area No. 1 are at least 110% of Maximum Annual Debt Service on the Bonds. Notwithstanding that the maximum Special Taxes that may be

levied in the District exceeds debt service due on the Bonds, the Special Taxes collected could be inadequate to make timely payment of debt service either because of nonpayment or because property becomes exempt from taxation.

The Rate and Method governing the levy of the Special Tax expressly exempts up to 1,374.4 acres of property owned by public agencies and 339.5 acres owned by a property owners association. If for any reason additional property within Improvement Area No. 1 becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government, another public agency or other organization determined to be exempt, subject to the limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining taxable properties within Improvement Area No. 1. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the ability and willingness of the owners of such property to pay the Special Tax when due.

**Moreover, if a substantial portion of land within Improvement Area No. 1 became exempt from the Special Tax because of public ownership, or otherwise, the maximum Special Tax which could be levied upon the remaining property within Improvement Area No. 1 might not be sufficient to pay principal of and interest on the Bonds when due and a default could occur with respect to the payment of such principal and interest.**

#### **Failure to Develop Properties**

Undeveloped or partially developed land is inherently less valuable than developed land and provides less security to the Beneficial Owners should it be necessary for the District to foreclose on the property due to the nonpayment of Special Taxes. The failure to complete development of the required infrastructure for development in Improvement Area No. 1 as planned, or substantial delays in the completion of the development or the required infrastructure for the development due to litigation or other causes may reduce the value of the property within Improvement Area No. 1 and increase the length of time during which Special Taxes will be payable from undeveloped property, and may affect the willingness and ability of the owners of property within Improvement Area No. 1 to pay the Special Taxes when due.

Land development is subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. There is always the possibility that such approvals will not be obtained or, if obtained, will not be obtained on a timely basis. Failure to obtain any such agency approval or satisfy such governmental requirements would adversely affect planned land development. Finally, development of land is subject to economic considerations.

Merchant builders and purchasers of Custom Lots will likely need to obtain financing to complete the development of the units that they are developing. No assurance can be given that the required funding will be secured or that the proposed development will be partially or fully completed, and it is possible that cost overruns will be incurred which will require additional funding beyond what the Developer has projected, which may or may not be available. See “THE DEVELOPMENT AND PROPERTY OWNERSHIP — Financing Plan” herein.

The future development of the land within Improvement Area No. 1 may be adversely affected by existing or future governmental policies, or both, restricting or controlling the development of land in Improvement Area No. 1. See “THE DEVELOPMENT AND PROPERTY OWNERSHIP — Potential Limitations on Development” and “— Environmental Constraints” for a discussion of certain limitations on the ability of the Developer and merchant builders to complete the projected development within Improvement Area No. 1.

There can be no assurance that land development operations within Improvement Area No. 1 will not be adversely affected by a future deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, the income tax treatment of real property ownership, or the national economy. A slowdown of the development process and the absorption rate could adversely affect land values and reduce the ability or desire of the property owners to pay the annual Special Taxes. In that event, there could be a default in the payment of principal of, and interest on, the Bonds when due.

Beneficial Owners should assume that any event that significantly impacts the ability to develop land in Improvement Area No. 1 would cause the property values within Improvement Area No. 1 to decrease substantially from those estimated by the Appraiser and could affect the willingness and ability of the owners of land within Improvement Area No. 1 to pay the Special Taxes when due.

The payment of principal of, and interest on, the Bonds, the 2000 Bonds and Parity Bonds depends upon the receipt of Special Taxes levied on undeveloped property. Undeveloped property is less valuable per unit of area than developed land, especially if there are no plans to develop such land or if there are severe restrictions on the development of such land. The undeveloped property also provides less security to the Beneficial Owners should it be necessary for the District to foreclose on undeveloped property due to the nonpayment of the Special Taxes. Furthermore, an inability to develop the land within Improvement Area No. 1 as currently proposed will make the Beneficial Owners dependent upon timely payment of the Special Taxes levied on undeveloped property for a longer period of time than projected. Because a significant portion of the land within Improvement Area No. 1 is currently owned by the Developer, the timely payment of the Bonds, the 2000 Bonds and Parity Bonds depends upon the willingness and ability of the Developer to pay the Special Taxes levied on the undeveloped property when due. See “SPECIAL RISK FACTORS — Concentration of Ownership” above. A slowdown or stoppage in the continued development of Improvement Area No. 1 could reduce the willingness and ability of the Developer to make Special Tax payments on undeveloped property and could greatly reduce the value of such property in the event it has to be foreclosed upon. See “SPECIAL RISK FACTORS — Land Values” below.

### **Future Land Use Regulations and Growth Control Initiatives**

The Developer and the City have entered into the Development Agreement which provides that the Developer is entitled to proceed with development within the District based upon the laws and regulations existing as of the March 17, 1997 date of the Development Agreement.

Notwithstanding the terms of the Development Agreement, it is possible that future growth control initiatives could be enacted by the voters or future local, state or federal land use regulations could be adopted by governmental agencies and be made applicable to the development of the vacant land within Improvement Area No. 1 with the effect of negatively impacting the ability of the owners of such land to complete the development of such land if they should desire to develop it. See “SPECIAL RISK FACTORS — Endangered Species” below. This possibility presents a risk to prospective purchasers of the Bonds in that an inability to complete desired development increases the risk that the Bonds will not be repaid when due. The Beneficial Owners of the Bonds should assume that any reduction in the permitted density, significant increase in the cost of development of the vacant land, or substantial delay in development caused by growth and building permit restrictions or more restrictive land use regulations would cause the values of such vacant land within Improvement Area No. 1 to decrease. A reduction in land values increases the likelihood that in the event of a delinquency in payment of Special Taxes a foreclosure action will result in inadequate funds to repay the Bonds when due.

Completion of construction of any proposed structures on the vacant land within Improvement Area No. 1 is subject to the receipt of approvals from a number of public agencies concerning the layout and design of such structures, land use, health and safety requirements and other matters. The failure to obtain any such approval could adversely affect the planned development of such land.



Under current State law, it is generally accepted that proposed development is not exempt from future land use regulations until building permits have been issued and substantial work has been performed and substantial liabilities have been incurred in good faith reliance on the permits. There is no case law precedent on the issue of whether a statutory development agreement, such as the Development Agreement, will exempt development within the District from future land use regulations. Because future development of vacant property in the District could occur over many years, if at all, the application of future land use regulations to the development of the vacant land could cause significant delays and cost increases not currently anticipated, thereby reducing the development potential of the vacant property and the ability or willingness of owners of such land to pay Special Taxes when due or causing land values of such land within Improvement Area No. 1 to decrease substantially from those in the Appraisal.

### **Endangered Species**

To mitigate the possible effects of the proposed development on endangered and threatened species, the Developer agreed to donate 1,514 acres of land to be preserved as open space. The Development Agreement provides that preservation of open space constitutes full mitigation of all biological impacts resulting from future development of the property provided that such development is consistent with the biological impacts analyzed in the environmental impact report for the development. The proposed development is also covered by the City's Multiple Species Conservation Program ("MSCP"). The MSCP subarea plan is a comprehensive, long-term habitat conservation plan for eighty-five Covered Species (species that have been listed as threatened or endangered, have been proposed for listing as threatened or endangered, are candidates for listing as threatened or endangered, or which are otherwise of concern) which addresses the needs of multiple species and the preservation of natural vegetation communities. The MSCP addresses the potential impacts of urban growth, natural habitat loss and species endangerment, and creates a plan to mitigate for the potential loss of Covered Species and their habitat due to the direct and indirect impacts of future development of both private and public lands within the MSCP Area.

The MSCP forms the basis for the Implementing Agreement which is the contract between the City and the wildlife agencies (United States Fish and Wildlife Service and California Department of Fish and Game) that ensures implementation of the plan and allows the City to issue take permits at the local level. The Implementing Agreement states in the event that an unlisted species addressed in an approved conservation plan is subsequently listed, pursuant to the Endangered Species Act, no further mitigation requirements should be imposed if the conservation plan addressed the conservation of the species and its habitat as if the species were listed pursuant to the Endangered Species Act. The City expects that under current regulations it will be able to issue any take permits required for the proposed development in Improvement Area No. 1.

The existence of the MSCP does not entirely eliminate the possibility that development in Improvement Area No. 1 is delayed or altered due to environmental issues related to endangered or threatened species. In recent years there has been an increase in activity at the State and federal levels related to the possible listing of certain plant and animal species found in San Diego County as endangered species. The identification of an endangered or threatened species not covered by the MSCP could curtail development in Improvement Area No. 1. Any action by the State or federal governments to protect species located on or adjacent to the property within Improvement Area No. 1 in a manner not contemplated by the MSCP could negatively impact the ability of the Developer and any subsequent owner of that land to develop it. This, in turn, could reduce the likelihood of timely payment of the Special Taxes levied against such land and would likely reduce the value of such land and the potential revenues available at the foreclosure sale for delinquent Special Taxes. See "SPECIAL RISK FACTORS — Failure to Develop Properties" and "— Future Land Use and Growth Control Initiatives" above.

The Developer does not believe that any threatened or endangered species are located on the developable land within Improvement Area No. 1. Certain endangered and threatened species such as the California gnatcatcher and the Least Bell's Vireo are located in the open space portion of the development, which could slow development within Improvement Area No. 1.

## **Natural Disasters**

Improvement Area No. 1, like all California communities, may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. Southern California is a seismically active area. Seismic activity, wildfires and other natural disasters represents a potential risk for damage to buildings, roads, bridges and property within Improvement Area No. 1. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. Improvement Area No. 1 is located in San Diego County which was the locus of a major wildfire disaster in October 2003. The wildfires burned over 250,000 acres and destroyed more than 3,000 homes. The wildfire damage occurred approximately 5 miles from Improvement Area No. 1.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in Improvement Area No. 1. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in Improvement Area No. 1 could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

According to recent geotechnical reports, no active or potentially active faults are known to cross the land within Improvement Area No. 1; therefore, the potential for primary ground rupture due to faulting on-site is very low to negligible. The land within Improvement Area No. 1 is not within an Alquist-Priolo Earthquake Fault Zone. However, the land within Improvement Area No. 1 will likely be subject to seismic shaking at some time in the future. The nearest known active or potentially active fault, the Rose Canyon fault, is located 8 miles southwest of Improvement Area No. 1. According to geotechnical reports, an inactive unnamed fault is located within the southwest corner of the District.

## **Methane Gas**

Based on spot testing which has occurred, the Developer has determined that subsurface methane gas is present beneath some of the lots within the project at concentrations in excess of 5,000 parts per million. The City of San Diego and other local jurisdictions do not have a prescriptive standard for the concentrations at which mitigation measures are required. The City has recently approved methane mitigation plans for one Santaluz neighborhood. These plans require mitigation for lots within 100 feet of a location where subsurface methane concentrations exceed 10,000 ppmv. All of the lots within the project at which elevated concentrations have been detected are in areas and at depths where fill materials had been placed during the grading of the project. The Developer's environmental consultant has advised that this indicates that the elevated methane levels are a result of the decomposition of organic materials introduced during the grading process, rather than as a result of the pre-existence of subsurface methane.

As of January 5, 2004, 616 residential lots and one church site in the project have been tested for methane. Of the lots, 79 had methane levels in excess of 5,000 parts per million, including 49 lots with methane concentrations in excess of 10,000 parts per million. These results include 11 lots which the Developer has previously negotiated a credit with a merchant builder as reimbursement for the anticipated costs of mitigating the methane gas in affected lots. An additional 23 probes have been placed in locations within the right-of-way of San Dieguito Road and Camino Ruiz with 2 probes showing results in excess of 10,000 parts per million. Based on the lots tested, the Developer does not believe that any costs to mitigate the methane gas would be material. However, all of the lots in the project have not been tested, methane gas does migrate beneath ground under certain conditions and no assurance can be given that methane gas levels will not rise in the future to levels that require mitigation.

## **Hazardous Substances**

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel

relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxed parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

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

A small area of the property, encompassing approximately 25 square feet, was subject to a fuel spill during the time period that the property was utilized for agricultural uses. The contaminated material has been removed and disposed of using approved regulatory agency methods and the site has been certified as being clean.

#### **Parity Taxes, Special Assessments and Land Development Costs**

Property within Improvement Area No. 1 is subject to taxes and assessments imposed by public agencies also having jurisdiction over the land within Improvement Area No. 1. See “IMPROVEMENT AREA NO. 1 — Estimated Direct and Overlapping Indebtedness.”

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

Development of land within Improvement Area No. 1 is contingent upon construction or acquisition of major public improvements such as arterial streets, water distribution facilities, sewage collection and transmission facilities, drainage and flood protection facilities, gas, telephone and electrical facilities, schools, parks and street lighting, as well as local in-tract improvements and on-site grading and related improvements. Certain of these improvements have been acquired and/or completed; however, there can be no assurance that the remaining improvements will be constructed or will be constructed in time for development to proceed as currently expected. The cost of these additional improvements plus the public and private in-tract, on-site and off-site improvements could increase the public and private debt for which the land within Improvement Area No. 1 is security. This increased debt could reduce the ability or desire of the property owners to pay the annual Special Taxes levied against the property. In that event there could be a default in the payment of principal of, and interest on, the Bonds when due.

**Neither the City nor the District has control over the ability of other entities and districts to issue indebtedness secured by special taxes, ad valorem taxes or assessments payable from all or a portion of the property within Improvement Area No. 1. In addition, the landowners within Improvement Area No. 1 may, without the consent or knowledge of the City, petition other public**

**agencies to issue public indebtedness secured by special taxes, ad valorem taxes or assessments. Any such special taxes, ad valorem taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for property within Improvement Area No. 1 described herein.**

### **Disclosures to Future Purchasers**

The willingness or ability of an owner of a parcel to pay the Special Tax, even if the value of the parcel is sufficient, may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and the risk of such a levy, and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The City has caused an Amended Notice of Special Tax lien to be recorded in the Office of the Recorder for the County against each parcel. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property within Improvement Area No. 1 or lending of money thereon.

The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

### **Special Tax Delinquencies**

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, are customarily billed to the properties within Improvement Area No. 1 on the ad valorem property tax bills sent to owners of such properties. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do ad valorem property tax installments.

See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*,” for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Indenture, in the event of delinquencies in the payment of Special Taxes. See “SPECIAL RISK FACTORS — Bankruptcy and Foreclosure” below, for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and assessments and limitations on the District’s ability to foreclose on the lien of the Special Taxes in certain circumstances.

### **Non-Cash Payments of Special Taxes**

Under the Act, the City Council as the legislative body of the District may reserve to itself the right and authority to allow the owner of any taxable parcel to tender a Bond or Parity Bond in full or partial payment of any installment of the Special Taxes or the interest or penalties thereon. A Bond or Parity Bond so tendered is to be accepted at par and credit is to be given for any interest accrued thereon to the date of the tender. Thus, if Bonds or Parity Bonds can be purchased in the secondary market at a discount, it may be to the advantage of an owner of a taxable parcel to pay the Special Taxes applicable thereto by tendering a Bond or Parity Bond. Such a practice would decrease the cash flow available to the District to make payments with respect to other Bonds or Parity Bonds then outstanding; and, unless the practice was limited by the District, the Special Taxes paid in cash could be insufficient to pay the debt service due with respect to such other Bonds or Parity Bonds. In order to provide some protection against the potential adverse impact on cash flows

which might be caused by the tender of Bonds or Parity Bonds in payment of Special Taxes, the Indenture includes a covenant pursuant to which the District will not authorize owners of taxable parcels to satisfy Special Tax obligations by the tender of Bonds or Parity Bonds unless the District shall have first obtained a report of an Independent Financial Consultant certifying that doing so would not result in the District having insufficient Special Tax revenues to pay the principal of and interest on all Outstanding Bonds and any Parity Bonds when due.

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

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

### **Land Values**

The value of the property within Improvement Area No. 1 is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Special Taxes, the District's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations, delays in development or other events may adversely impact the security underlying the Special Taxes. See "IMPROVEMENT AREA NO. 1 — Estimated Appraised Value-to-Lien Ratios" herein.

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

The Appraiser has estimated, on the basis of certain definitions, assumptions and limiting conditions contained in the Appraisal, that as of September 1, 2003, the market value of the land within Improvement Area No. 1 was \$590,289,232. The Appraisal is based on the assumptions as stated in APPENDIX B — "APPRAISAL REPORT." The Appraisal does not reflect any possible negative impact which could occur by reason of future slow or no growth voter initiatives, an economic downturn, any potential limitations on development occurring due to time delays, an inability of the Developer or subsequent landowners to obtain any needed development approval or permit, the presence of hazardous substances or other adverse soil conditions within Improvement Area No. 1, the listing of endangered species or the determination that habitat for endangered or threatened species exists within Improvement Area No. 1, or other similar situations. See "THE DEVELOPMENT AND PROPERTY OWNERSHIP — Appraisal."

Prospective purchasers of the Bonds should not assume that the land within Improvement Area No. 1 could be sold for the appraised amount at a foreclosure sale for delinquent Special Taxes. In arriving at the estimate of market value, the Appraiser assumes that any sale will be unaffected by undue stimulus and will occur following a reasonable marketing period, which is not always present in a foreclosure sale. See APPENDIX B for a description of other assumptions made by the Appraiser and for the definitions and limiting conditions used by the Appraiser. Any event which causes one of the Appraiser's assumptions to be untrue could result in a reduction of the value of the land within Improvement Area No. 1 from that estimated by the Appraiser.

No assurance can be given that any bid will be received for a parcel with delinquent Special Taxes offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent

Special Taxes. See “SOURCES OF PAYMENT FOR THE BONDS — Special Tax — Proceeds of Foreclosure Sales.”

### **FDIC/Federal Government Interests in Properties**

The ability of the District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the “FDIC”) has an interest. In the event that any financial institution making any loan which is secured by real property within Improvement Area No. 1 is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC’s policy statement regarding the payment of state and local real property taxes (the “Policy Statement”) provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property’s value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution’s affairs, unless abandonment of the FDIC’s interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC’s consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC’s consent.

The Policy Statement states that the FDIC generally will not pay non-ad valorem taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC’s federal immunity.

The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within Improvement Area No. 1 in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Account and perhaps, ultimately, a default in payment on the Bonds.

### **Bankruptcy and Foreclosure**

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

Second, the Bankruptcy Code might prevent moneys on deposit in the Project Account of the Acquisition and Construction Fund from being applied to pay interest on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against the Developer and if the court found that the Developer had an interest in such moneys within the meaning of Section 541(a)(1) of the Bankruptcy Code.

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

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

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

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

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

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

#### **No Acceleration Provision**

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

## **Loss of Tax Exemption**

As discussed under the caption “LEGAL MATTERS — Tax Exemption,” the interest on the Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds as a result of a failure of the District to comply with certain provisions of the Internal Revenue Code of 1986, as amended. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the redemption provisions of the Indenture.

## **Limitations on Remedies**

Remedies available to the Beneficial Owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors’ rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Beneficial Owners of the Bonds.

## **Limited Secondary Market**

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

## **Proposition 218**

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

Among other things, Section 3 of Article XIII states that “. . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” The Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On



July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

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

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

It may be possible, however, for voters or the City Council acting as the legislative body of the District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Nevertheless, to the maximum extent that the law permits it to do so, the District has covenanted that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates on parcels within Improvement Area No. 1 to an amount that is less than 110% of Maximum Annual Debt Service on the Outstanding Bonds and Parity Bonds in each future Bond Year. In connection with the foregoing covenant, the District has made a legislative finding and determination that any elimination or reduction of Special Taxes below the foregoing level would interfere with the timely retirement of the Bonds. The District also has covenanted that, in the event an initiative is adopted which purports to alter the Rate and Method, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants.

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

### **Ballot Initiatives**

Articles XIII C and XIII D were adopted pursuant to measures qualified for the ballot pursuant to California’s constitutional initiative process. On March 6, 1995, in the case of *Rossi v. Brown*, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the City, or local districts to increase revenues or to increase appropriations or on the ability of the landowners within Improvement Area No. 1 to complete the remaining proposed development. See “SPECIAL RISK FACTORS — Failure to Develop Properties” herein.

### **CONTINUING DISCLOSURE**

Pursuant to a Continuing Disclosure Certificate (the “Disclosure Certificate”) the District has agreed to provide, or cause to be provided, to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State as a state repository for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (each, a “Repository”) certain annual financial information and operating data concerning the District. The Annual Report to be filed by the District is to be filed not later than April 1 of each year, beginning April 1, 2004, and is to include audited financial

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

To assist the Underwriter in complying with Rule 15c2-12(b)(5), the Developer will enter into a Continuing Disclosure Agreement (the “Developer Disclosure Agreement”) covenanting to provide, or cause to be provided, to each Repository an Annual Report not later than March 1 of each year beginning March 1, 2005, a Semiannual Report on each September 1 beginning September 1, 2004, and notice of certain material events as they occur. The Annual Report provided by the Developer is to contain the audited financial statements of the Developer, if any are prepared, and the additional financial and operating data outlined in Section 4 of the Developer Disclosure Agreement attached in APPENDIX F. The Developer does not currently prepare audited financial statements and has no plans to have them prepared in the future. The Semiannual Report will contain certain operating data as set forth in Section 4 of the Developer Disclosure Agreement.

The Developer’s obligations under the Developer Disclosure Agreement will terminate upon the earliest to occur of: (i) the legal defeasance, prior redemption or payment in full of all the Bonds; (ii) the date on which the Developer and all affiliates of the Developer are no longer responsible for the payment of more than 20 percent of the annual Special Tax levy; or (iii) the date on which the Developer delivers to the City an opinion of nationally-recognized bond counsel to the effect that the continuing disclosure is no longer required under the Rule. The Developer has also agreed that if it sells or transfers an ownership interest in any property in the District which will result in the transferee becoming responsible for the payment of 20 percent or more of the annual Special Tax levy in the fiscal year following such transfer, the Developer will cause any such transferee to enter into a disclosure agreement described in Section 12 of the Developer Disclosure Agreement attached hereto in APPENDIX F.

The Developer Disclosure Agreement will inure solely to the benefit of the District, any Dissemination Agent, the Underwriter and Beneficial Owners from time to time of the Bonds. The Developer has never failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12 to provide annual reports or notices of material events.

## **LEGAL MATTERS**

### **Tax Exemption**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount) is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds (including any original issue discount) will be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of such corporations.

In the opinion of Bond Counsel, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner’s basis in the applicable Bond. The amount of original

issue discount that accrues to the Beneficial Owner of the Bonds is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest on the Bonds (including any original issue discount) is based upon certain representations of fact and certifications made by the District, the Underwriter and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds to assure that interest on the Bonds (including any original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Bonds (including any original issue discount) to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Beneficial Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Beneficial Owner realizing a taxable gain when a Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

Bond Counsel's opinion may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel has rendered an opinion that interest on the Bonds (including any original issue discount) is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the accrual or receipt of interest on the Bonds (including any original issue discount) may otherwise affect the tax liability of the recipient. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, all potential purchasers should consult their tax advisors before purchasing any of the Bonds.

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

Should interest on the Bonds (including any original issue discount) become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

The form of Bond Counsel's opinion with respect to the Bonds is attached as APPENDIX G.

## **Litigation**

No litigation is pending or threatened concerning the validity of the Bonds, the pledge of Special Taxes to repay the Bonds, the powers or authority of the District with respect to the Bonds, or seeking to restrain or enjoin development of the land within Improvement Area No. 1 and a certificate of the District to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds.

## **Legal Opinion**

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX G hereto and will accompany the Bonds. Certain legal matters will be passed upon for the City and the District by the City Attorney, and for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel. Bond Counsel expresses no opinion as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to advise the Beneficial Owners of the Bonds as to matters related to the Official Statement.

## **No Rating**

The District has not made and does not contemplate making application to any rating agency for the assignment of a rating of the Bonds.

## **Underwriting**

The Bonds are being purchased by UBS Financial Services Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$4,882,402.90 (being \$5,000,000.00 aggregate principal amount thereof, less Underwriter's discount of \$56,250.00 and original issue discount of \$61,347.10). The purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

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

## **Financial Interests**

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

## **Pending Legislation**

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

**Additional Information**

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

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

COMMUNITY FACILITIES DISTRICT NO. 2  
(SANTALUZ)

By: /s/ Mary E. Vattimo  
City Treasurer of the City of San Diego

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**APPENDIX A**

**AMENDED AND RESTATED  
RATE AND METHOD OF APPORTIONMENT FOR  
COMMUNITY FACILITIES DISTRICT NO. 2 (SANTALUZ)  
(IMPROVEMENT AREA NO. 1)**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Community Facilities District No. 2 (Santaluz) - (Improvement Area No. 1) ("CFD No. 2 (IA No. 1)") and collected each Fiscal Year commencing in Fiscal Year 2000-01, in an amount determined by the Council through the application of the appropriate Special Tax for "Developed Property," "Taxable Property Owner Association Property," "Taxable Public Property," and "Undeveloped Property" as described below. All of the real property in CFD No. 2 (IA No. 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:

**"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.

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

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2 (IA No. 1): 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, 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 City, CFD No. 2 (IA No. 1) or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2 (IA No. 1) or any designee thereof of complying with disclosure requirements of the City, CFD No. 2 (IA No. 1) or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2 (IA No. 1) or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; 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. 2 (IA No. 1) for any other administrative purposes of CFD No. 2 (IA No. 1), including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

**"Affordable Unit(s)"** means, for each Fiscal Year, any dwelling unit(s) located on an Assessor's Parcel of Residential Property, including Affordable Companion Units, that are subject to deed restrictions, resale restrictions, and/or regulatory agreements recorded in favor of the City providing for affordable housing prior to March 1 of the prior Fiscal Year. In order to insure that a dwelling unit is correctly classified as an Affordable Unit, the owner of such property shall provide the CFD Administrator with a copy of any applicable deed restrictions, resale restrictions, and/or regulatory agreements.

**"Affordable Companion Unit(s)"** means, for each Fiscal Year, Companion Units that are subject to deed restrictions, resale restrictions, and/or regulatory agreements recorded in favor of the City providing for affordable housing prior to March 1 of the prior Fiscal Year. The Residential Floor Area of an Affordable

Companion Unit shall not be included when calculating the total Residential Floor Area for the Assessor's Parcel on which it is located.

**"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 Assessor of the County designating parcels by Assessor's Parcel number.

**"Assigned Special Tax"** means the annual Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

**"Backup Special Tax"** means the Special Tax that may be required to be paid as a result of changes in development, as determined in accordance with Section D below.

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

**"CFD No. 2"** means Community Facilities District No. 2 (Santaluz).

**"CFD No. 2 (IA No. 1)"** means CFD No. 2 (Improvement Area No. 1), as identified on the boundary map for CFD No. 2.

**"CFD No. 2 (IA No. 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 CFD No. 2 for CFD No. 2 (IA No. 1) under the Act.

**"City"** means the City of San Diego.

**"Companion Unit(s)"** means any dwelling unit located on an Assessor's Parcel of Residential Property for which the building permit was issued for purposes of constructing an attached or detached secondary unit on a single family lot. The Residential Floor Area of a Companion Unit, except for Affordable Companion Units, shall be added to the Residential Floor Area of the primary dwelling unit when calculating the total Residential Floor Area for the Assessor's Parcel on which it is located.

**"Council"** means the City Council of the City, acting as the legislative body of CFD No. 2 (IA No. 1).

**"County"** means the County of San Diego.

**"Custom Lot Property"** means, for each Fiscal Year, any Assessor's Parcel of Taxable Property (i) that is within a Final Map that was recorded prior to March 1 of the prior Fiscal Year; (ii) for which (a) escrow has closed prior to March 1 of the prior Fiscal Year to a buyer who is not in the regular course of business of building homes for resale as determined by the CFD Administrator or (b) a building permit for new construction was issued prior to March 1 of the prior Fiscal Year; and (iii) that is a Proposed Custom Lot.

**"Developed Property"** means, for each Fiscal Year, all (i) Custom Lot Property, (ii) Golf Course Property, and (iii) all Taxable Property, exclusive of Taxable Property Owner Association Property or Taxable Public Property, for which a building permit for new construction or renovations was issued after January 1, 1999, but prior to March 1 of the prior Fiscal Year.

**"Final Map"** means (i) a final map, or portion thereof, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates individual lots for which building permits may be issued, or (ii) for condominiums, a final map, or portion thereof, approved by



the City and a condominium plan recorded pursuant to California Civil Code Section 1352 that creates individual lots for which building permits may be issued.

**“Fiscal Year”** means the period starting July 1 and ending on the following June 30.

**“Golf Course Property”** means the land area consisting of up to 282.3 Acres to be utilized for golf course purposes including: fairways, greens, driving ranges, tennis facilities, club house, locker rooms, maintenance facilities, garages, pro shop, restaurant, or banquet facilities as geographically identified in the substantial conformance approval granted by the City on October 29, 1999, for Black Mountain Ranch Tentative Map No. VTM-0173, as amended from time-to time or modified pursuant to a final tract map or precise site plan for such golf course property, and listed in Exhibit A. Any Residential Property located within this area shall not be considered Golf Course Property. If the golf course Acreage exceeds the amount stated above, then the Acres exceeding such total shall not be considered Golf Course Property but shall be classified as Property Owner Association Property.

**“Indenture”** means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which CFD No. 2 (IA No. 1) Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

**“Institutional Property”** means Assessor’s Parcels of Developed Property, including up to 11.9 Acres, for which the building permit was issued for the following institutional uses: day care center, recreation center, seniors center, private school or church. If the Acreage of institutional uses exceeds the amount stated above, then the Acres exceeding such total shall not be considered Institutional Property but shall be classified as Non-Residential Property.

**“Land Use Class”** means any of the classes listed in Table 1.

**“Master Developer”** means Santaluz, LLC and/or any assignee(s) or successor(s) serving as the master developer of infrastructure within CFD No. 2 (IA No. 1).

**“Maximum Annual Special Tax”** means the maximum annual Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor’s Parcel.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property, excluding Golf Course Property and Institutional Property, for which a building permit(s) was issued for a non-residential use.

**“Outstanding Bonds”** means all CFD No. 2 (IA No. 1) Bonds which are deemed to be outstanding under the Indenture.

**“Property Owner Association Property”** means any property within the boundaries of CFD No. 2 (IA No. 1) owned in fee or by easement or irrevocably offered for dedication to a property owner association, including any master or sub-association.

**“Proportionately”** means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Annual Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property.

**“Proposed Custom Lot”** means any property designated as a custom lot in the most current Updated Report, or if an Updated Report has yet not been provided, in the Original Report.

**“Public Property”** means any property within the boundaries of CFD No. 2 (IA No. 1) that is used for rights-of-way or any other purpose and is owned by or irrevocably offered for dedication to any agency of

the federal government, the State of California, the County, the City or any other public agency, 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 in accordance with its use.

**“Purchase and Financing Agreement”** means (i) the Purchase and Financing Agreement by and between the City and Fairbanks Highlands LLC and Santaluz LLC that was approved by the Council on February 7, 2000, as it may be modified or supplemented from time to time and/or (ii) the Purchase and Financing Agreement by and between the City and Black Mountain Ranch LP that was approved by the Council on February 7, 2000, as it may be modified or supplemented from time to time.

**“RMA”** means this amended and restated Rate and Method of Apportionment.

**“Residential Property”** means (i) Custom Lot Property, and (ii) 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.

**“Residential Floor Area”** means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor’s Parcel.

**“Special Tax”** means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property, to fund the Special Tax Requirement or the Backup Special Tax Requirement.

**“Special Tax Requirement”** means, for any Fiscal Year, the amount required after taking into account amounts held in funds and accounts under the Indenture which are intended to be used to pay debt service on Outstanding Bonds in the calendar year beginning in such Fiscal Year, to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the CFD No. 2 (IA No. 1) Bonds, including but not limited to, credit enhancement and rebate payments on the CFD No. 2 (IA No. 1) Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for any CFD No. 2 (IA No. 1) Bonds; (v) pay directly for authorized facilities in accordance with the Purchase and Financing Agreement; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year.

**“State”** means the State of California.

**“Taxable Property”** means all of the Assessor’s Parcels within the boundaries of CFD No. 2 (IA No. 1) which are not exempt from the Special Tax pursuant to law or Section F below.

**“Taxable Property Owner Association Property”** means all Assessor’s Parcels of Property Owner Association Property that are not exempt pursuant to Section F below.

**“Taxable Public Property”** means all Assessor’s Parcels of Public Property that are not exempt pursuant to Section F below.

**“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, Taxable Property Owner Association Property, or Taxable Public Property.

**B. ASSIGNMENT TO LAND USE CATEGORIES**

Each Fiscal Year, all Taxable Property shall be classified as Developed Property, Taxable Public Property, Taxable Property Owner Association Property or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C, D and E below.

**C. MAXIMUM ANNUAL SPECIAL TAX**

**1. Developed Property**

Residential Property shall be assigned to Land Use Classes 1 through 14 as listed in the table below based upon the type of structure or the Residential Floor Area for each unit or units located on an Assessor's Parcel, or in the case of Custom Lot Property to Land Use Class 13. Non-Residential Property shall be assigned to Land Use Class 15. Golf Course Property shall be assigned to Land Use Class 16. Institutional Property shall be assigned to Land Use Class 17.

(a) Maximum Annual Special Tax

The Maximum Annual Special Tax for each Assessor's Parcel classified as Developed Property shall be equal to the sum of the Assigned Special Tax and any Backup Special Tax due on such Assessor's Parcel.

(b) Assigned Special Tax

The Fiscal Year 2000-01 Assigned Special Tax for each Land Use Class is shown in Table 1.

**TABLE 1**

**Fiscal Year 2000-01 Assigned Special Taxes for Developed Property  
CFD No. 2 (Improvement Area No. 1)**

<i>Land Use Class</i>	<i>Description</i>	<i>Residential Floor Area/Unit Type</i>	<i>Assigned Special Tax Per unit/Acre</i>
1	Residential Property	< 1,750 sq. ft	\$1,755.01 per unit
2	Residential Property	1,750 to 2,249 sq. ft	\$2,285.90 per unit
3	Residential Property	2,250 to 2,749 sq. ft.	\$2,764.14 per unit
4	Residential Property	2,750 to 3,149 sq. ft.	\$3,461.76 per unit
5	Residential Property	3,150 to 3,749 sq. ft.	\$4,102.34 per unit
6	Residential Property	3,750 to 4,049 sq. ft.	\$4,852.61 per unit
7	Residential Property	4,050 to 4,499 sq. ft.	\$4,979.85 per unit
8	Residential Property	4,500 to 4,999 sq. ft.	\$5,765.21 per unit
9	Residential Property	5,000 to 5,499 sq. ft.	\$7,191.16 per unit
10	Residential Property	5,500 to 5,999 sq. ft.	\$7,880.00 per unit
11	Residential Property	6,000 to 6,499 sq. ft.	\$8,564.46 per unit
12	Residential Property	≥ 6,500 sq. ft.	\$8,884.75 per unit
13	Residential Property	Custom Lots	\$8,884.75 per unit
14	Residential Property	Affordable Units	\$102.00 per unit
15	Non-Residential Property	Not Applicable	\$5,066.55 per Acre
16	Golf Course Property	Not Applicable	\$500.69 per Acre
17	Institutional Property	Not Applicable	\$102.00 per Acre

(c) Increase in the Assigned Special Tax

On each July 1, commencing July 1, 2001 and ending on July 1 of the tenth Fiscal Year in which Special Taxes are levied in CFD No. 2 (IA No. 1), the Assigned Special Tax for Developed Property shall be increased by two percent (2%) of the amount in effect in the previous Fiscal Year. On July 1 of the eleventh and twelfth Fiscal Years in which Special Taxes are levied in CFD No. 2, the Assigned Special Tax for Developed Property may be increased by up to two percent (2%) of the amount in effect in the previous Fiscal Year, provided that such increase is necessary to meet the Special Tax Requirement. There will be no increase in the Assigned Special Tax that may be levied after the twelfth Fiscal Year in which Special Taxes are levied in CFD No. 2 (IA No. 1).

(d) Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Assigned Special Tax levied on an Assessor's Parcel shall be the sum of the Assigned Special Taxes for all Land Use Classes located on that Assessor's Parcel. The Maximum Special Tax that can be levied on an Assessor's Parcel shall be the sum of the Assigned Special Tax and any Backup Special Tax that can be levied for all Land Use Classes located on that Assessor's Parcel. For an Assessor's Parcel that contains both Residential Property and Non-Residential Property, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel.

In the event that Custom Lot Properties are combined, the Assigned Special Tax on an Assessor's Parcel of Custom Lot Property shall be the sum of the Assigned Special Taxes for all of the predecessor Custom Lot Properties. Should Custom Lot Properties be subdivided so that the total number of Custom Lot Properties is decreased, the CFD Administrator shall allocate the Assigned Special Taxes from the lost parcel(s) to the remaining Custom Lot Properties proportionately based on the additional acreage apportioned to each remaining Custom Lot Property.

**2. Undeveloped Property, Taxable Property Owner Association Property and Taxable Public Property**

(a) Maximum Annual Special Tax

The Fiscal Year 2000-01 Maximum Annual Special Tax for Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property shall be \$18,842.67 per Acre.

(b) Increase in the Maximum Annual Special Tax

On each July 1, commencing July 1, 2001 and ending on July 1 of the tenth Fiscal Year in which Special Taxes are levied in CFD No. 2 (IA No. 1), the Maximum Annual Special Tax for Undeveloped Property, Taxable Property Owner Association Property and Taxable Public Property shall be increased by two percent (2%) of the amount in effect in the previous Fiscal Year. On July 1 of the eleventh and twelfth Fiscal Years in which Special Taxes are levied in CFD No. 2, the Maximum Annual Special Tax for Undeveloped Property, Taxable Property Owner Association Property and Taxable Public Property may be increased by up to two percent (2%) of the amount in effect in the previous Fiscal Year, provided that such increase is necessary to meet the Special Tax Requirement. There will be no increase in the Maximum Annual Special Tax for Undeveloped Property, Taxable Property Owner Association Property and Taxable Public Property after the twelfth Fiscal Year in which Special Taxes are levied in CFD No. 2 (IA No. 1).

**D. BACKUP SPECIAL TAX**

The following definitions apply to this Section D:

**“Backup Special Tax Account”** means the fund or account (regardless of its name) identified in the Indenture to hold payments of Backup Special Taxes received from property owners within CFD No. 2 (IA No. 1).

**“Backup Special Tax Requirement”** means the total amount of Backup Special Taxes necessary as calculated under Section D.7 below, as of the date of any Backup Special Tax calculation.

**“Builder”** means the merchant builder for each Assessor's Parcel.

**“Builder Certificate”** means a certificate from the Builder of a Development Product stating that such Development Product will generate at least the amount of Assigned Special Taxes that was projected in the Original Report or Updated Report that was relied upon by the CFD Administrator in issuing the most recent Letter of Compliance for such Development Product.

**“Buildout”** means, for any Development Product, that all Taxable Property is considered Developed Property or Update Property.

**“Built Out Development Product”** means a Development Product which has reached Buildout.

**“Certificate of Satisfaction of Backup Special Tax”** means a certificate from the CFD Administrator stating that the property described in such certificate has sufficiently met the Backup Special Tax Requirement for such property as calculated under Section D.7 below.

**“Development Product”** means a geographic area representing the expected construction phases planned to be developed by each merchant builder or sold to custom lot buyers. The Original Report will designate the geographic area included in each Development Product by tract and lot.

**“Letter of Compliance”** means a letter from the CFD Administrator stating that the property described in such letter will generate sufficient Assigned Special Taxes if developed as described the most current Updated Report, or if an Updated Report has yet not been provided, in the Original Report.

**“Update Property”** means an Assessor’s Parcel of Undeveloped Property for which a building permit has been issued and/or a Proposed Custom Lot for which escrow has closed to a buyer who is not in the regular course of business of building homes for resale, but which has not yet been classified as Developed Property because such events occurred after the March 1 cutoff for the current Fiscal Year. For purposes of all calculations in Section D, Update Property shall be taxed as if it were Developed Property.

**1. Original Report**

Concurrently with the approval of this RMA the Master Developer shall submit a report (the “Original Report”) to the CFD Administrator containing a lot-by-lot listing for each Development Product that identifies for each expected taxable lot the expected Builder, Residential Floor Area, Land Use Class, Assigned Special Tax, and Acreage.

At the request of the Master Developer, the CFD Administrator may amend the Original Report to reflect changes approved by the City, provided that changes in the Original Report shall not be permitted if the total Assigned Special Taxes for all of CFD No. 2 (IA No. 1) are reduced by such changes.

**2. Updated Report**

The Master Developer shall submit updated reports to the CFD Administrator quarterly (within 45 days after each March 31, June 30, September 30, and December 31) until CFD No. 2 (IA No. 1) reaches Buildout for all Development Products. Such report shall contain a lot-by-lot listing for each Development Product that lists for each expected taxable lot the expected or actual Builder, Residential Floor Area, Land Use Class, Assigned Special Tax, and Acreage, and compares such information to the information provided for such property in the Original Report. For Assessor’s Parcels of Developed Property and Update Property, the quarterly updated report will also include the date the building permit was issued, or the date that escrow closed to an end user of a Proposed Custom Lot. Upon approval by the CFD Administrator, such report shall constitute an Updated Report (the “Updated Report”).

In no case shall the Master Developer change the designation of a Proposed Custom Lot after the earlier of the following: (i) a building permit is issued for such lot; or (ii) escrow has closed to the end user of such lot.

**3. Initial Letters of Compliance**

If, based on the Original Report, the CFD Administrator determines that the total Assigned Special Taxes for all of CFD No. 2 (IA No. 1) at Buildout, less estimated annual

Administrative Expenses, will provide at least 115% debt service coverage on all Outstanding Bonds in the current and each future Fiscal Year, the CFD Administrator shall, within 30 days of the submittal of the Original Report, issue a Letter of Compliance with respect to each Development Product. If the CFD Administrator cannot make this determination then no Letters of Compliance will be issued.

#### **4. Letters of Compliance Based on Updated Reports**

Upon the receipt of each Updated Report, the CFD Administrator shall make one of the determinations set forth in the following two paragraphs.

If, based on the Updated Report, the CFD Administrator determines that the total Assigned Special Taxes for all of CFD No. 2 (IA No. 1) at Buildout, less estimated annual Administrative Expenses, will provide at least 115% debt service coverage on all Outstanding Bonds in the current and each future Fiscal Year, the CFD Administrator shall, within 30 days of the submittal of the Updated Report, issue a Letter of Compliance with respect to each Development Product.

If, based on the Updated Report, the CFD Administrator determines that the total Assigned Special Taxes for all of CFD No. 2 (IA No. 1) at Buildout, less estimated annual Administrative Expenses, will not provide at least 115% debt service coverage on all Outstanding Bonds in the current and each future Fiscal Year, then the CFD Administrator shall:

- (a) Calculate the Assigned Special Taxes expected to be generated by each Development Product based on the Updated Report immediately preceding the current Updated Report; and
- (b) Calculate the Assigned Special Taxes expected to be generated by each Development Product according to the current Updated Report.

Any previously issued Letters of Compliance will be rescinded for all Development Products that (i) have not reached Buildout (as determined based on the Updated Report immediately preceding the current Updated Report) and (ii) for which the amount computed pursuant to 4.(b) above is less than the amount computed pursuant to 4.(a) above. The CFD Administrator shall, within 30 days of the submittal of an Updated Report, notify the Master Developer, Builder, and City Building Department that such Letters of Compliance have been rescinded. If building permits have already been issued or if escrows on Proposed Custom Lots have closed to end users in a Development Product for which the Letter of Compliance has been rescinded, then the CFD Administrator shall calculate and levy the Backup Special Tax pursuant to Section D.7 below for the Assessor's Parcels for which building permits have been issued or escrows have closed.

#### **5. Issuance of Building Permits for Parcels with a Letter of Compliance**

Each time a request for a building permit (or group of permits) is submitted to the City Building Department within a Development Product, the Builder shall provide a copy of the Letter of Compliance for the applicable property, along with either a Builder Certificate or a Certificate of Satisfaction of Backup Special Tax. No building permit shall be issued without (i) a Letter of Compliance and (ii) either a Builder Certificate or a Certificate of Satisfaction of Backup Special Tax.

**6. Builder Notification for Parcels without a Letter of Compliance and Builder Certificate**

At least 30 days prior to submitting a building permit application for property that does not have a valid Letter of Compliance, or for property that has received a Letter of Compliance but for which the Builder is unable to provide a Builder Certificate, the Builder shall notify the CFD Administrator of its intent to request building permits for particular lots within a Development Product. The Builder's notification ("Builder Notification") shall include for each Assessor's Parcel for which building permits are being requested the proposed Residential Floor Area, Land Use Class, Assigned Special Tax, and Acreage.

If the CFD Administrator determines based on the calculations in Section D.7 that no Backup Special Tax is required for the Assessor's Parcels included within the Builder Notification, then the CFD Administrator shall, within 30 days of the submittal of the Builder Notification, issue a Letter of Compliance and a Certificate of Satisfaction of Backup Special Tax with respect to such property.

**7. Calculation of Backup Special Tax**

Upon the receipt of a Builder Notification or determination under Section D.4 that a Backup Special Tax may be required, the CFD Administrator shall determine the Backup Special Tax to be applied to the property identified in the Builder Notification (or by the CFD Administrator) by undertaking the following steps:

- Step 1. Determine the total Special Tax revenues required in each Fiscal Year to generate 115% debt service coverage on all Outstanding Bonds plus estimated Administrative Expenses. For purposes of this calculation, the annual debt service shall be adjusted to reflect the future redemption of Outstanding Bonds with funds on deposit in the Backup Special Tax Account.
- Step 2. Subtract the total Assigned Special Taxes (based on the current Updated Report) for all of CFD No. 2 (IA No. 1) from the amount computed pursuant to step 1. The remainder is the shortfall amount to be allocated to all Development Products that have lost Special Tax revenue since the previous Updated Report and that have not yet reached Buildout (as determined based on the Updated Report immediately preceding the current Updated Report).
- Step 3. For each Development Product that has lost Special Tax revenue since the previous Updated Report and that has not yet reached Buildout (as determined based on the Updated Report immediately preceding the current Updated Report, subtract the Assigned Special Taxes for such Development Product based on the current Updated Report from the Assigned Special Taxes for such Development Product based on the Updated Report immediately preceding the current Updated Report.
- Step 4. Multiply the remainder amount from step 2 by a fraction, the numerator of which is the amount computed for such Development Product in step 3, and the denominator of which is the total amount computed for all Development Products in step 3. The result is the amount of the shortfall to be allocated to the Development Product in question.



- Step 5. Determine the amount of CFD No. 2 (IA No. 1) Bonds that can be supported by the shortfall amount computed under step 4, with 115% debt service coverage.
- Step 6. The Backup Special Tax Requirement will be calculated using the prepayment formula described in Section I.1, with the following exceptions: (i) the Bond Redemption Amount in Paragraph 3 of the prepayment formula described in Section I.1 shall equal the amount calculated pursuant to step 5; (ii) no Future Facilities Amount shall be required pursuant to Paragraphs 4 and 5 in Section I.1; (iii) in Paragraph 7 of the prepayment formula described in Section I.1, compute the amount needed to pay interest on the Bond Redemption Amount until the first redemption date that occurs after two years from the initial date of payment of Backup Special Taxes; (iv) no determination of amounts pursuant to Paragraphs 8, 9 and 14 in Section I.1 need be made; (v) any payments of the Backup Special Tax (less Administrative Fees and Expenses) shall be deposited into the Backup Special Tax Account and disbursed pursuant to the Indenture; and (vi) the Maximum Special Taxes applicable to an Assessor's Parcel shall not be reduced or relieved as a result of payment of the Backup Special Tax.
- Step 7. The Backup Special Tax for each Assessor's Parcel included in the Builder Notification (or, if the calculation is required pursuant to Section D.4, for which building permits have been issued or escrow has closed) shall be calculated by multiplying the Backup Special Tax Requirement by the quotient of the Acreage of such Assessor's Parcel divided by the Acreage of all Assessor's Parcels of Taxable Property within the Development Product(s) for which the Backup Special Tax is being calculated.

The Backup Special Taxes computed under step 7 shall be billed directly to the owner of each Assessor's Parcel and shall be due within 30 days of the billing date. If Backup Special Taxes are not paid within 45 days of the billing date, a delinquent penalty of 10 percent shall be added to the Backup Special Taxes, and no additional building permits shall be issued for any property owned by the Builder or Master Developer, as applicable, until payment is received. Upon receipt of the Backup Special Tax payment, the CFD Administrator shall issue a Letter of Compliance (if one has not been issued for such Assessor's Parcels) and a Certificate of Satisfaction of Backup Special Tax for the subject property.

## **8. Use/Release of Backup Special Tax Payments**

When CFD No. 2 (IA No. 1) reaches Buildout, the CFD Administrator shall calculate the actual Assigned Special Taxes that will be generated from each Development Product. If the actual Assigned Special Taxes, less estimated annual Administrative Expenses, will provide 115% debt service coverage on all Outstanding Bonds in the current and each future Fiscal Year, the balance in the Backup Special Tax Account shall be returned to the payer as established under the Indenture. If Backup Special Taxes have been paid by more than one entity, the amount of Backup Special Taxes returned to each payer shall be in proportion to the amount paid by each entity. If based on such calculation at Buildout, the actual Assigned Special Taxes do not generate sufficient coverage, then the balance in the Backup Special Tax Account shall be used to redeem CFD No. 2 (IA No. 1) Bonds on the next available redemption date. If CFD No. 2 (IA No. 1) has not reached Buildout within two years after the first payment of Backup Special Taxes, then the balance in the Backup Special Tax Account shall be used to redeem CFD No. 2 (IA No. 1) Bonds on the next available redemption date.

**E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

Commencing with Fiscal Year 2000-01 and for each following Fiscal Year, the Council shall determine the Special Tax Requirement and levy the Special Tax until the amount of Special Taxes levied equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property in an amount equal to 100% of the applicable Assigned Special Tax;

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 Undeveloped Property at up to 100% of the Maximum Annual Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property or Taxable Public Property at up to the Maximum Annual Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

Notwithstanding the above the Council may, in any Fiscal Year, levy Proportionately less than 100% of the Assigned Special Tax in step one (above), when (i) the Council is no longer required to levy a Special Tax pursuant to steps two and three above in order to meet the Special Tax Requirement; (ii) all authorized CFD No. 2 (IA No. 1) Bonds have already been issued or the Council has covenanted that it will not issue any additional CFD No. 2 (IA No. 1) Bonds (except refunding bonds) to be supported by Special Taxes levied under this Rate and Method of Apportionment; and (iii) all facilities identified on Exhibit A to the Purchase and Financing Agreement have been acquired.

**F. EXEMPTIONS**

No Special Tax shall be levied on up to 339.5 Acres of Property Owner Association Property and 1,374.4 Acres of Public Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Property Owner Association Property or Public Property. However, should an Assessor's Parcel no longer be classified as Property Owner Association Property or Public Property, its tax-exempt status will be revoked and such Assessor's Parcel will be assigned to a Land Use Class if it is Developed Property or as Undeveloped Property, as appropriate.

Property Owner Association Property or Public Property that is not exempt from Special Taxes under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the third step in Section E above, at up to 100% of the applicable Maximum Annual Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

**G. APPEALS AND INTERPRETATIONS**

Any landowner or resident may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the 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 make a recommendation to the City Manager or designee to eliminate or reduce the Special Tax on the appellant's property and/or to provide a refund to the appellant. The approval of the City Manager or designee must be obtained prior to any such elimination or reduction. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the City Manager or designee by filing a written notice of

appeal with the City Clerk, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

Interpretations may be made by the Council by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

#### **H. 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. 2 (IA No. 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**

##### **1. Payment in Full**

The following definitions apply to this Section I:

**"Certificate of Occupancy"** means a certificate of occupancy issued by the City Building Department.

**"Construction Fund"** means the account (regardless of its name) identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

**"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 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 City of Los Angeles.

**"Custom Lot Merchant Builder"** means a buyer who (i) is in the regular course of business of building homes for resale as determined by the CFD Administrator, and (ii) owns four or more Proposed Custom Lots.

**"Future Facilities Costs"** means the CFD No. 2 (IA No. 1) 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 public facilities costs.

**"CFD No. 2 (IA No. 1) Public Facilities"** means either \$42,337,474 in 1999 dollars, which shall increase by the Construction Inflation Index on July 1, 2000, 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. 2 (IA No. 1) under the authorized Mello-Roos financing program for CFD No. 2 (IA No. 1), or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more CFD No. 2 (IA No. 1) Bonds to be supported by Special Taxes.

**"Outstanding Bonds"** means all Previously Issued Bonds which remain outstanding as of the first interest and/or principal payment date following the current Fiscal Year.

**"Previously Issued Bonds"** means all CFD No. 2 (IA No. 1) Bonds that have been issued by CFD No. 2 (IA No. 1) prior to the date of prepayment.

**“Total Tax and Assessment Obligation”** means for an Assessor’s Parcel or portion of an Assessor’s Parcel, the sum of the *ad valorem* taxes and any special assessments or taxes which may be included on the annual property tax bill, including but not limited to: CFD No. 2, general obligation debt of the City or any other public agency, improvement district charges, vector control charges, and standby charges projected by the CFD Administrator to be applicable to the Assessor’s Parcel in the Fiscal Year following the issuance of a Certificate of Occupancy as discussed in Section I.3 below.

**“Value”** means the sales price as established in the escrow documents for the sale to the first private residential owner. If the sales price only reflects the sale of the lot, then Value shall also include the anticipated value of any house to be constructed thereon.

Only an Assessor’s Parcel of Developed Property or Undeveloped Property for which a building permit has been issued may be prepaid. The Special Tax obligation applicable to an Assessor’s Parcel may be prepaid and the obligation of the Assessor’s Parcel to pay any Special Tax permanently satisfied as described herein, provided that a prepayment may be made with respect to a particular Assessor’s Parcel only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. 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. Prepayment must be made not less than 60 days prior to any redemption date for the CFD No. 2 (IA No. 1) Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

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

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

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Paragraph No.:

1. For Assessor’s Parcels of Developed Property, compute the Assigned Special Tax for the Assessor’s Parcel to be prepaid. For Assessor’s Parcels of Undeveloped Property for which building permits have already been issued, compute the Assigned Special Tax for the Assessor’s Parcel to be prepaid as though it were already designated as Developed Property, based upon the building permit which has been issued for that Assessor’s Parcel.
2. Divide the Assigned Special Tax computed pursuant to paragraph 1 by the estimated Assigned Special Taxes for the entire CFD No. 2 (IA No. 1) based on the Developed Property Special Taxes which could be charged in the current Fiscal Year on all expected development through buildout of the entire CFD No.2 (IA No. 1), excluding any Assessor’s Parcels which have been prepaid.

3. Multiply the quotient computed pursuant to paragraph 2 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "*Bond Redemption Amount*").
4. Compute the current Future Facilities Costs.
5. Multiply the quotient computed pursuant to paragraph 2 by the amount determined pursuant to paragraph 4 to compute the amount of Future Facilities Costs to be prepaid (the "*Future Facilities Amount*").
6. Multiply the Bond Redemption Amount computed pursuant to paragraph 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
7. Compute the amount needed to pay interest on the Bond Redemption Amount to be redeemed until the earliest redemption date for the Outstanding Bonds, less any amounts collected in such Fiscal Year to pay all or a portion of such interest.
8. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the minimum amount the CFD Administrator expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 7 and 9 and subtract the amount computed pursuant to paragraph 10.
12. Compute the net present value of the amount computed pursuant to paragraph 11, using as a discount rate the rate of return assumed by the CFD Administrator in paragraph 10 (the "*Defeasance Amount*").
13. The administrative fees and expenses of CFD No. 2 (IA No. 1) are as calculated by the CFD Administrator and include the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 2 (IA No. 1) Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "*Administrative Fees and Expenses*").
14. 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, the reserve fund credit shall equal the expected reduction in the reserve requirement, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment (the "*Reserve Fund Credit*"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
15. If any capitalized interest for the Outstanding Bonds will not have been expended as of the first bond interest and/or principal payment date following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 2 by the expected balance in the capitalized interest

fund after such first interest and/or principal payment (the “*Capitalized Interest Credit*”).

16. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 3, 5, 6, 12, and 13, less the amounts computed pursuant to paragraphs 14 and 15 (the “*Prepayment Amount*”).

From the Prepayment Amount, the amounts computed pursuant to paragraphs 3, 6, and 12 less the amounts computed pursuant to paragraphs 14 and 15 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 5 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 13 shall be retained by CFD No. 2 (IA No. 1).

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of CFD No. 2 (IA No. 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. 2 (IA No. 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 in full in accordance with this Section I.1., the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor’s Parcel, and the obligation of such Assessor’s Parcel to pay the Special Tax (including any Backup Special Tax) shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Annual Special Taxes that may be levied on Taxable Property within CFD No. 2 (IA No. 1) after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

## **2. Prepayment in Part**

The Special Tax on an Assessor’s Parcel of Developed Property or an Assessor’s Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section I.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

PP = the partial prepayment

P<sub>E</sub> = the 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 owner of any Assessor’s Parcel who desires such prepayment shall notify the CFD Administrator of (i) such owner’s intent to partially prepay the Special Tax, (ii) the percentage by which the Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if any. 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 reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section I.1, and (ii) indicate in the records of CFD No. 2 (IA No. 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 Annual Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section E.

**3. Mandatory Partial Prepayment for Custom Lots**

If an Assessor's Parcel identified as a Proposed Custom Lot is sold by a Custom Lot Merchant Builder after the issuance of a building permit for such Assessor's Parcel, the Special Tax for such Assessor's Parcel shall be prepaid, at or prior to the close of escrow to the first private residential owner for such Assessor's Parcel, using the partial prepayment methodologies described in Section I.2, such that the resulting Total Tax and Assessment Obligation after the partial prepayment is less than or equal to 2.00 percent of the Value. No mandatory partial prepayment is required if (i) the Total Tax and Assessment Obligation is less than or equal to 2.00 percent or (ii) the Assessor's Parcel is sold prior to the issuance of a building permit.

**J. TERM OF SPECIAL TAX**

The Special Tax shall be levied for a period not to exceed fifty years commencing with Fiscal Year 2000-01, provided however that Special Taxes will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined (i) that all required interest and principal payments on the CFD No. 2 (IA No. 1) Bonds have been paid; and (ii) all facilities have been acquired and all reimbursements to the developer have been paid pursuant to the Purchase and Financing Agreement.

**EXHIBIT A**

**LIST OF GOLF COURSE LOTS WITHIN IA No. 1**

Lots 258 through 266 of Map No. 14064
Lot 132 of Map No. 14065
Lots 103 through 106 of Map No. 14223
Lots 133 and 134 of Map No. 14276
Lot 52 of Unit 5 (Portion of Golf Course Lot 1, Unit 17 of the substantial conformance approval granted by the City on October 29, 1999, for Black Mountain Ranch Tentative Map No. VTM-0173)



**APPENDIX B**  
**APPRAISAL REPORT**

**APPRAISAL REPORT**

**VOLUME I OF II**

**MELLO-ROOS COMMUNITY FACILITIES DISTRICT NO. 2**

**(SANTALUZ - IMPROVEMENT AREA 1)**

Generally, located on both sides of Camino del Sur (Camino Ruiz)  
and San Dieguito Road north of Carmel Valley Road  
and the westerly terminus of Rancho Bernardo Road  
at Black Mountain Road north of Camino del Norte;  
San Diego, California, 92127 and 92129

**APPRAISED FOR**

Ms. Prescilla M. Dugard  
Deputy City Attorney  
City Attorney's Office  
c/o Ms. Carol A. Chiodo  
Deputy Director  
Mail Station MS 7B  
202 C Street  
San Diego, CA 92101-3868  
AP 6300008 (AP 2607)

**DATE OF VALUATION**

September 1, 2003

**APPRAISED BY**

D.F. Davis Real Estate, Inc.  
David F. Davis, MAI  
16486 Bernardo Center Drive, Suite 378  
San Diego, California 92128-2566  
File No. 03-20

November 13, 2003

Ms. Prescilla M. Dugard  
Deputy City Attorney  
City Attorney's Office  
c/o Ms. Carol A. Chiodo  
Deputy Director  
Real Estate Assets Department  
1200 Third Avenue, Suite 1700  
San Diego, CA 92101

Re: Mello-Roos Community Facilities District No. 2  
(Santaluz - Improvement Area 1)  
AP 6300008 (AP 2607)

Dear Ms. Prescilla M. Dugard:

At your request and authorization, the above-referenced property and its environs were inspected for the purpose of formulating an opinion of the market value of the property as of the date of value.

The following report, of which this letter is a part, describes the facts and reasoning upon which the opinions are supported. The valuation is based on market data and economic trends present as of the date of value and is subject to the attached Assumptions and Limiting Conditions. This is a combination complete and limited scope appraisal reported in a self-contained format pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP) Standards Rule 1 and Standards Rule 2-2(a). It was also prepared in accordance with the Appraisal Standards For Land Secured Financings published by the California Debt and Investment Advisory Commission.

The Limited Scope portion of this appraisal relates to the valuation of the golf course and the lots that have completed buildings or buildings under construction. The valuation separates the lots between "developed" and "undeveloped" property (see definitions in Addendum).

Based upon investigation and analysis, the market value of the fee simple interest of the subject property, assuming Mello-Roos financed improvements complete, as of September 1, 2003, subject to the attached Assumptions and Limiting Conditions, was:

**CFD NO. 2  
IMPROVEMENT AREA 1  
VALUATION SUMMARY**

As of  
9/1/03

Portion of Project	Legal Owner	Builder	No. of Residential Lots	Estimated Value Per Lot	Estimated Value	Undeveloped	Developed
Various (see DCF--Golf Course, Church Site 2, Custom Lobs, Country Homes Phase 2, Market Rate Detached Condos)	Santaluz, LLC	Santaluz	284	N/A	\$132,000,000	\$132,000,000	
Golf Course Maintenance Building	Santaluz, LLC	Santaluz			\$2,709,947		\$2,709,947
Golf Course Club House	Santaluz, LLC	Santaluz			\$7,790,101		\$7,790,101
Santaluz House	Santaluz, LLC	Santaluz	1		\$4,000,000		\$4,000,000
Church Site 1	St. Demania Coptic Orthodox Church	St. Demania Coptic Orthodox Church			\$2,560,000	\$2,560,000	\$2,560,000
Custom Lots - Closed Escrows	Various	Various	98	\$741,250	\$72,643,373	\$67,295,400	\$5,347,973
<b>Sub-Total</b>			<b>383</b>	<b>\$578,880</b>	<b>\$221,703,421</b>	<b>\$201,855,400</b>	<b>\$19,848,012</b>
<b>For Sale Production Builder Lots</b>							
<b>Benitola</b>	<b>Baywood Homes (and individual homeowners)</b>	<b>Baywood Homes</b>	<b>80</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			32	\$300,000	\$9,600,000		\$9,600,000
Improvements					\$7,644,000		\$7,644,000
Completed Homes			48	\$767,987	\$36,863,378		\$36,863,378
<b>Total</b>			<b>80</b>	<b>\$278,342</b>	<b>\$54,107,378</b>	<b>\$0</b>	<b>\$54,107,378</b>
<b>Haciendas Sur</b>	<b>(individual homeowners)</b>	<b>Centex</b>	<b>50</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			0	\$0	\$0		\$0
Improvements					\$0		\$0
Completed Homes			50	\$907,148	\$45,357,408		\$45,357,408
<b>Total</b>			<b>50</b>	<b>\$907,148</b>	<b>\$45,357,408</b>	<b>\$0</b>	<b>\$45,357,408</b>
<b>Spanish Bungalows</b>	<b>(individual homeowners)</b>	<b>Christopher Homes</b>	<b>64</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			0	\$0	\$0		\$0
Improvements					\$0		\$0
Completed Homes			64	\$677,772	\$43,377,403		\$43,377,403
<b>Total</b>			<b>64</b>	<b>\$677,772</b>	<b>\$43,377,403</b>	<b>\$0</b>	<b>\$43,377,403</b>
<b>Garden Homes</b>	<b>D.R. Horton (and individual homeowners)</b>	<b>D.R. Horton</b>	<b>63</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			19	\$320,000	\$6,080,000		\$6,080,000
Improvements					\$3,587,500		\$3,587,500
Completed Homes			44	\$747,123	\$32,873,417		\$32,873,417
<b>Total</b>			<b>63</b>	<b>\$675,253</b>	<b>\$42,540,917</b>	<b>\$0</b>	<b>\$42,540,917</b>
<b>Casitas</b>	<b>(individual homeowners)</b>	<b>Taylor Woodrow</b>	<b>80</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			0	\$0	\$0		\$0
Improvements					\$0		\$0
Completed Homes			80	\$698,406	\$55,874,888		\$55,874,888
<b>Total</b>			<b>80</b>	<b>\$698,406</b>	<b>\$55,874,888</b>	<b>\$0</b>	<b>\$55,874,888</b>
<b>Possadas</b>	<b>Taylor Woodrow (and individual homeowners)</b>	<b>Taylor Woodrow</b>	<b>56</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			17	\$800,000	\$13,600,000		\$13,600,000
Improvements					\$6,433,118		\$6,433,118
Completed Homes			39	\$1,610,008	\$63,176,422		\$63,176,422
<b>Total</b>			<b>56</b>	<b>\$1,465,885</b>	<b>\$83,209,540</b>	<b>\$0</b>	<b>\$83,209,540</b>

**CFD NO. 2  
IMPROVEMENT AREA 1  
VALUATION SUMMARY**

As of  
9/1/00

Portion of Project	Legal Owner	Builder	No. of Residential Lots	Estimated Value Per Lot	Estimated Value	Undeveloped	Developed
<b>Court Homes</b>	Davidson Communities	Davidson Communities	<b>71</b>				
Undeveloped Lots			55	\$330,000	\$18,150,000	\$18,150,000	
Developed Lots			16	\$330,000	\$5,280,000		\$5,280,000
Improvements					\$1,195,000		\$1,195,000
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>71</b>	<b>\$348,831</b>	<b>\$24,625,000</b>	<b>\$18,150,000</b>	<b>\$6,475,000</b>
<b>Country Homes</b>	Warrington Homes	Warrington Homes	<b>35</b>				
Undeveloped Lots			35	\$312,524	\$10,038,340	\$10,038,340	
Developed Lots			0	\$0	\$0		\$0
Improvements					\$0		\$0
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>35</b>	<b>\$312,524</b>	<b>\$10,038,340</b>	<b>\$10,038,340</b>	<b>\$0</b>
<b>Sycamore Walk</b>	The Olson Company	The Olson Company	<b>50</b>				
Undeveloped Lots			0	\$0	\$0	\$0	
Developed Lots			50	\$150,000	\$7,500,000		\$7,500,000
Improvements					\$706,554		\$706,554
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>50</b>	<b>\$164,131</b>	<b>\$8,206,554</b>	<b>\$0</b>	<b>\$8,206,554</b>
<b>Total For Sale Production Builder Lots</b>			<b>649</b>	<b>\$670,742</b>	<b>\$368,237,426</b>	<b>\$29,066,340</b>	<b>\$359,149,068</b>
<b>Affordable Units:</b>							
<b>Sycamore Walk</b>	The Olson Company	The Olson Company	<b>70</b>				
Undeveloped Lots			0	\$0	\$0	\$0	
Developed Lots			70	\$0	\$0		\$0
Improvements					\$348,385		\$348,385
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>70</b>	<b>\$4,077</b>	<b>\$348,385</b>	<b>\$0</b>	<b>\$348,385</b>
<b>Bartaluz Family Apartments—Chelsea</b>	Santaluz, LLC	Chelsea Investment Corp.	<b>119</b>				
Undeveloped Lots			119	\$0	\$0	\$0	
Developed Lots			0	\$0	\$0		\$0
Improvements					\$0		\$0
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>119</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total For Sale Production Builder And Affordable Lots</b>			<b>738</b>	<b>\$499,439</b>	<b>\$368,585,811</b>	<b>\$29,066,340</b>	<b>\$359,487,471</b>
<b>Project Grand Total</b>			<b>1,121</b>		<b>\$590,289,232</b>	<b>\$230,944,740</b>	<b>\$359,345,483</b>
<b>Rounded To The Nearest \$1,000</b>					<b>\$590,289,000</b>	<b>\$230,944,000</b>	<b>\$359,345,000</b>

This is not the "As Is" value as the above value is based on the property in its present condition assuming CFD Improvements are complete

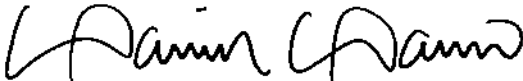
Ms. Prescilla M. Dugard  
November 13, 2003

Note that this is not an "as-is" value as it assumes that Mello-Roos financed improvements are complete.

The estimated marketing time is 12 months or less.

Thank you for this opportunity to be of service.

Very truly yours,



David F. Davis, MAI  
President  
#AG002752  
DFD/amp

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**ADDENDUM**

- A. (Outside Cover) - Santaluz September 1, 2003 - Enlarged Project Land Use Plan
- B. Definitions - Developed, District and Undeveloped Property
- C. Additional Photographs
- D. Lot Database - Sorted By Unit Number
- E. Lot Database - Sorted By Product Type
- F. Amended and Restated Rate and Method of Apportionment for Community Facilities District No. 2 (Santaluz) (Improvement Area No. 1)
- G. Reeb Development Consulting Market Absorption Analysis Cover Letter and Executive Summary
- H. Assessor's Maps

**ADDENDUM (under separate cover)**

- I. Final Maps
- J. Excerpts from Homeowner's and Sales Information Package
- K. Golf Course Plans
- L. Golf Course Club House Plans
- M. Production Builder Product Information
- N. Comparable Sales - Location Maps
- O. Comparable Sales - Data Sheets and Plat Maps
- P. Certification
- Q. Qualifications of David F. Davis, MAI

**SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

Owners: See next page and Addendum  
Developers: See next page and Addendum  
Property Appraised: Mello-Roos Community Facilities District No. 2, Santaluz Improvement Area 1:

<u>Residential Lots/Units</u>	<u>Non-Residential Sites/Uses</u>	<u>Total Acreage</u>
1,121	31	2,548.33*
	Land to be secured with Mello-Roos Special Taxes	904.80

\*Per engineer's calculations and lot database

Location: Generally, both sides of Camino del Sur (Camino Ruiz) and San Dieguito Road north of Carmel Valley Road and the westerly terminus of Rancho Bernardo Road at Black Mountain Road north of Camino del Norte; San Diego, California, 92127 and 92129

Thomas Map Code: San Diego County 1169- E-3, A through C - 5 through 6; 1168- H through J - 5 through 7; 1188- J - 1 through 2; 1189- A through D - 1, A-2

Purpose of the Appraisal: To estimate the market value of the property, as of the date of value, assuming Mello-Roos financed improvements are complete.

Function of the Appraisal: To evaluate the security for Mello-Roos bond debt placed on the land.

Property Rights Appraised: Fee simple estate

Date of Valuation: September 1, 2003

Date of Report: November 13, 2003

Estimated Value: See next page

**CFD NO. 2  
IMPROVEMENT AREA 1  
VALUATION SUMMARY**

As of  
9/1/03

Portion of Project	Legal Owner	Builder	No. of Residential Lots	Estimated Value Per Lot	Estimated Value	Undeveloped	Developed
Various (see DCF—Golf Course, Church Site 2, Custom Lots, Country Homes Phase 2, Market Rate Detached Condos)	Santaluz, LLC	Santaluz	284	N/A	\$132,000,000	\$132,000,000	
Golf Course Maintenance Building	Santaluz, LLC	Santaluz			\$2,709,947		\$2,709,947
Golf Course Club House	Santaluz, LLC	Santaluz			\$7,790,101		\$7,790,101
Santaluz House	Santaluz, LLC	Santaluz	1		\$4,000,000		\$4,000,000
Church Site 1	St. Demania Coptic Orthodox Church	St. Demania Coptic Orthodox Church			\$2,500,000	\$2,500,000	\$2,500,000
Custom Lots—Closed Escrows	Various	Various	68	\$741,250	\$72,643,373	\$67,295,408	\$5,347,964
<b>Sub—Total</b>			<b>383</b>	<b>\$578,860</b>	<b>\$221,703,421</b>	<b>\$201,855,408</b>	<b>\$19,848,012</b>
<b>For Sale Production Builder Lots</b>							
<b>Sentinels</b>	<b>Baywood Homes (and individual homeowners)</b>	<b>Baywood Homes</b>	<b>80</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			32	\$300,000	\$9,600,000		\$9,600,000
Improvements					\$7,644,000		\$7,644,000
Completed Homes			48	\$767,967	\$36,863,378		\$36,863,378
<b>Total</b>			<b>80</b>	<b>\$478,342</b>	<b>\$54,107,378</b>	<b>\$0</b>	<b>\$54,107,378</b>
<b>Haciendas Sur</b>	<b>(individual homeowners)</b>	<b>Centex</b>	<b>50</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			0	\$0	\$0		\$0
Improvements					\$0		\$0
Completed Homes			50	\$907,148	\$45,357,408		\$45,357,408
<b>Total</b>			<b>50</b>	<b>\$907,148</b>	<b>\$45,357,408</b>	<b>\$0</b>	<b>\$45,357,408</b>
<b>Spanish Bungalows</b>	<b>(individual homeowners)</b>	<b>Christopher Homes</b>	<b>64</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			0	\$0	\$0		\$0
Improvements					\$0		\$0
Completed Homes			64	\$677,772	\$43,377,403		\$43,377,403
<b>Total</b>			<b>64</b>	<b>\$677,772</b>	<b>\$43,377,403</b>	<b>\$0</b>	<b>\$43,377,403</b>
<b>Garden Homes</b>	<b>D.R. Horton (and individual homeowners)</b>	<b>D.R. Horton</b>	<b>63</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			19	\$320,000	\$6,080,000		\$6,080,000
Improvements					\$3,587,500		\$3,587,500
Completed Homes			44	\$747,123	\$32,873,417		\$32,873,417
<b>Total</b>			<b>63</b>	<b>\$675,253</b>	<b>\$42,540,917</b>	<b>\$0</b>	<b>\$42,540,917</b>
<b>Casitas</b>	<b>(individual homeowners)</b>	<b>Taylor Woodrow</b>	<b>80</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			0	\$0	\$0		\$0
Improvements					\$0		\$0
Completed Homes			80	\$698,436	\$55,874,886		\$55,874,886
<b>Total</b>			<b>80</b>	<b>\$698,436</b>	<b>\$55,874,886</b>	<b>\$0</b>	<b>\$55,874,886</b>
<b>Pasadas</b>	<b>Taylor Woodrow (and individual homeowners)</b>	<b>Taylor Woodrow</b>	<b>58</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			17	\$800,000	\$13,600,000		\$13,600,000
Improvements					\$8,433,118		\$8,433,118
Completed Homes			30	\$1,619,908	\$63,176,422		\$63,176,422
<b>Total</b>			<b>58</b>	<b>\$1,485,885</b>	<b>\$83,209,540</b>	<b>\$0</b>	<b>\$83,209,540</b>

**CFD NO. 2  
IMPROVEMENT AREA 1  
VALUATION SUMMARY**

As of  
9/1/03

Portion of Project	Legal Owner	Builder	No. of Residential Lots	Estimated Value Per Lot	Estimated Value	Undeveloped	Developed
<b>Court Homes</b>	Davidson Communities	Davidson Communities	<b>71</b>				
Undeveloped Lots			55	\$330,000	\$18,150,000	\$18,150,000	
Developed Lots			16	\$330,000	\$5,280,000		\$5,280,000
Improvements					\$1,195,000		\$1,195,000
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>71</b>	<b>\$346,831</b>	<b>\$24,625,000</b>	<b>\$18,150,000</b>	<b>\$6,475,000</b>
<b>Country Homes</b>	Warrington Homes	Warrington Homes	<b>35</b>				
Undeveloped Lots			35	\$312,524	\$10,938,340	\$10,938,340	
Developed Lots			0	\$0	\$0		\$0
Improvements					\$0		\$0
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>35</b>	<b>\$312,524</b>	<b>\$10,938,340</b>	<b>\$10,938,340</b>	<b>\$0</b>
<b>Sycamore Walk</b>	The Olson Company	The Olson Company	<b>50</b>				
Undeveloped Lots			0	\$0	\$0	\$0	
Developed Lots			50	\$150,000	\$7,500,000		\$7,500,000
Improvements					\$700,554		\$700,554
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>50</b>	<b>\$164,131</b>	<b>\$8,200,554</b>	<b>\$0</b>	<b>\$8,200,554</b>
<b>Total For Sale Production Builder Lots</b>			<b>549</b>	<b>\$670,742</b>	<b>\$368,297,426</b>	<b>\$29,088,340</b>	<b>\$339,149,066</b>
<b>Affordable Units:</b>							
<b>Sycamore Walk</b>	The Olson Company	The Olson Company	<b>70</b>				
Undeveloped Lots			0	\$0	\$0	\$0	
Developed Lots			70	\$0	\$0		\$0
Improvements					\$348,385		\$348,385
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>70</b>	<b>\$4,677</b>	<b>\$348,385</b>	<b>\$0</b>	<b>\$348,385</b>
<b>Sanitaz Family Apartments - Chelsea</b>	Sanitaz, LLC	Chelsea Investment Corp.	<b>119</b>				
Undeveloped Lots			119	\$0	\$0	\$0	
Developed Lots			0	\$0	\$0		\$0
Improvements					\$0		\$0
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>119</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total For Sale Production Builder And Affordable Lots</b>			<b>738</b>	<b>\$490,439</b>	<b>\$368,585,811</b>	<b>\$29,088,340</b>	<b>\$339,497,471</b>
<b>Project Grand Total</b>			<b>1,121</b>		<b>\$500,289,232</b>	<b>\$230,943,740</b>	<b>\$359,345,465</b>
<b>Rounded To The Nearest \$1,000</b>					<b>\$500,289,000</b>	<b>\$230,944,000</b>	<b>\$359,345,000</b>

This is not the "As Is" value as the above value is based on the property in its present condition assuming CFD improvements are complete

The estimated marketing time and exposure time are 12 months or less.

**ASSUMPTIONS AND LIMITING CONDITIONS**

This appraisal is made expressly subject to the assumptions and limiting conditions, as follows:

1. The appraiser assumes no responsibility for matters legal in character; title is assumed to be good and marketable.
2. Unless otherwise specified in this report, the property is valued as a fee simple title, free and clear of all liens and encumbrances except easements and rights of way of record. A title insurance report was not submitted for review. A preliminary title insurance report for a portion of the property was submitted for review. On this basis, the property is assumed free and clear of all leases and financing and under responsible ownership and competent management.
3. Any sketches, maps, and photographs in this report are included to assist the reader in visualizing the property. There has been no survey of the property by or under the direction of the appraiser, and the appraiser assumes no responsibility in these matters.
4. Information furnished by others is believed to be reliable, but the appraiser assumes no responsibility for its accuracy.
5. The distribution of the total valuation between land and improvements (if any), applies only under the program of utilization stated in this report. The reported market value is for the total property as appraised and no attempt has been made to evaluate any fractional interest, should they exist.
6. The existence of potentially hazardous material used in the construction or maintenance of the building or on the property, such as urea formaldehyde foam insulation, and/or existence of toxic waste, which may or may not be present on the property, has not been considered in this appraisal assignment. The appraiser is not qualified to detect such substances. The client is urged to retain an expert in this field if desired.
7. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
8. Except as noted, this appraisal assumes the land to be free of adverse soil conditions which would prohibit development of the property to its highest and best use.

9. This appraisal is made of surface rights only. No analysis has been made of subsurface rights, if any.
10. The submission of this report does not obligate the appraiser to give testimony or attend any court, governmental or other agency proceedings, without prior arrangements having been made for such additional employment.
11. The possession of this report, and/or a copy thereof, does not carry with it the right of publication (except by the principal(s) to whom it is addressed), nor may it be used for any purpose by any but the principal to whom it is addressed, without said principal's previous consent.
12. All estimates of value are presented as the appraiser's considered opinions, based upon the facts and data set forth in this report. The appraiser assumes no responsibility for changes in market conditions nor the inability of the owner to locate a purchaser within a reasonable time at the appraised value.
13. The developer's projection of income and expenses was based upon a revised business plan issued as of September 1, 2003 which was submitted for review. The plan included "go forward" projections from September 1, 2003 and expenses were programmed into the discounted cash flow analysis for the Santaluz, LLC portion of the valuation accordingly.
14. The valuation is based upon: the Vesting Tentative Map (Black Mountain Ranch, now Santaluz); the Second Amended and Restated Development Agreement (Black Mountain Ranch, now Santaluz); and the substantial Conformance Review Map for Santaluz which altered the original vesting Tentative Map. The old and new tentative maps and Development Agreement were included in the Addendums of previous appraisals. The subject property has undergone several reconfigurations and has a pending lot consolidation-reconfiguration in process now (five custom-estate lots). Details of the proposed consolidation-reconfiguration are summarized in Assumption 16 below. It is assumed that the project will be developed in accordance with these documents as approved and proposed.
15. A memorandum of an Open Space Option Agreement was recorded on June 16, 1998. It references the terms of an option to purchase additional open space contained in the Declaration of Covenants, Conditions and Restrictions between Black Mountain Ranch Limited Partnership and Black Mountain Ranch Developers, LLC. The inclusion of this open space as part of the subject property was necessary to satisfy the overall project residential density requirement of one dwelling unit per four acres. Therefore, it is assumed that the open space was or will be purchased and dedicated to the City of San Diego. The exhibits for the subject property provided do not include the open space.
16. The original entitlement was for 942 market rate single family residential units/lots and 179 affordable units (total 1,121 units/lots). The developer proposed 942 units and obtained a substantial conformance review altering the lot sizes and configuration in October, 1999. In early June, 2000, the developer altered that plan shifting 44 of the Production Villas Units into the Custom Villas category; 36 of the Production Estancias units into the Custom Estancias category; and all of the Haciendas Norte units (56 lots) into the Custom lot category by

combining their approved two lot cluster design into one lot, each resulting in 28 custom lots or a reduction of 28 lots in the overall total.

Subsequently, more changes were made resulting in the approval being 539 builder production lots, 342 custom lots, 179 affordable units and 61 market rate attached units on the "Northeast site" adjacent to the 119 planned affordable housing units. An Interim Substantial Conformance Review (1B) gained approval thereafter. It provided for 539 builder production lots, 343 custom lots, 189 affordable units and 50 market rate attached units. It also shifted market rate attached units from the "Northeast Site" to the Town Center and encompasses a reconfiguration of the Town Center area.

An additional Substantial Conformance Review was processed after Substantial Conformance Review 1B was approved. It proposed 539 builder production lots, 297 custom lots, 189 affordable units and 96 market rate attached units on both the Town Center and Northeast sites. This plan provides for custom lot consolidations and the creation of 18 new custom lots. That proposed plan was assumed in the prior appraisal

The developers have processed substantial conformance review changes now designated as SCR-4A, an interim step before SCR-4B. SCR-4B calls for 529 production builder lots, 307 custom lots, 189 affordable units, and 96 market rate attached units. The only difference between SCR-4A and 4B is five lots that are being allocated to the custom-estate lot category and are in transition from the builder production lot category to the custom-estate lot.

For this appraisal, the proposed lot consolidation plan was considered a reasonable assumption as it provides for significantly fewer custom lots and is a more conservative development plan.

The other components of the subject property being valued consist of: an 18-hole golf course (club house under construction); an existing Hacienda Building that acts as a community recreation/fitness center with other amenities (restaurant, meeting rooms, offices); two church sites, one near the main entrance to the project and the other in the Town Center portion; and a day care center site, seniors center, and recreation center adjacent to the Town Center church site.

It is assumed that the proposed lot consolidation-reconfiguration proposed will be approved as summarized in this appraisal.

17. The appraisal assumes the accuracy of the developer's construction costs as presented in the confidential business plan. It is recommended that the client retain an expert cost estimator to verify the costs as the appraiser is not qualified to do so.



**DISCLOSURE OF COMPETENCY**

David F. Davis has appraised numerous residential tract properties (land, finished lots and proposed residences) and planned communities over the past 25 years in San Diego County and southern California. Recent planned community appraisals (most of which have included Mello-Roos or other bond financing) include: two prior appraisals of the subject property (as of January 1, 2002, June 1, 2000 and September 1, 1998); Stonecrest; Rancho del Rey; Encinitas Ranch; Rancho Cielo; Salt Creek I/Salt Creek Ranch; Eastlake Greens; Tecate USA; Carmel Mountain Ranch; Rancho San Diego; Steele Canyon; Magellan Carlsbad Option Property; and Sunbow II.

The Carmel Mountain Ranch, Eastlake Greens and Steele Canyon Estates projects have golf courses. Many of the planned communities appraised also have commercial, industrial and hotel-recreation uses.

Prior appraisal experience of properties (not planned communities) subject to Mello-Roos or assessment district financing (or contemplated bond financing) include:

- Piper Ranch Business Park
- Otay International Center, San Diego
- Otay Rio Business Park, Chula Vista
- Parkway Business Centre, Poway
- Rancho del Rey Business Center, Chula Vista
- 4S Ranch Lots (TCW), San Diego County
- Honey Springs Ranch, Jamul
- Tecate Water District, Tecate, USA
- Mareya at Paloma, San Marcos

The subject property was previously appraised as of January 1, 2002, June 1, 2000 and as a portion of a larger property as of September 1, 1998.

**Companion Appraisal Assignment**

Also being appraised during preparation of this appraisal is CFD No. 2 (Santa Monica-Fairbanks Summit - Improvement Area 4) which is located adjacent to the west.

**DESCRIPTIVE SECTION**

**INTRODUCTION**

The subject property of this appraisal consists of a portion of a larger property originally entitled as Black Mountain Ranch on October 31, 1995. On March 17, 1997, the City of San Diego adopted the Second Amended and Restated Development Agreement for the larger project, Black Mountain Ranch Phase I which encompassed the subject property and adjacent property. During 1998 and 1999, the subject property portion was revised and renamed Santaluz. The revisions primarily involved enlarging lots and redesigning lot groups so that different products are somewhat intermixed in the majority of the "central core" portion.

A Community Facilities District "Mello-Roos" Assessment No. 2 (consisting of four Improvement Areas) will provide for public improvements for the subject property and two other groups of properties as follows:

**CFD No. 2 - Improvement Area 1 (Santaluz)** - The property was purchased on June 16, 1998 by Black Mountain Ranch Developers, LLC with the name of the development subsequently being changed to Santaluz. The major developer is Santaluz, LLC of which Taylor Woodrow Homes is the managing member. The project was originally entitled for 942 market rate single family residences; 179 affordable housing units; an 18-hole golf course and non-residential "institutional" uses including two churches, a police station/security office, Post Office/mail center, recreation center, property owners association offices, day care center, senior center, meeting hall/community center and schools. Additional land uses consist of open space, public parks and school sites (one of which straddles the lot lines between Improvement Area 3 and this property). The project has undergone several reconfigurations and now consists of, or is proposed to be entitled for 1,121 residential units including 529 builder production lots; 307 custom lots; 189 affordable housing units; and 96 market rate attached or detached condominium units. The golf course and other non-residential sites are unchanged from prior versions with the exception of a reconfiguration in the Town Center area to provide for additional market rate attached units and creating the church site (lot line adjustment) at the main entrance.

**CFD No. 2 - Improvement Area 2 (Black Mountain Ranch Phase I)** Owned by Black Mountain Ranch Limited Partnership and developed by Potomac Sports Properties, this project proposes an 18-hole golf course; a 300-unit hotel site; and a commercial site for approximately 60,000 square feet of building area. Additional land uses consist of open space, public parks and a fire station. Development is on hold.

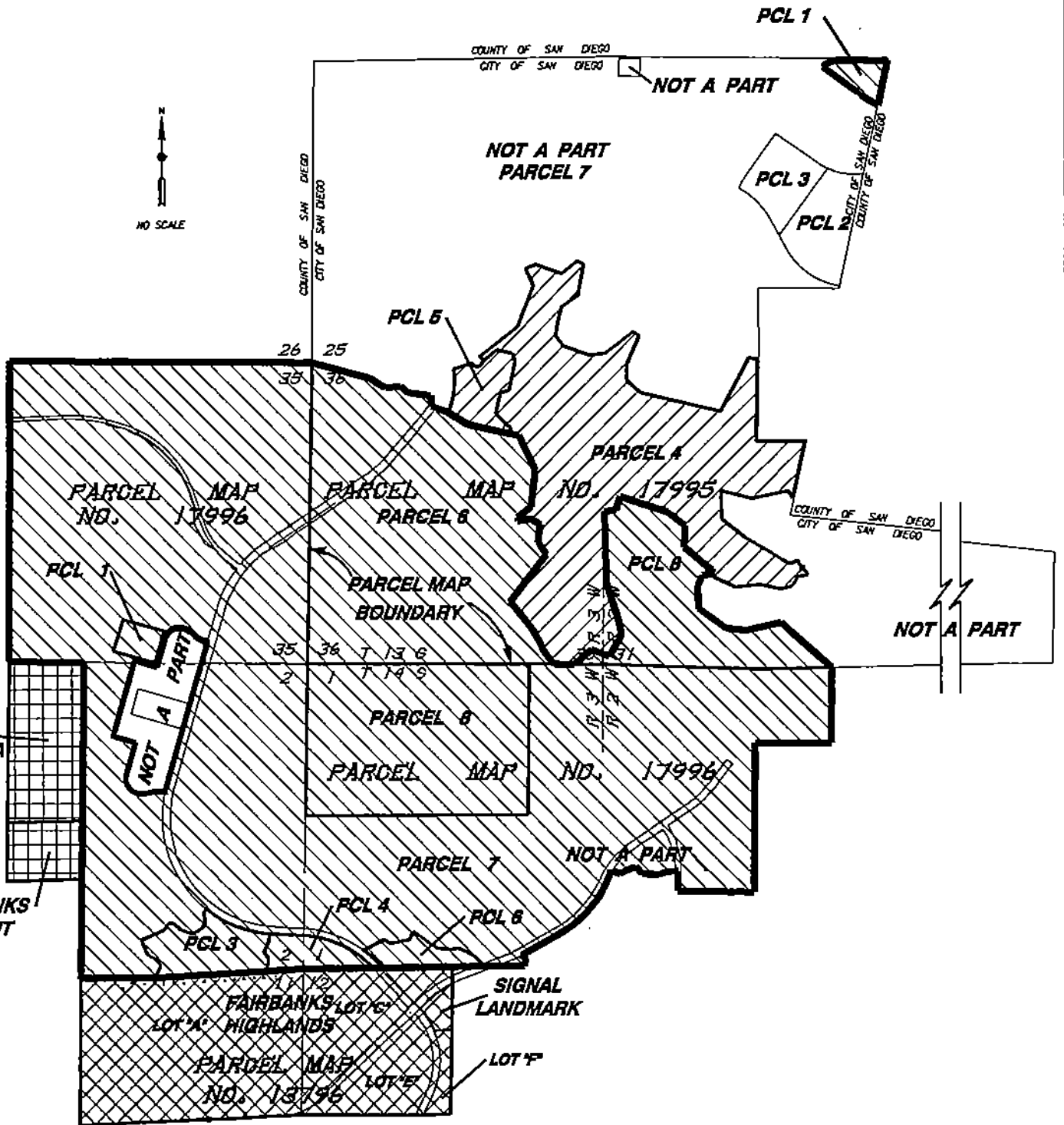
**CFD No. 2 - Improvement Area 3 (Fairbanks Highlands)** - Developed by Fairbanks Highlands, LLC and Signal Landmark, the residential portion consists of 93 single family residential lots being constructed by Fairbanks Highlands, LLC of which Taylor Woodrow Homes is the managing member. The commercial portion consists of a seven acre site entitled for a church. In addition, there is a middle school site which straddles the lot lines between Improvement Area 1 and this property.

**CFD No. 2 - Improvement Area 4 (Santa Monica - Fairbanks Summit)** - Being developed by Pulte Home Corporation (Colrich/Pulte), Western Pacific Housing, Inc. (D. R. Horton - Western Pacific) and Pardee Homes, Inc. (Pardee) under the marketing names, The Colrich Collection, The

Ranch at Santa Monica and Mirasol (Fairbanks Summit I and II), respectively. Colrich Collection consists of 66 proposed single family detached homes; The Ranch consists of 72 existing and proposed single family detached homes and 26 existing affordable housing units; and Mirasol consists of 52 proposed single family detached homes and 10 proposed affordable housing units.

Improvement Area 1 (Santaluz) is the subject property of this appraisal. As of the date of valuation, the Mello Roos financed improvements were all complete except the fire station on Camino del Sur (Camino Ruiz) which is almost complete. The following is the Community Facilities District Map of the subject property:

# COMMUNITY FACILITIES DISTRICT NO. 2



## LEGEND

- INDICATES IMPROVEMENT AREA No. 1
- INDICATES IMPROVEMENT AREA No. 2
- INDICATES IMPROVEMENT AREA No. 3
- INDICATES IMPROVEMENT AREA No. 4










**RICK ENGINEERING COMPANY**

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Legend:

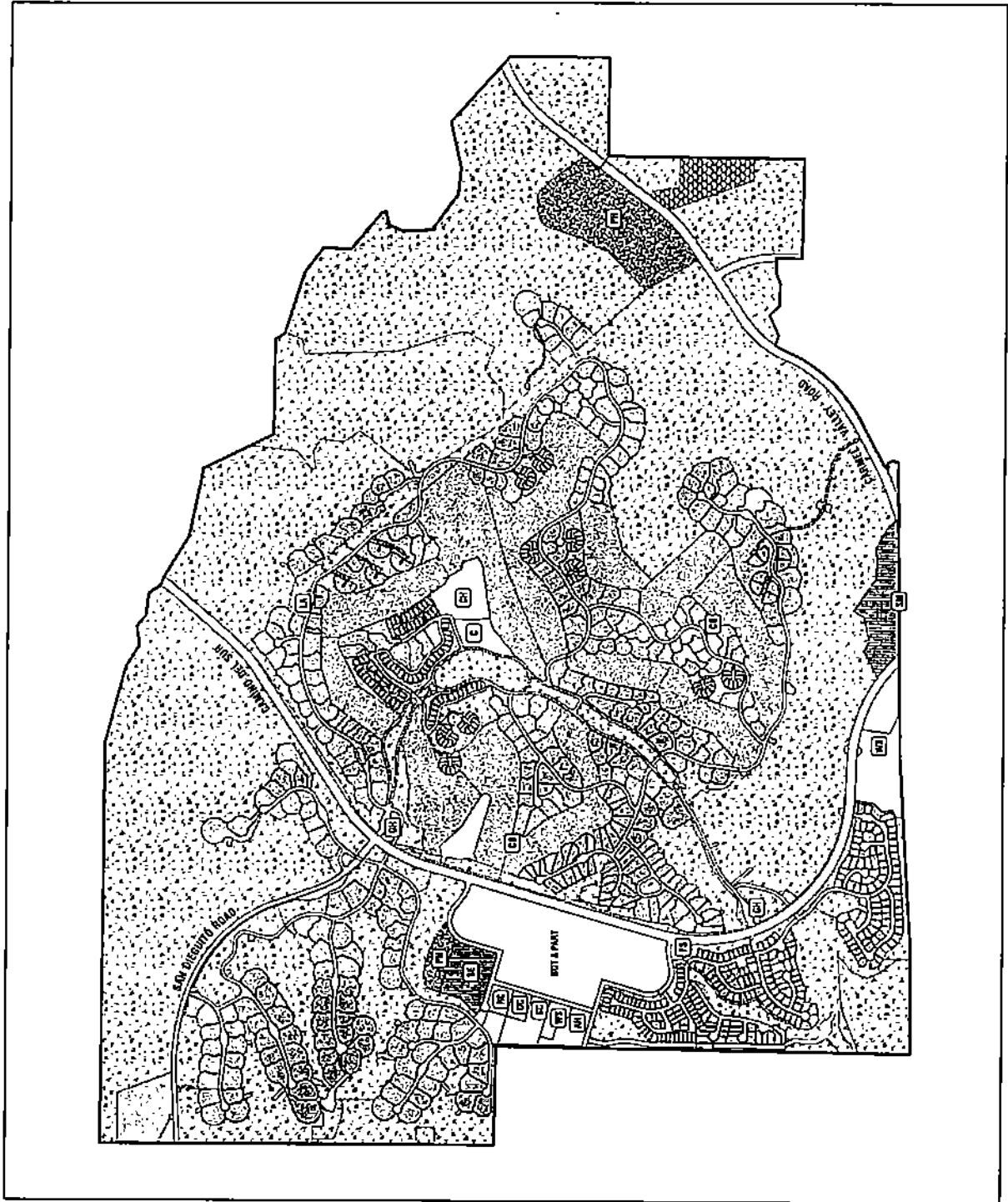
-  Open Space/Property Owner Association Lots
-  Residential
-  Golf Course
-  Park
-  School
-  Reservoir
-  Sanitary Boundary

- AM Affordable Housing
- C Community Center with Unimod. Tennis Courts
- CS Golf Course Certified Station
- CH Club House
- DC Day Care Site
- FS Fire Station
- GH Guard House
- LA Landmark
- PH Neighborhood Park Site
- PR Regional Park Site
- RC Recreation Center Site
- SC Senior Center Site
- EE Elementary School Site
- SM Middle School Site
- WS Worship Site

The items shown on this map may change. Future development and construction of improvements and other facilities not shown on this map may occur. The detailed development shall not be based on planning information available as of the date of this map. Contact applicable public agencies for up-to-date information.



Not To Scale  
01.28.04



SITE MAP OF COMMUNITY FACILITIES DISTRICT NO. 2  
IMPROVEMENT AREA NO. 1

The original entitlement was for 942 market rate single family residential units/lots and 179 affordable units (total 1,121 units/lots). The developer proposed 942 units and obtained a substantial conformance review altering the lot sizes and configuration in October, 1999. In early June, 2000, the developer altered that plan shifting 44 of the Production Villas Units into the Custom Villas category; 36 of the Production Estancias units into the Custom Estancias category; and all of the Haciendas Norte units (56 lots) into the Custom lot category by combining their approved two lot cluster design into one lot, each resulting in 28 custom lots or a reduction of 28 lots in the overall total.

Subsequently, more changes were made resulting in the approval being 539 builder production lots, 342 custom lots, 179 affordable units and 61 market rate attached units on the "Northeast site" adjacent to the 119 planned affordable housing units. An Interim Substantial Conformance Review (1B) gained approval thereafter. It provided for 539 builder production lots, 343 custom lots, 189 affordable units and 50 market rate attached units. It also shifted market rate attached units from the "Northeast Site" to the Town Center and encompasses a reconfiguration of the Town Center area.

An additional Substantial Conformance Review was processed after Substantial Conformance Review 1B was approved. It proposed 539 builder production lots, 297 custom lots, 189 affordable units and 96 market rate attached units on both the Town Center and Northeast sites. This plan provides for custom lot consolidations and the creation of 18 new custom lots. That proposed plan was assumed in the prior appraisal

The developers have processed substantial conformance review changes now designated as SCR-4A, an interim step before SCR-4B. SCR-4B calls for 529 production builder lots, 307 custom lots, 189 affordable units, and 96 market rate attached units. The only difference between SCR-4A and 4B is five lots that are being allocated to the custom-estate lot category and are in transition from the builder production lot category to the custom-estate lot.

For this appraisal, the proposed lot consolidation plan was considered a reasonable assumption as it provides for significantly fewer custom lots and is a more conservative development plan.

The other components of the subject property being valued consist of: an 18-hole golf course (club house under construction); an existing Hacienda Building that acts as a community recreation/fitness center with other amenities (restaurant, meeting rooms, offices); two church sites, one near the main entrance to the project and the other in the Town Center portion; and a day care center site, seniors center, and recreation center adjacent to the Town Center church site.

It is assumed that the proposed lot consolidation-reconfiguration proposed will be approved as summarized in this appraisal.

*The subject property of this appraisal is the Santaluz project. Santaluz is the marketing name for a portion of the Black Mountain Ranch project originally entitled under that name as set forth in the Second Amended and Restated Development Agreement (see Addendum). To the extent that the description of the project includes the name Black Mountain Ranch in this appraisal, it is done so to be consistent with the Development Agreement and supporting documents previously submitted from which much of the background discussion was excerpted.*

The greater "Black Mountain Ranch" project (of which the subject is a part) will evolve in two phases (a portion of Phase I is the subject of this appraisal):

The first phase will be developed at an overall rural density of one house per four acres in accordance with existing zoning. It will include a mix of single family housing types clustered in the southern portion of the property in association with the southern golf course and open space system. Of the 1,121 units to be constructed during this phase, 189 will be "affordable" to people earning no more than 60% to 80% of the median income. The City's density bonus ordinance was used to derive the original total of 1,121 units, that was based on 897 units plus a bonus of 224 units (179 affordable and 45 market rate units).

A portion of the property is being offered to the public on a lot sales basis in anticipation of the construction of custom homes by individual owners. In order to establish and maintain a strong community character, homes will be constructed in accordance with the Santaluz design guidelines. Other portions of the property were/will be built out and sold by a select group of single family home builders following the same strict guidelines. The builders selected consist of Baywood Development, Centex, Christopher Homes, D.R. Horton, Taylor Woodrow Homes, Davidson Communities and Warmington Homes. This phase of Black Mountain Ranch includes extensive public facilities, including major roads, parks and schools.

Consistent with the intent of the zoning, clustering of more manageable lot sizes maximizes the amount of open space. As a consequence, 1,644 of the 2,548 acres included in the subject property are set aside as open space.

The subject property will also contain two churches, a day-care and senior center complex, an elementary school and a portion of a middle school, fire station, and a community center will serve the village and surrounding rural residential areas.

The subject property surrounds a 61.87 acre site situated on the west side of Camino del Sur (Camino Ruiz) noted in the exhibits as "not a part" or "future development". It is owned by Shea Homes and consists of their Verazano Project of 218 single family residences. Other uses consist of two parks and other passive amenities including two common area association lots. There are also 42 affordable units.

**North City Future Urbanizing Area**

The Future Urbanizing Area was established by the City of San Diego as an urban reserve, an area intended for future planning and development. Proposition A was adopted by City voters in 1985, mandating a public vote to change the area designated for future urbanizing. The change from Future Urbanizing Area to Planned Urbanizing Area is commonly referred to as a "phase shift," and it is the necessary first step to permit other than primarily rural use and development within the Future Urbanizing Area.

The subject property is located within the Future Urbanizing Area of the City of San Diego (subject property approved and does not require voter approval). This area is also commonly referred to as the North City Future Urbanizing Area, and consists of approximately 12,000 acres stretching from Interstate 5 on the west, to the Rancho Penasquitos community on the east, with the Los Penasquitos Canyon to the south and the Santa Fe Valley to the north.

The Future Urbanizing Area has been divided into five sub-areas, each planned according to land use patterns, and policies regarding the long-term use and development of each area. The Black Mountain Ranch component is located within Subarea I, which is a 5,081 acre site bound on the west, north and the east by unincorporated areas of San Diego County. On the east, southeast and south, Subarea I is bound by the Rancho Penasquitos community planning area and the Fairbanks Highlands planned residential development (presently under development in Subarea IV). Subarea I is the northeastern-most portion of the North City Future Urbanizing Area.

**PURPOSE OF THE APPRAISAL**

The purpose of this appraisal is to estimate market value of the subject property in its present condition assuming Mello-Roos financed improvements are complete.

**DEFINITION OF MARKET VALUE**

According to the Uniform Standards of Professional Practice (USPAP), 2003, "Market Value" means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised, and each acting in what they consider their own best interest.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto.



5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

According to the Appraisal Standards For Land Secured Financing prepared by the California Debt and Investment Advisory Commission, *Market Value* is defined as follows:

The most probable price in cash or in terms equivalent to cash for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeable, and for self-interest, and assuming that neither is under undue duress.

This definition of *market value*, though helpful, does not adequately reflect the dynamics of the real estate development industry which affect value. The market for detached single family houses is very different from the market for large tracts of undeveloped land. At any point in time, one or both of these markets will be at work in a CFD or assessment district. The appraiser's estimate of *market value*, therefore, needs to be further refined into *retail value* and *bulk sale value*. The development status of the subject property at the time of the appraisal will determine which definition applied.

*Retail Value* should be estimated for all fully improved and occupied properties. Retail value is an estimate of what an end user would pay for finished property under the conditions requisite to a fair sale. Appraisers estimate retail value through the conventional appraisal methods (principally the Sales Comparison Approach to Value). Investment bankers or other parties to the financing may request from the appraiser the *aggregate retail value*, which simply is the sum total of the retail values estimated for each parcel.

*Bulk Sale Value* should be estimated for all vacant properties, both unimproved properties and improved or partially improved but unoccupied properties. Bulk sale value is derived by discounting retail values to present value by an appropriate discount rate, through a procedure called *Discounted Cash Flow Analysis*. Bulk sale value is defined as follows:

The most probable price, in a sale of *all* parcels within a tract or development project, to a single purchaser or sales to multiple buyers, over a reasonable absorption period discounted to present value, as of a specified date, in cash, or in terms equivalent to cash, for which the property rights should sell after reasonable exposure, in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeable, and for self-interest, and assuming that neither is under undue duress.

A combination of the Retail Value and the Bulk Sale Value is appropriate for this appraisal. The Bulk Sale Value portion of the property was applicable to the "undeveloped" property owned by Santaluz, LLC. The Retail Valuation portion is applicable to the "improved" property owned by Santaluz, LLC and others. Definitions of these terms are included in the Addendum. Essentially, "developed" properties are those for which building permits have been pulled prior to the date of value. "Undeveloped" properties are those for which building permits have not yet been pulled.

**PROPERTY RIGHTS APPRAISED**

The property rights appraised are those of the fee simple unencumbered estate, subject to covenants, conditions, restrictions, zoning, present entitlements as set forth in this report and other matters of record.

**DATE OF VALUATION**

The date of valuation of this appraisal is September 1, 2003. The subject property was physically inspected at various times before and after that date.

**FUNCTION OF THE APPRAISAL**

To evaluate the security for potential Mello-Roos bond debt to be placed on the land.

**SCOPE OF THE APPRAISAL**

This appraisal report is intended to communicate the results of an "appraisal assignment," as defined in the Standards of Professional Appraisal Practice of the Appraisal Institute; i.e., it is intended that the appraisal service be performed in such a manner that the results of the analysis, opinion, or conclusion be that of a disinterested third party. It is intended that all appropriate data deemed pertinent to the solution of the appraisal problem be collected, confirmed, and reported in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Code of Professional Ethics of the Appraisal Institute. The scope of the analysis is intended to be appropriate in relation to the significance of the appraisal problem. To develop the opinion of value, the appraiser performed a complete appraisal process, as defined by the Uniform Standards of Professional Appraisal Practice. This means that no departures from Standard 1 were invoked.

Comparable data, researched through CoStar Comps (a professional data service), brokers, sales representatives, buyers, sellers and public records, was verified with parties to obtain prices, terms, and units of comparison.

Specifically, the scope included a comprehensive survey of data necessary to complete the valuation. A reasonable effort was made to verify all data relied upon with a party to the transaction, i.e., buyer, seller or broker. Individual finished lot value estimates were completed using the Sales Comparison Approach. From that valuation, appropriate deductions were made for remaining costs to complete. In some cases, the estimated value of improvements in place was added to the lot value. For the undeveloped portions of the subject property owned by the Santaluz, LLC, a Development Method was used facilitated by discounted cash flow analysis. These terms are further explained in the Valuation Methodology Section.

**MARKETING TIME/EXPOSURE TIME**

The definition of market value specifies that a reasonable time is allowed for exposure in the open market, i.e. marketing time/exposure time. This analysis includes an estimate of the cash equivalent price that might be received upon exposure to the open market for reasonable time, considering the property type, and market conditions relating to that property. Additional considerations include the

depth of the market for a particular type of property. An exposure time estimate is, therefore, implicit in the definition of market value.

Exposure time and marketing time are two distinct time periods. Exposure time is always presumed to have occurred before (and up to) the effective date of value, while marketing time occurs after the date of market value.

**Marketing period** is defined in The Dictionary of Real Estate Appraisal, Third Edition, as:

1. The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal.
2. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal, the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions.

**Exposure** is defined in The Dictionary of Real Estate Appraisal, Third Edition, as:

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.

Since the mid-1990s, residential real estate transactions have been on the rise. This includes sales of land in the path of development. Demand for finished lots has been keen, and while most market participants (residential developers) are primarily interested in building houses, it has occasionally been necessary to do some land development in order to secure lots. A number of firms would be interested in buying the subject in its current condition as a majority of the on and offsite improvements have been completed. Potential developer/homebuilder buyers are familiar with the property and performing due diligence (typical review of documents, surveys, tests, etc.) would not take very long.

Based upon this analysis, the time to close escrow after the property is exposed to the market would not be unusually lengthy. Therefore, 12 months is considered a sufficient marketing time.

## **PROPERTY IDENTIFICATION**

### **Legal Description**

The legal description provided in the Second Amended and Restated Development Agreement included in the Addendums of previous appraisals shows more property than is the subject of this appraisal. Since the "agreement" was signed, the subject property has undergone several changes pursuant to lot reconfigurations and consolidations. All the information depicting the subject property

at this point and as proposed is contained in this appraisal and consists of: the subdivision maps; the lot database; and the color coded project map.

**Location**

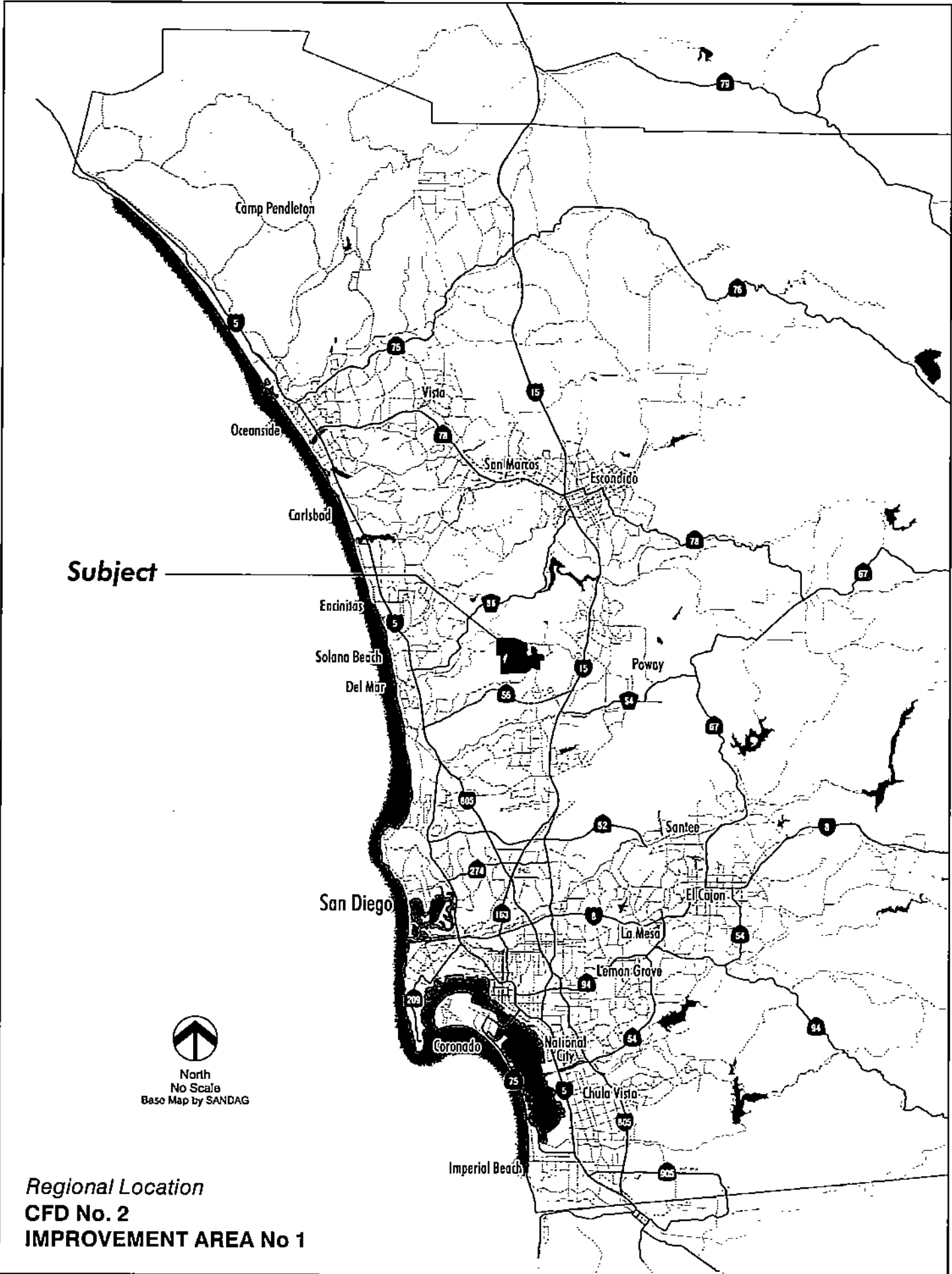
The subject property is located in the North City Future Urbanizing Area of the City of San Diego. More specifically, the project is generally located on both sides of Camino del Sur (Camino Ruiz) and San Dieguito Road north of Carmel Valley Road and the westerly terminus of Rancho Bernardo Road at Black Mountain Road north of Camino del Norte, north of the future extension of Ted Williams Parkway (State Route 56); San Diego, California (please see the enlarged maps in the Addendum for onsite street names). The location is approximately 20 miles north of the San Diego Civic Center.

**Owner of Record - History**

Title to the subject property is presently vested as shown on the lists included in the Addendum.

On June 16, 1998, a portion of the Black Mountain Ranch property transferred to Black Mountain Ranch Developers, LLC. The property transfer consisted of: the land for development of the 942 market rate residential lots; 179 affordable units; the southerly golf course; two church sites; one middle school site; the Day Care Center site; the Recreation Center site; the Seniors Center site; the elementary school site; and a 30-acre park site. There was also an option to purchase approximately 800 acres of open space between Black Mountain Ranch Developers, LLC (optionee) and Black Mountain Ranch Limited Partnership (optionor). The remaining Black Mountain Ranch property is owned by Black Mountain Ranch Limited Partnership. This sale of a portion of Black Mountain Ranch was considered and analyzed but the terms were held confidential pursuant to a Confidentiality Agreement.

Individual sales of lots that have occurred at the subject property within the past two years are summarized in various sections of this appraisal.



**Subject**



North  
No Scale  
Base Map by SANDAG

*Regional Location*  
**CFD No. 2**  
**IMPROVEMENT AREA No 1**

**AREA DESCRIPTION**

San Diego County is located in the extreme southwestern corner of the United States, bounded on the south by Mexico and on the west by the Pacific Ocean.

The county covers 4,266 square miles and has three different zones: the coastal plain is cut and divided by canyons and valleys; the central zone contains irregular foothills and mountains to a 6,500 foot elevation; and the northeastern portion of the county drops down to low desert. It is the western coastal area that is urbanized, leaving the rest of the county fairly sparse in population. The region is known for its mild climate and attractive high quality of life.

The county population was 2,961,579 as of January 1, 2003, currently the state's third largest county. The population estimate for 2010 is 3,235,675. In recent years San Diego's growth appeared to be slowing from high growth rates enjoyed during the 1970s when annual growth averaged 3.7%. During the 1980s, population growth averaged 2.98% per year, making San Diego's population growth rate the fastest among the 15 largest metropolitan areas in the nation. The county's population is forecasted to be 3,889,604 by 2030, a 38% increase from year 2000.

The city of San Diego contains the largest portion of the county's residents at approximately 1,275,112 as of January 1, 2003 and is the nation's seventh largest city. Because the city is the largest and oldest urban area, it has an overall growth rate less than the county. The city's 1980-1990 average growth of 2.4% per year, however, made it the fastest growing of the 20 largest cities in the United States. The most rapid population growth is occurring in the northern fringes of the city of San Diego and in both north and south communities, largely due to the availability of suitable residential land. The regions of Carlsbad, Chula Vista, and San Marcos will experience a greater than 50% increase in population by 2030.

Transportation facilities within the county include an efficient and still expanding freeway system, various railroad lines, and a public transit system featuring a light rail trolley. To date, the trolley connects from just past QUALCOMM Stadium (immediately north of Interstate 5) to downtown San Diego and then on to the San Ysidro border crossing into Mexico, providing service to the many communities along the route. Another line currently provides downtown access to the communities of Santee, El Cajon and Lemon Grove. By 2005 the trolley will serve San Diego State University and connect the two existing trolley lines at Grossmont Center. Eventually, the line will be extended northward from Old Town up to University City then east through Mira Mesa and finally, connecting with the Interstate 15 corridor. In addition to these routes, there are plans to add a similar rail line onto the existing freight tracks between Oceanside and Escondido. The well-developed freeway system consists of five major north/south routes and three major east/west routes serving the local area and points beyond. Expansion and new construction are ongoing, enhancing the existing excellent road network in the area.

The deep-water port of San Diego, Lindbergh Field International Airport, and eight smaller general aviation airports provides transportation via water and air.

San Diego County has substantially broadened its employment and economic base from the early 1960s when aerospace and defense activities dominated the economy. Manufacturing has shifted toward electronics, computers, instrumentation, and other high technology items. Additional diversification has been the development of such sectors as services, research and development,

domestic and international trade, and health services. Some of San Diego's emerging industries include bioscience, software, telecommunications, electronics and recreational goods. San Diego is now a recognized world leader in bioscience with the third largest concentration of bioscience companies in the United States. There are more than 400 bioscience companies and 32,000 people employed in this sector. The software & internet industry in San Diego comprises of more than 1,253 firms, which employ 17,500 people, and includes internationally recognized companies such as: SAIC, Intuit and HNC Software.

Due to the large number of communication companies, San Diego is becoming to be known as the "Wireless Communications Capital of the World." As of 1998 there were 20,619 people employed in telecommunications and by 2006 total employed in this sector will grow by 75%. Some of the companies located here include: QUALCOMM, Hughes Network Systems, Nokia, Sony Wireless and Viasat. The electronics sector now employs a workforce of more than 51,000 people and provides continual innovation of new products and technologies. Some of the manufacturers include: Hewlett Packard, Unisys, Encad, Rockwell Semiconductor Systems, Sony, Sanyo, Samsung and Matsushita.

At the same time, local, state and federal government employment, including military personnel, has declined from 28% in 1970 to approximately 11% as of 1999, but still contributes heavily to the size and overall vitality of the economy. Annually, the Defense industry provides \$9.7 billion to the region's economy. Tourism is the third largest revenue generator to the local economy. The industry draws visitors from throughout the world that spent approximately \$5.2 billion in year 2000.

Overall, employment is projected to grow by 25,000 jobs to 1,267,700 total jobs in 2002. Employment has remained relatively stable, with increases every year except for 1995, which experienced a slight downward move. Manufacturing jobs, on the other hand, peaked at 138,000 jobs in September of 1990 dropped steadily through 1995 and have been slowly climbing back ever since and now total 126,000 jobs, an 8.7% decrease from the record high. According to the Employment Development Department of the State of California, total jobs, job growth projected growth into 2020 are as follows:

**Total Jobs Available in San Diego**

<u>Year</u>	<u>Number of Jobs in San Diego</u>	<u>Annual Change</u>	<u>Change</u>
1997	1,065,000	47,800	-
1998	1,110,700	45,700	4.3%
1999	1,164,100	53,400	4.8%
2000	1,208,300	44,200	3.8%
2001	1,242,700	34,400	2.8%
2002	1,267,700	25,000	2.0%

*San Diego County Employment by Industry  
source SANDAG*

	<u>Total</u> <u>1995</u>	<u>Total</u> <u>2020</u>	<u>Percent</u> <u>Change</u>
<i>All Industries</i>	<b>989,300</b>	<b>1,485,353</b>	<b>50%</b>
Agriculture, Mining & Construction	54,700	88,886	62%
Manufacturing	114,900	126,931	10%
Transportation, Comm., & Utilities	37,400	52,703	41%
Wholesale Trade	42,900	90,311	111%
Retail Trade	186,600	265,782	42%
Finance, Insurance, & Real Estate	55,800	96,750	73%
Services	310,900	499,364	61%
Government	186,100	264,626	42%

At the beginning of 1996, the Economic Research Bureau of the Chamber of Commerce projected job growth for the remainder of the 1990s of 20,000 to 25,000 jobs per year. Instead job growth almost doubled expectations for the remainder of the decade.

Previously, employment had been growing at 5% annually. The decline in Federal employment was accompanied by a substantial expansion of the local industrial base with emphasis on high technology and research and development activity. The growth of this diverse labor force is attributed to expanding employment opportunities and the relatively high quality of life, which attracts people to the area.

January 1996 was the first period since 1990 that the unemployment rate for San Diego County was below that for the state and the nation. Because of the region's reliance on defense related manufacturing which has been curtailed significantly, this sector of the civilian job force was hard hit in the recession. In addition, construction was down in the region in the first half of the 1990s due to the recession causing a substantial loss in jobs (construction). The San Diego County civilian unemployment rate is 3.3%, 5.2% for the State, 4.7% for the nation.

The following table shows the trend in the Gross Regional Product (GRP) of San Diego County according to the Economic Research Bureau of the San Diego Chamber of Commerce for the years 1990 through 2000 and projections to 2003. GRP is an estimate of the value of all goods and services produced in the county. The San Diego region now ranks as the 38<sup>th</sup> largest economy in the world and is estimated to grow to 133.6 billion in 2003.



<u>Year</u>	<u>Gross Regional Product (Billions)</u>	<u>Percent Change</u>
1990	\$64.7	5.5%
1991	\$66.7	3.1%
1992	\$67.9	1.7%
1993	\$69.2	2.0%
1994	\$71.8	3.8%
1995	\$75.1	4.6%
1996	\$79.6	5.9%
1997	\$86.1	8.2%
1998	\$94.4	9.7%
1999	\$103.9	10.1%
2000	\$113.0	8.7%
2001	\$120.1	6.3%
2002	\$126.2 <i>estimate</i>	5.1%
2003	\$133.6 <i>forecast</i>	5.9%

According to the Economic Research Bureau of the San Diego Chamber of Commerce, the real change in gross regional product after adjustment for inflation is much lower. The Bureau projects a "real" GRP growth for 2003 of 3.3%. The rate of change adjusted for inflation for 1991 through 2003 (Projection) is as follows:

<u>Year</u>	<u>Percentage Change Gross Regional Product Adjusted for Inflation</u>
1991	<0.5% >
1992	<1.1% >
1993	<0.8% >
1994	1.5%
1995	2.6%
1996	4.1%
1997	6.5%
1998	8.5%
1999	9.0%
2000	6.2%
2001	2.6%
2002	2.4% <i>estimate</i>
2003	3.3% <i>forecast</i>

In other areas of the economy, the commercial/industrial construction industry had flourished in the 1980s, along with significant growth in the tourist/visitor and retail trade sectors. The residential construction industry slowed down in the early 1990s as shown by the employment/job loss figures above. The slowdown was a result of several factors, but primarily due to an overall economic slowdown which decreased housing demand. Some slowing in construction has been occurring due to a dwindling supply of developable land, local legislative actions enacted in cities throughout the

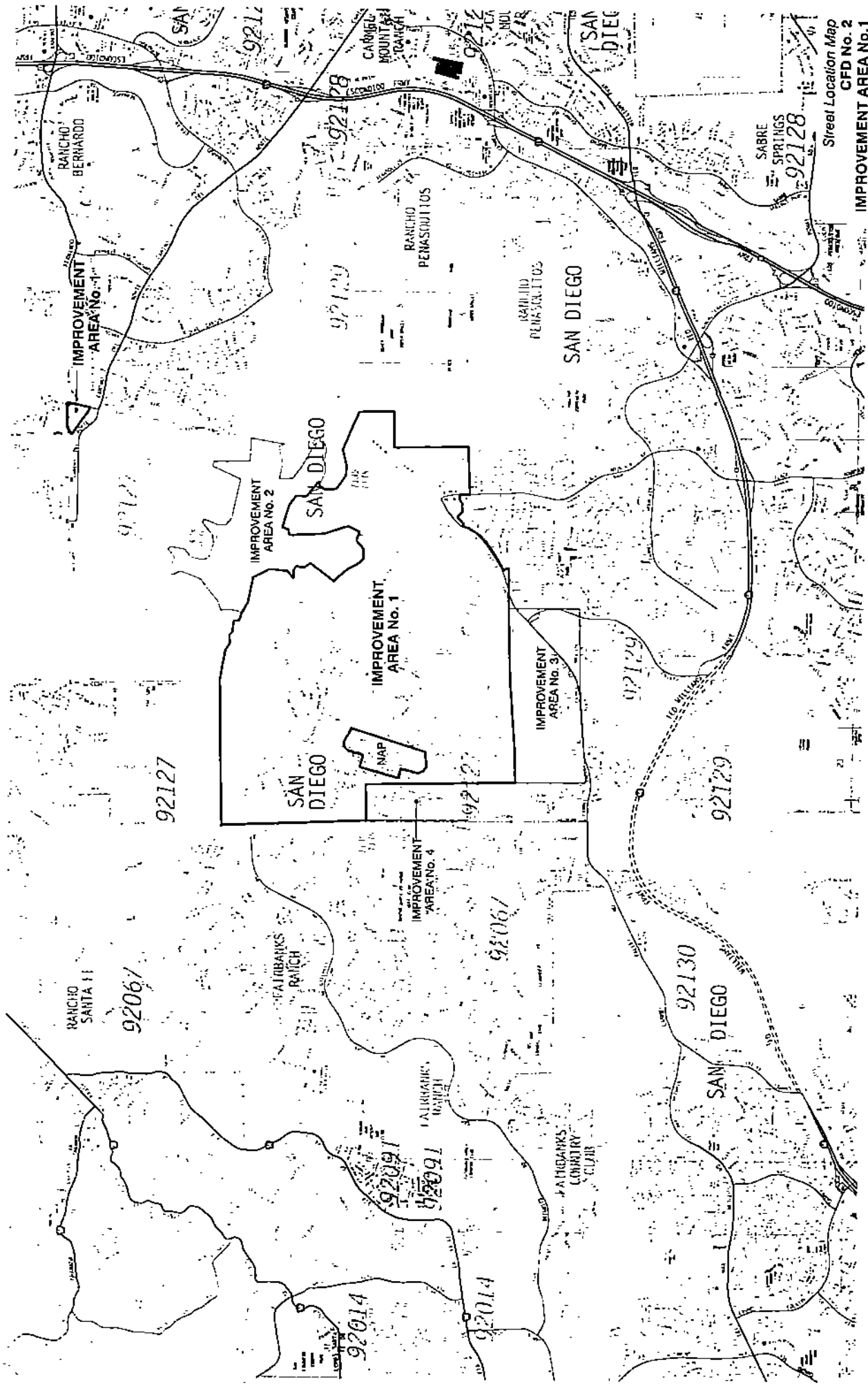
county to limit either new construction or adding fees and taxes that inhibited construction. These additional fees and taxes made housing less affordable to the consumer, which further slowed sales. Commercial/industrial construction began to rebound from the recession in mid-1995.

Growth has begun again in most sectors of the economy, and there are new opportunities ahead due to the attraction of domestic growth industries and proximity to the Pacific Basin and the U.S.-Mexican border.

The general outlook is for San Diego County to continue as a leader in the national trend towards service, high technology communications, biotechnology and information-oriented industries and away from traditional heavy industry. The North American Free Trade Agreement (NAFTA) passed by Congress in the early 1990s will benefit San Diego County in terms of growth of free trade, but will also likely further erode the remaining heavy industry creating a greater need for expansion of high technology or biotech industries. Although the long-term effects are still unknown, it is likely that more job growth will result from increased free trade than are lost to heavy industry moving across the border.

In summary, San Diego County is a dynamic community with an economy that is more diversified than ever before. The traditional reliance on the military and defense related industries have been reduced over the past 20 years, however, those portions of the local economy are still significant. Current market conditions are improving in a majority of the economy. The regional economic diversification and natural amenities, such as the weather and attractive coastal characteristics, will continue to attract people to the area. The city, county and state governments are demonstrating policies towards controlling leapfrog growth, preserving the area's agreeable lifestyle, attracting clean industries and have begun to address the region's water shortage.

For the foregoing reasons, it is believed that San Diego County is a good place to own property, which will continue to grow and prosper over the long term, and as it does property owners will be rewarded with appreciation of both values and incomes.



Street Location Map  
 CFD No. 2  
 IMPROVEMENT AREA No. 1

**NEIGHBORHOOD/DISTRICT DESCRIPTION**

The subject property is located within the North City Future Urbanizing Area of the City of San Diego.

**North City Future Urbanizing Area**

The Future Urbanizing Area of the City of San Diego consists of approximately 12,000 acres stretching from Interstate 5 on the west, to the Rancho Penasquitos community on the east, with the Los Penasquitos Canyon to the south and the Santa Fe Valley to the north.

The North City Future Urbanizing Area has been divided into five sub-areas, each planned according to land use patterns and policies regarding the long-term use and development of each area. The subject property is located in Subarea I-A of the North City Future Urbanizing Area.

The Future Urbanizing Area was established by the City of San Diego as an urban reserve, an area intended for future planning and development. The Future Urbanizing Area was established in the City's 1979 Progress Guide and General Plan and has been refined in subsequent City policies. The City of San Diego's Progress Guide and General Plan classifies all land within the city as belonging in one of four tiers: Urbanized, Planned Urbanizing, Future Urbanizing, and Environmental. These tier designations are intended not only to regulate the type and timing of development in urban expansion areas, but also to strengthen the older and geographically central parts of the city to comprise the urbanized area. The Future Urbanizing designation is an interim designation designed to prevent premature urban development.

Within the Future Urbanizing Area there are four development alternatives: development pursuant to the A-1 zone regulations (one dwelling unit per 10 acres with the open space available for future development or one dwelling unit per four acres with the open space permanently dedicated per City of San Diego Council Policy 600-29) with the open space available for rezone after a phase shift; rural clustering at the same density; conditional uses which are non-urban in character; or clustered residential development at a density of one dwelling unit per four acres with the open space to be permanently dedicated.

Subsequent to the establishment of the Future Urbanizing Area in 1979, there have been two landmark ballot measures affecting development. Proposition A was adopted by City voters in 1985, mandating a public vote to change the area designated Future Urbanizing. The change from Future Urbanizing Area to Planned Urbanizing Area is commonly referred to as a "phase shift," and it is the necessary first step to permit other than primarily rural use and development within the Future Urbanizing Area. In June of 1994, another ballot measure was placed before the voters of the City of San Diego to decide whether or not to shift the entire Future Urbanizing Area to a Planned Urbanizing classification. That measure was rejected by voters.

The ballot measure in 1994 would have permitted land in the Future Urbanizing Area to be developed at significantly higher densities, and more rapidly than would have been the case under the four options shown above. The vote in 1994, however, was rejected by the voters, which means that all of the land within the Future Urbanizing Area must be developed in accordance with a Framework Plan which was adopted October 26, 1993, with subsequent updates in February 22, 1994 and March 7, 1994. The Framework Plan provides the vision or blueprint/framework for development of the

Future Urbanizing Area and identifies Subareas within the Future Urbanizing Area. The Subarea Plans describe in greater detail land use patterns and policies as well as locations of major circulation elements that guide the long-term use and development of the area.

Prior to completion of the Framework Plan, most development in the urban reserve had been prohibited since approximately 1985 by Proposition A, an initiative which requires a city-wide vote prior to any approvals for projects requesting densities greater than those allowed by the existing agricultural zoning. The adoption of the Framework Plan lifts the moratorium and allows processing on a development to continue within the context of both the Framework Plan and the Subarea Plans.

### **Subarea I**

Subarea I consists of CFD No. 2 Improvement Areas 1, 2 and 4 of which the subject is a part (see introduction section).

### **Subarea IV (Torrey Highlands)**

The Fairbanks Highlands portion of the Community Facilities District No. 2 (Improvement Area 3) is located in Subarea IV and adjoins the subject property to the south. It is positioned at the northerly portion of this subarea which is immediately south of Subarea I and east of Subarea III. Subarea IV of the North City Future Urbanizing Area was renamed Torrey Highlands after adoption by the City Council. Initial development of single family residences began in the first quarter of 2000 at the northerly portion of this subarea.

### **4S Ranch Specific Plan Area (SPA)**

The 4S Ranch SPA is located within San Diego County (northwest of the subject property), adjacent to the west to the existing community of Rancho Bernardo and bisected north/south by Rancho Bernardo Road. The 4S Ranch property was originally being developed by the Ralph's family, founders of the Ralph's Food Stores chain. The Ralph's family has formed a partnership with a Canadian developer, Kelwood Financial, to develop the property under the name of Kelwood General Partnership. The project will ultimately contain over 5,000 housing units, retail services, office/professional uses and numerous parks and recreational services. The first phase of the 3,600 acre 4S Ranch Master Planned Community included the development of the 235 acre business park. Housing and commercial/retail uses will follow in subsequent phases over approximately a 20-year buildout. Construction of the current phase began in 1999.

### **Rancho Cielo Specific Plan Area (SPA)**

The Rancho Cielo SPA consists of 2,815 acres of land immediately north and west of the Del Dios Highway in the vicinity of Del Dios and Elfin Forest (north of the subject property). The specific plan was originally approved by the County of San Diego in 1983 with amendments approved in 1984. The project is planned for approximately 770 dwelling units, an equestrian center, a village center consisting of civic and commercial uses, neighborhood commercial center and an interconnecting system of local space corridors and greenbelts. Development planning commenced in August, 1979 when the Rancho Cielo Association, comprised of 16 individual ownerships, was formed. The Association was formed to obtain approval from the County Board of Supervisors to prepare a specific plan.

The Rancho Cielo planning area includes a variety of physical features that are distinctive in character. The Escondido Creek traverses the property on the north and west and feeds into the San Elijo Lagoon. Rising above the creek are flat and rolling ridges and hilltops offering expansive use of the coastline as well as inland communities. Adjacent to these ridges are the steep, rocky cliffs above Del Dios Highway.

The Rancho Cielo Specific Plan proposes a mixture of residential land use densities but primarily estate type homes. Construction is underway with sales of four lots groups to developers and custom lots sales having begun in 2000.

### **Santa Fe Valley Specific Planning Area (SPA)**

The Santa Fe Valley SPA is a 3,164 acre project approved in December, 1995 for a maximum of 1,200 dwelling units, 1,400 acres of permanent open space, a golf course, resort conference facility, and neighborhood commercial uses. The Santa Fe Valley SPA includes 85 owners who individually own between .29 and 217 acres each. The location is north of the subject property and south of Rancho Cielo.

The Santa Fe Valley SPA area is generally characterized by rugged terrain and diverse topography associated with the San Dieguito River Valley located in the north central portion of the planning area. The San Dieguito River flows approximately 55 miles west from its source in the Vulcan Mountain near Julian in the Cuyamaca Mountains in eastern San Diego County to the Pacific Ocean through the San Dieguito Lagoon in northern Del Mar south of Solana Beach.

The Santa Fe Valley SPA is divided into five smaller planning areas. Planning Area IV consists of 337.5 acres which are largely undeveloped except for some single-family residential homes and agricultural uses. A majority of future development will be clustered in the southern and southeastern portion of the planning area. Residential uses are allowed in densities ranging between .4 units acre to 1.43 units per acre.

Within the five planning areas there are four principal ownerships who received tentative map approval when the Specific Plan was approved in December of 1995. The Balcor Subdivision which is generally located within the northern and northwestern portion of the Specific Plan consists of approximately 646 acres planned for 246 residential units on 226 developable acres. In addition, the Balcor Subdivision will include the golf course and resort/conference area. The McCrink Ranch portion of the Santa Fe Valley Specific Plan is located in the west central portion of the project and consists of approximately 744 acres planned for 390 residential units on 369 developable acres. The Seaton Subdivision is a small 40-acre property planned for four lots on 27 developable acres. The Seaton Subdivision is surrounded on three sides by the Balcor Subdivision. It is located in close proximity to the golf course development.

The Bernardo Lakes property consists of approximately 226 acres improved with 139 residential units on approximately 129 developable acres all located within Planning Area IV of the Santa Fe Valley Specific Plan.

The portion of Santa Fe Valley fronting the south side of Del Dios Highway was recently renamed The Crosby Estate. The 722 acre property offers upper end residential homes and custom lots and an 18-hole championship golf course (The Crosby National Golf Club) designed by Fred Couples.

**Rancho Santa Fe**

Rancho Santa Fe (postal zip code 92067) is located to the west of the subject property and is one of the most exclusive communities in Southern California with numerous million dollar homes sold every year. Rancho Santa Fe was formed by a protective covenant in 1927 providing for rigidly controlled residential home development with 200 miles of equestrian trails and an 18-hole private golf course in a rural residential setting. The lot development in the Ranch is guided by the most prevalent zone, R-R-1, allowing one residence per minimum lot area of one acre together with private restrictions of the covenant requiring parcel sizes of two acres or larger.

**Rancho Bernardo**

Rancho Bernardo, located northeast of the subject property, which began to develop in the early 1960s, is a good example of a successful master-planned community. When completed, this community is planned to have +/-19,500 dwelling units, with 80% of the units being single-family homes. The community encompasses approximately 12 square miles and has a population of approximately 40,000 persons. The Rancho Bernardo High School was completed in 1989. The Bernardo Heights Middle School also opened in 1989. Children from Rancho Bernardo, Carmel Mountain Ranch, Poway and Rancho Penasquitos use the new facilities. Rancho Bernardo has an excellent supply of community shopping facilities, but does not have a regional shopping center.

The community of Rancho Bernardo is basically divided into four areas delineated by the four quadrants formed by the intersection of Interstate 15 and Rancho Bernardo Road. These four quadrants are each characterized with different development trends and patterns.

The northwestern quadrant of Rancho Bernardo is basically characterized by single-family and multiple-family residential development. This area features more multiple-family/condominium type development than the other areas, however, the area is still predominantly single-family oriented. The area includes few shopping facilities and only one neighborhood shopping center, Westwood Center. The area borders to the west on a portion of the County of San Diego and the 4S Ranch master-planned community. To the north, Lake Hodges separates Rancho Bernardo from Escondido.

**Transportation**

The subject property is oriented toward the Interstate 5 and 15 corridors via existing and planned transportation routes. Interstate 15, which extends north from the San Diego metropolitan area through San Diego County and beyond to Riverside County, is the primary north/south traffic artery in this area. Interstate 5 is the coastal route. Initially, primary access will be via Interstate 5.

Recently adopted State Route 56, which is located in Subarea III and IV of the North City Future Urbanizing Area, will eventually provide a much needed link between Interstate 5 and Interstate 15 across the Future Urbanizing Area from Carmel Valley to Rancho Penasquitos. Construction was completed in 1989 on a portion of this roadway between Interstate 15 and Rancho Penasquitos Boulevard to help relieve traffic congestion in Rancho Penasquitos. In the eastern portion of the route, a four-lane freeway is complete from Rancho Penasquitos Boulevard to Black Mountain Road. In the west, a similar freeway segment from Interstate 5 to one-half mile east of Carmel Country Road was completed in 1996. The remaining three-mile segment began construction in 1999 and is scheduled to be completed in 2004.

Another major circulation element planned for the Future Urbanizing Area is the extension of Camino del Sur (Camino Ruiz), now called Camino del Sur. This roadway is generally planned as a six-lane roadway bisecting the subject property and a major portion of the Black Mountain Ranch property, from north to south. Camino del Sur (Camino Ruiz) is planned to extend northerly from State Route 56 in the south to the extension of Rancho Bernardo Road and Camino del Norte. This is a major future planned transportation node within the Future Urbanizing Area and represents a critical link for the circulation system within the northeasterly portion of the Future Urbanizing Area.

### **MARKET CONDITIONS**

Data from two experts on residential housing market conditions is included herein. The first is Reeb Development Consulting which prepared a site specific absorption analysis for the subject residential lots. The second is MarketPoint Realty Advisors which was used as a check on the Reeb analysis and to present a frame of reference as to market conditions for San Diego County.

#### **Reeb Development Consulting Absorption Analysis**

In conjunction with this appraisal, the client commissioned a market absorption analysis site specific to the subject property residential "custom lots".

The absorption analysis is a companion document to this appraisal and, due to its large size, it is referenced herein. The report cover letter and Executive Summary are included in the Addendum. The Reeb analysis was conducted on a fiscal year basis beginning on August 1, 2003.

The Reeb Absorption Analysis was premised upon all remaining residential custom lots beginning absorption at the same time and continuing sales absorption thereafter. The absorption projections used in the valuation were consistent with the Reeb conclusions for the custom lots, but average lot pricing was adjusted slightly downward in the appraisal.

#### **MarketPoint Realty Advisors**

The following data is from Residential Trends (July, 2003), a publication of MarketPoint Realty Advisors, formerly Market Profiles:

#### **General Market Trends**

The San Diego County new housing market continues to perform quite remarkably with 3,438 net sales this quarter (April - June, 2003) representing the highest level since the late 1980's. Despite an overall average price of \$565,359 in the detached market and an average price of \$322,450 in the attached market, historically low interest rates continue to make home ownership quite attractive and affordable. Although the average detached price fell by \$10,000 representing a slight 1.75% decrease, the current average of just over \$565,000 is the second highest average detached price on record. Furthermore, the current average is 11.3% higher than just one year ago and 36.9% higher than just two years ago. With 2,166 sales this quarter, detached sales volume rose by 15% over last quarter demonstrating that the detached market is alive and well in San Diego County.

While the detached market performed well this quarter, the attached market was particularly impressive this quarter posting the highest sales volume since the later 1980's with 1,272 net sales.



This total represents approximately 37% of total sales (attached and detached sales combined this quarter representing the fourth highest ratio in roughly a decade). Also the 73 actively selling attached projects this quarter is the highest level in more than a decade with 22 new projects opening. The overall weighted average price in the attached market climbed 8.2% over last quarter to \$322,450 this quarter but is still significantly off the record height of \$423,651 seen one year ago. In fact, the current average is only the fifth highest average on record as condominium conversions have helped contain average prices and provide a viable alternative to rapidly escalating new home prices.

With just 1,019 unsold units, the immediate supply of new housing is critically low as the 520 available attached units represents less than two months of supply and the 499 available detached units represents just a few weeks of supply based upon current sales rates. If we include units remaining for development in current projects that have not yet been released, the attached market would gain another seven months of supply, and the detached market would gain less than five months of supply. These levels of supply are extremely low considering the current robust nature of the new housing market, and new projects are desperately needed to enter the marketplace if a more severe supply shortage is to be avoided.

**SAN DIEGO COUNTY SUMMARY OVERVIEW**

	<u>Second Quarter 2003</u>			<u>First Quarter 2003</u>		
	Attached	Detached	Total	Attached	Detached	Total
<b><u>Developments</u></b>	73	163	236	65	167	232
Total Sold	1,307	2,182	3,489	1,185	1,893	3,078
Net Canceled	35	16	51	6	12	18
Net Sold	1,272	2,166	3,438	1,179	1,881	3,060
Average Price	\$322,450	\$565,359	\$474,364	\$298,109	\$575,408	\$468,651
Average Sq.Ft.	1,201	2,765	2,179	1,091	2,870	2,185
Average Price Per Sq.Ft.	\$268.43	\$204.47	\$217.68	\$273.34	\$200.50	\$214.50
Offered & Unsold	520	499	1,019	537	715	1,252
Inventory	2,089	3,207	5,296	1,700	3,731	5,431
Remaining for Development	2,609	3,706	6,315	2,237	4,446	6,683
Total Inventory						

**Northern San Diego County Market Trends**

In the North County, the overall weighted average price rose 1.4% over last quarter with an average of \$519,428 this quarter. In the detached sector, the average price dropped roughly \$10,000 from last quarter to \$611,937, and the average value ratio remained fairly steady at \$209.35 per square foot rising just \$0.62 per square foot over last quarter. Net sales climbed slightly with 1,328 detached sales this quarter marking an increase of 26 net sales over last quarter.

In the attached sector, the average price rose 17% to \$291,218, however, the average value ratio dropped by more than \$9.00 to \$224.32 per square foot as the average unit size climbed from 1,067 square feet last quarter to 1,298 square feet this quarter. Sales volume fell by 27 units to a total of 517 sales this quarter but is still quite impressive considering the typical sales volume in the North County has been between 200 and 300 sales per quarter over the past several years.

**NORTHERN SAN DIEGO COUNTY SUMMARY OVERVIEW**

	<u>Second Quarter 2003</u>			<u>First Quarter 2003</u>		
	Attached	Detached	Total	Attached	Detached	Total
<b><u>Developments</u></b>	22	116	138	18	123	141
Total Sold	544	1,342	1,886	545	1,312	1,857
Net Canceled	27	14	41	1	6	7
Net Sold	517	1,328	1,845	544	1,306	1,850
Average Price	\$291,218	\$611,937	\$519,428	\$248,930	\$621,305	\$512,019
Average Sq.Ft.	1,298	2,923	2,454	1,067	2,977	2,416
Average Price Per Sq.Ft.	\$224.32	\$209.35	\$211.64	\$233.35	\$208.73	\$211.92
Offered & Unsold Inventory	150	387	537	108	537	645
Remaining for Development	1,093	1,825	2,918	729	2,106	2,835
Total Inventory	1,243	2,212	3,455	837	2,643	3,480

**Southern San Diego County Market Trends**

In Southern San Diego County, the 729 attached sales accounted for nearly 47% of total sales as areas such as Downtown San Diego and Mission Valley continue to dominate the attached market. However, close to one half of attached sales were conversion units, thereby keeping the overall average attached price at a somewhat obtainable level of \$343,693. The detached market also performed well this quarter with 838 net sales marking only the sixth time since 1996 that net sales topped the 800 level. Detached sales in Southern San Diego County were focused primarily in the various Masterplanned communities in Chula Vista such as Rolling Hills Ranch, Otay Ranch, Eastlake, and San Miguel Ranch. Despite the relatively high sales volume, the average detached price rose to a new high in Southern San Diego County with an average of \$490,944 reflecting a 4% rise over last quarter.

**SOUTHERN SAN DIEGO COUNTY SUMMARY OVERVIEW**

	<u>Second Quarter 2003</u>			<u>First Quarter 2003</u>		
	Attached	Detached	Total	Attached	Detached	Total
<b><u>Developments</u></b>	50	47	97	47	44	91
Total Sold	737	840	1,577	640	581	1,221
Net Canceled	8	2	10	5	6	11
Net Sold	729	838	1,567	635	575	1,210
Average Price	\$343,693	\$490,944	\$422,127	\$339,988	\$471,766	\$402,693
Average Sq.Ft.	1,115	2,512	1,860	1,111	2,629	1,833
Average \$/Sq. Ft.	\$308.11	\$195.40	\$227.00	\$306.05	\$179.45	\$219.66
Offered & Unsold Inventory	370	112	482	429	178	607
Remaining for Development	972	1,382	2,354	971	1,625	2,596
Total Inventory	1,342	1,494	2,836	1,400	1,803	3,203

**Sales Trends**

Total sales rose for the second straight quarter with 3,438 sales marking the highest volume since the late 1980's. Sales were fueled by continued strong performance in the attached market with 1,272 attached sales (490 of which were conversion units), marking the highest total since the late 1980's. Conversion projects throughout the county as well as new projects in areas such as Downtown and North County are entering the market with strong consumer acceptance, and robust sales are expected to continue with upcoming projects.

Meanwhile, detached sales volume rose for the second straight quarter with 2,166 sales this quarter. While this is a respectable and healthy level, it is much lower than levels seen through the first three quarters of 2002.

Focusing in on absorption trends, we see that the 73 actively selling attached projects produced an overall average of 1.81 sales per week. Over the past four quarters, the number of active attached projects has been rapidly climbing and is now at the highest level in roughly a decade when in the 4th quarter of 1993 there were 78 actively selling attached projects.

In the detached market, however, the number of active projects fell for the third straight quarter with 163 projects representing the lowest total since the third quarter of 1998. The average sales rate remained strong with an average of 1.40 sales per week this quarter with some of the strongest absorption rate occurring at new projects.

**Pricing Trends**

While the weighted average price of a new detached home fell a slight 1.75% this quarter, this quarter's average of \$565,359 is the second highest average price on record and is 11.3% higher than

one year ago and 36.9% higher than two years ago. This quarter marks the first time in two years that there was not an increase in average price, however, whether or not prices are beginning to stabilize in the detached market remains to be seen. Despite the drop in average price, the average value ratio set a new record at \$204.47 per square foot this quarter as the average sized detached home fell from 2,870 square feet last quarter to 2,765 square feet this quarter.

In the attached market, the average price rose 8.2% over last quarter to \$322,450 this quarter. The average price in the attached market has been quite erratic of late. This recent volatility in the attached market has been due to a large number of new projects entering the marketplace. At times, luxury projects have played a greater role in the market, while more recently affordably priced conversion projects have brought the average price to a more reasonable level.

The detached market remained fairly stable falling a combined 1.75% from last quarter with the largest increase in the Interstate 15 Corridor and the largest decrease in the price discretionary North County Coastal submarket. In the attached market, the average price climbed 47.64% in the Highway 78 Corridor, 14.38% in the North County Coastal submarket, 12.35% in the South County, and 11% in the Highway 56 Corridor. The San Diego Central submarket remained fairly steady rising just 1.51% in average price, while the East County fell more than 20% thanks to the introduction of several affordable priced conversion projects.

<u>Average Price for Detached</u>	<u>2nd Qtr 2003</u>	<u>1st Qtr 2003</u>	<u>\$ Change</u>	<u>% Change</u>
Eastern San Diego County	\$440,354	\$433,537	\$6,817	1.57%
Highway 56 Corridor	\$644,617	\$622,265	\$22,352	3.59%
Highway 78 Corridor	\$464,933	\$468,990	<\$4,057>	<0.87%>
Interstate 15 Corridor	\$735,756	\$621,767	\$113,989	18.33%
North County Coastal	\$802,002	\$845,135	<\$43,133>	<5.10%>
San Diego Central	\$712,847	\$719,788	<\$6,941>	<0.96%>
South County	\$492,485	\$469,518	\$22,967	4.89%
<b>Single-Family Detached Total</b>	<b>\$565,359</b>	<b>\$575,408</b>	<b>&lt;\$10,049&gt;</b>	<b>&lt;1.75%&gt;</b>

<u>Average Price for Attached</u>	<u>2nd Qtr 2003</u>	<u>1st Qtr 2003</u>	<u>\$ Change</u>	<u>% Change</u>
Eastern San Diego County	\$205,296	\$258,563	<\$53,265>	<20.60%>
Highway 56 Corridor	\$374,917	\$340,345	\$34,572	10.16%
Highway 78 Corridor	\$280,384	\$189,908	\$90,476	47.64%
Interstate 15 Corridor	\$279,067		\$279,067	0.00%
North County Coastal	\$329,347	\$287,950	\$41,397	14.38%

<u>Average Price for Attached</u>	<u>2nd Qtr 2003</u>	<u>1st Qtr 2003</u>	<u>\$ Change</u>	<u>% Change</u>
San Diego Central	\$391,458	\$385,621	\$5,837	1.51%
South County	\$293,722	\$261,429	\$32,293	12.35%
<b>Single-Family Attached Total</b>	<b>\$322,450</b>	<b>\$298,109</b>	<b>\$24,341</b>	<b>8.17%</b>

### **Sales By Price Range**

Thanks to the increased role of condominium conversions throughout San Diego County, the under \$300,000 to \$250,000 range were conversion units, and nearly 55% of sales in the \$250,000 to \$300,000 range were conversion units. Overall, the \$250,000 to \$300,000 range had the highest share of attached sales with 389 units, followed by the \$300,000 to \$350,000 range with 284 attached sales. However, the above \$450,000 range was also quite active with 153 attached sales this quarter due largely to the continued success of the Downtown San Diego luxury condominium market.

The detached market, on the other hand, was dominated by homes priced above \$450,000 with only 87 sales priced under \$350,000 and 671 sales priced between \$350,000 and \$450,000. In fact, of the 1,408 sales priced above \$450,000, nearly one half were priced above \$600,000 and roughly one fourth were priced above \$700,000. With detached prices so exorbitant, there is little wonder why conversion projects have performed so well this year.

From an historical basis, attached sales have already performed as well as last year through the first half of this year in most price brackets with only the truly affordable under \$150,000 category unlikely to surpass last year's total. Meanwhile, the under \$300,000 priced home has become extinct in the detached market, and the number of detached homes priced under \$400,000 has fallen off dramatically this year with just 794 sales year to date compared to 2,862 sales in 2002. On the other hand, the price discretionary over \$600,000 price band looks to perform as well or better than last year with the \$500,000 to \$600,000 range likely to perform at our near last year's total and the \$400,000 to \$500,000 category likely to surpass last year's level.

**Tabulated Market Analysis**

With 60 active projects and 919 total sales this quarter, the Highway 78 Corridor outperformed all other submarkets with a 27% market share. The South County was close behind with 46 active projects and 865 total sales producing a 25% market share. The San Diego Central submarket produced a respectable 495 sales among its 37 active projects. Meanwhile, there were 402 total sales among 39 active projects in the North County Coastal submarket representing an 11.7% market share, and as usual, the East County and Interstate 15 Corridor rounded out the bottom with 6% of the market and 2% of the market respectively.

The San Diego Central submarket continues to outperform the other submarkets in the attached sector with 38% of attached sales this quarter thanks to the continued strength in the Downtown condominium market as well as the continued popularity of conversion projects. The Highway 78 Corridor was also quite popular this quarter with 373 attached sales representing a 29% market share aided largely by several projects in the masterplanned community San Elijo Hills and a new project in Oceanside by Western Pacific Housing called Brisbane. The East County, meanwhile, accounted for an unusually high 10% of attached sales thanks to 6 conversion projects, and the South County fell from a 19% market share last quarter to a 10% market share this quarter.

In the detached market, the Highway 78 Corridor, the South County, and the Highway 56 Corridor combined for nearly 70% of detached sales, while the North County Coastal submarket represented 14% of detached sales followed by the East County with a 4%, the Interstate 15 Corridor with 2%, and the San Diego Central submarket with 1%.

**Tabulated Area Analysis, San Diego County, Second Quarter 2003  
Single Family Attached**

<u>Submarket</u>	<u># of Projects</u>	<u>Current Sales Per Week</u>	<u>Avg/Dev Current Sales Per Week</u>	<u>Cumulative Sales Per Week</u>	<u>Avg/Dev Cumulative Sales Per Week</u>
East County	6	16.04	2.29	16.04	2.29
Highway 56 Corridor	3	3.58	0.90	14.68	3.67
Highway 78 Corridor	13	43.58	3.11	56.19	4.01
Interstate 15 Corridor	1	4.33	2.17	4.33	2.17
North County Coastal	5	5.52	0.92	12.69	2.12
North County Coastal	1	2.88	2.88	2.88	2.88
San Diego Central	35	46.31	1.29	65.97	1.83
South County	9	10.05	1.01	15.89	1.59
SFA Total	73	132.29	1.65	188.67	2.36

**CFD NO. 2 (SANTALUZ - IMPROVEMENT AREA 1)**

**Tabulated Area Analysis, San Diego County, Second Quarter 2003  
Single Family Attached**

<u>Submarket</u>	<u>Price</u>	<u>Sq.Ft</u>	<u>\$/Sq.Ft</u>	<u>Total Units</u>	<u>Total Sold</u>	<u>Cur Qtr Sales</u>	<u>Unsold</u>	<u>For Dev</u>
East County	\$205,298	938	\$218.96	234	124	124	34	76
Highway 56 Corridor	\$374,917	1,582	\$236.92	354	191	43	0	163
Highway 78 Corridor	\$280,384	1,356	\$206.83	1,548	724	373	76	748
Interstate 15 Corridor	\$279,067	1,137	\$245.47	200	39	39	22	139
North County Coastal	\$310,706	832	\$373.24	443	348	62	52	43
North County Coastal	\$373,798	1,603	\$233.12	50	26	26	0	24
San Diego Central	\$391,458	1,101	\$355.40	3,706	2,908	481	295	503
South County	<u>\$293,722</u>	<u>1,349</u>	<u>\$217.79</u>	<u>913</u>	<u>479</u>	<u>124</u>	<u>41</u>	<u>393</u>
SFA Total	\$322,450	1,201	\$268.43	7,448	4,839	1,272	520	2,089

**Tabulated Area Analysis, San Diego County, Second Quarter 2003  
Single Family Detached**

<u>Submarket</u>	<u># of Projects</u>	<u>Current Sales Per Week</u>	<u>Avg/Dev Current Sales Per Week</u>	<u>Cumulative Sales Per Week</u>	<u>Avg/Dev Cumulative Sales Per Week</u>
East County	8	6.45	0.72	7.00	0.78
Highway 56 Corridor	29	37.98	1.27	46.84	1.56
Highway 78 Corridor	47	69.41	1.45	76.00	1.58
Interstate 15 Corridor	6	3.29	0.47	4.91	0.70
North County Coastal	34	44.35	1.27	36.70	1.05
San Diego Central	2	0.99	0.33	1.90	0.63
South County	<u>37</u>	<u>66.04</u>	<u>1.74</u>	<u>75.27</u>	<u>1.98</u>
SFD Total	163	228.51	1.34	248.62	1.46
Attached & Detached <b>GRAND TOTAL</b>	<b>236</b>	<b>360.80</b>	<b>1.44</b>	<b>437.29</b>	<b>1.75</b>

**Tabulated Area Analysis, San Diego County, Second Quarter 2003  
Single Family Detached**

<u>Submarket</u>	<u>Price</u>	<u>Sq.Ft.</u>	<u>\$/Sq.Ft</u>	<u>Total Units</u>	<u>Total Sold</u>	<u>Cur Qtr Sales</u>	<u>Unso ld</u>	<u>For Dev</u>
East County	\$440,354	2,192	\$200.88	746	593	83	14	139
Highway 56 Corridor	\$644,617	3,012	\$214.00	2,453	2,048	432	53	352
Highway 78 Corridor	\$464,933	2,720	\$170.93	3,587	2,667	546	175	745
Interstate 15 Corridor	\$735,756	3,100	\$237.31	328	297	36	28	3
North County Coastal	\$802,002	3,126	\$256.59	2,726	1,870	314	131	725
San Diego Central	\$712,847	2,307	\$308.96	209	61	14	6	142
South County	\$492,485	2,553	\$192.93	4,284	3,091	741	92	1,101
SFD Total	\$565,359	2,765	\$204.47	14,333	10,627	2,166	499	3,207
Attached & Detached <b>GRANDTOTAL</b>	<b>\$474,364</b>	<b>2,179</b>	<b>\$217.68</b>	<b>21,781</b>	<b>15,466</b>	<b>3,438</b>	<b>1,019</b>	<b>5,296</b>

**Inventory Trends**

Attached inventory levels rose for the fourth consecutive quarter and to the highest level since early 1996, with 2,609 units of supply. The bulk of the current inventory, 80%, remains to be developed in future phases, and just 520 units are immediately available for sale. While the immediate supply of available unsold units remains relatively low with just 520 units, the level of inventory of units to be released in future phases grew to the highest level in nearly eight years indicating that there will continue to be a large supply of attached units throughout the year.

The story in the detached market is quite different. Since the start of 2002, detached inventory levels have been declining steadily and have now reached the lowest point in over a decade. Of the 3,706 detached units of supply, only 13.5% are unsold units immediately available for sale. Unsold units fell to just 499 units of supply representing one of the lowest levels on record, and units to be released in future phases of current developments fell to 3,207 units representing the lowest level in more than a decade. This supply shortage would become even more critical if builders were unable to release future phases of existing projects to the marketplace.

Although attached inventory levels rose sharply this quarter, due to the recent increases sales activity the current supply would be exhausted in less than nine months at current sales rates, and the immediate supply of attached units would last less than two months. Thus, while attached inventory levels have risen dramatically, there is by no means an over-supply of attached housing.

The detached market is in a much more critical state from a months of supply perspective. At the current sales pace, the total current detached supply would last just five and a half months, while the supply of unsold units available for sale would last a few short weeks.



From an historical perspective, we see that months of supply of detached units remains fairly consistent with the last quarter but significantly lower than the fourth quarter 2001 when inventory levels had reached 12 months of supply, and significantly lower than just one year ago when inventory levels were at nine months of supply. Attached inventory levels, however, have been on the rise climbing from the low of five months of supply in late 2001 to the current level of nine months of supply. However, inventory levels are still shy of the ten-month supply level seen in early 2001.

Most of the immediate supply of detached units (48.3%) can be found in the over \$600,000 price range with an additional 20.4% found in the \$500,000 to \$600,000 category. Only 12.4% of detached units are priced less than \$400,000 with no units available priced under \$300,000.

In the attached market, the largest share of immediate supply also falls in the over \$600,000 price range with 125 units, however there are an almost equal number of available units in the sub \$200,000 market with 133 available units. Due to the opening of many conversion projects throughout the county, the level of inventory in the more affordable price ranges has increased somewhat as 43% of unsold attached supply is priced less than \$300,000.

The San Diego Central submarket and the Highway 78 Corridor each have 31% of the attached inventory followed by the South County with 17%. In the detached sector, the South County leads with 32% of inventory followed by the Highway 78 Corridor with 25% and the North County Coastal submarket with 23%.

### **Future Proposed Supply**

The most recent survey reveals a future proposed supply of nearly 104,000 residential units spread amongst 1,005 single family detached developments, single family attached developments and apartment projects throughout San Diego County. These units range in status from those with no approvals to those that have recorded a final map and have begun grading. Detached product represents the largest percentage, with 50.7% of future supply on 665 projects. Since apartment units generally have underlying tentative maps, they are developed as condominiums so their totals are incorporated.

The South County remains the region with the most planned attached activity with the Central City submarket close behind. In the detached sector, the South County is also the region with the most planned activity, which is primarily located in the various Villages of Otay Ranch.

In upcoming quarters, one can expect to see continued high sales volumes in the attached sector as new condominium conversion projects are expected to be released throughout the county.

**CFD NO. 2 (SANTALUZ - IMPROVEMENT AREA 1)**

<u>Style</u>	<u>Data</u>	<u>Under Constr.</u>	<u>Final Map</u>	<u>Final App.</u>	<u>Tent. App.</u>	<u>Planning</u>	<u>Specific Plan</u>	<u>Grand Total</u>
Apartments	# Units	4,422	536		6,659	8,792	1,968	22,377
	# Projects	22	5		41	38	13	119
Attached	# Units	1,094	903	72	11,717	5,488	9,560	28,834
	# Projects	15	11	1	85	75	34	221
Detached	# Units	1,810	5,374	279	20,475	12,745	11,913	52,596
	# Projects	26	126	7	250	197	59	665
Total # Units		7,326	6,813	351	38,851	27,025	23,441	103,807
Total # Projects		63	142	81	376	310	106	1,005

**Leading Market Product**

In the second quarter of 2003, there were 236 developments offering ten or more new "for sale" housing units to the San Diego County residential market.

**What's New**

There were 22 new attached projects and 20 new detached projects introduced to the San Diego County new home market during the second quarter of 2003. Both the new detached and attached developments will add a total of 3,045 units to the market, of which 1,076 units have already been sold.

<u>San Diego County</u> <u>Attached Average Pricing, Square Footage and Absorption by Community</u> <u>Second Quarter, 2003</u>						
<u>Community</u>	<u>Studio</u>	<u>1-Bdrm</u>	<u>2-Bdrm</u>	<u>3-Bdrm</u>	<u>4-Bdrm</u>	<u>Total</u>
<b>Carlsbad</b>						
Avg. Price			\$470,000			\$470,000
Avg. Sq.Ft.			1,704			1,704
Avg. Price/Sq.Ft.			\$275.82			\$275.82
Offered			1			1
Sold			1			1
Unsold			0			0
Sold Per Week			0			0
<b>Del Mar</b>						
Avg. Price				\$373,798		\$373,798
Avg. Sq.Ft.				1,603		1,603
Avg. Price/Sq.Ft.				\$233.12		\$233.12
Offered				26		26
Sold				26		26
Unsold				0		0
Sold Per Week				3		3

<p align="center"><b>San Diego County</b>  <b>Attached Average Pricing, Square Footage and Absorption by Community</b>  <b>Second Quarter, 2003</b></p>						
<u>Community</u>	<u>Studio</u>	<u>1-Bdrm</u>	<u>2-Bdrm</u>	<u>3-Bdrm</u>	<u>4-Bdrm</u>	<u>Total</u>
<b>Encinitas</b>						
Avg. Price		\$209,900	\$282,105			\$263,700
Avg. Sq.Ft.		650	880			822
Avg. Price/Sq.Ft.		\$322.92	\$320.48			\$320.97
Offered		13	38			51
Sold		13	38			51
Unsold		0	0			0
Sold Per Week		1	3			4
<b>Escondido</b>						
Avg. Price		\$140,000	\$182,883	\$234,257		\$191,440
Avg. Sq.Ft.		650	938	1,117		958
Avg. Price/Sq.Ft.		\$215.38	\$194.88	\$209.64		\$199.93
Offered		5	52	15		72
Sold		5	45	15		65
Unsold		0	7	0		7
Sold Per Week		0	4	1		5
<b>Kearny Mesa</b>						
Avg. Price			\$379,708	\$426,500		\$395,306
Avg. Sq.Ft.			1,361	1,639		1,454
Avg. Price/Sq.Ft.			\$278.92	\$260.22		\$271.90
Offered			20	8		28
Sold			12	6		18
Unsold			8	2		10
Sold Per Week			1	0		1
<b>Mission Valley</b>						
Avg. Price		\$233,900	\$285,571		\$476,609	\$315,854
Avg. Sq.Ft.		725	1,004		1,972	1,156
Avg. Price/Sq.Ft.		\$322.62	\$284.45		\$241.63	\$273.31
Offered		12	93		24	129
Sold		12	79		21	112
Unsold		0	14		3	17
Sold Per Week		1	6		2	9
<b>Oceanside</b>						
Avg. Price		\$146,900	\$245,874	\$279,505		\$263,703
Avg. Sq.Ft.		600	1,139	1,651		1,435
Avg. Price/Sq.Ft.		\$244.83	\$215.79	\$169.29		\$183.74
Offered		27	61	98		186
Sold		<23>	58	95		130
Unsold		50	3	3		56
Sold Per Week		<2>	5	9		12

**CFD NO. 2 (SANTALUZ - IMPROVEMENT AREA 1)**

<b>San Diego County</b>						
<b>Attached Average Pricing, Square Footage and Absorption by Community</b>						
<b>Second Quarter, 2003</b>						
<u>Community</u>	<u>Studio</u>	<u>1-Bdrm</u>	<u>2-Bdrm</u>	<u>3-Bdrm</u>	<u>4-Bdrm</u>	<u>Total</u>
<b>Rancho Bernardo</b>						
Avg. Price		\$248,990	\$278,790	\$314,990		\$279,067
Avg. Sq.Ft.		893	1,177	1,370		1,137
Avg. Price/Sq.Ft.		\$278.82	\$236.82	\$229.92		\$245.47
Offered		16	31	14		61
Sold		13	15	11		39
Unsold		3	16	3		22
Sold Per Week		1	2	1		4
<b>San Marcos</b>						
Avg. Price			\$319,523	\$337,442		\$327,577
Avg. Sq.Ft.			1,337	1,545		1,431
Avg. Price/Sq.Ft.			\$238.92	\$218.39		\$228.95
Offered			106	85		191
Sold			98	80		178
Unsold			8	5		13
Sold Per Week			12	14		26
<b>Torrey Highlands</b>						
Avg. Price			\$327,060	\$372,688	\$415,902	\$374,917
Avg. Sq.Ft.			1,141	1,590	1,941	1,582
Avg. Price/Sq.Ft.			\$286.64	\$234.36	\$214.32	\$236.92
Offered			14	12	17	43
Sold			14	12	17	43
Unsold			0	0	0	0
Sold Per Week			1	1	1	4

<b>San Diego County</b>						
<b>Detached Average Pricing, Square Footage and Absorption by Community</b>						
<b>Second Quarter, 2003</b>						
<u>Community</u>	<u>2-Bdrm</u>	<u>3-Bdrm</u>	<u>4-Bdrm</u>	<u>5-Bdrm</u>	<u>6+-Bdrm</u>	<u>Total</u>
<b>4S Ranch</b>						
Avg. Price		\$470,462	\$594,593	\$683,814		\$599,257
Avg. Sq.Ft.		1,988	2,970	3,689		3,012
Avg. Price/Sq.Ft.		\$236.71	\$200.22	\$185.37		\$198.95
Offered		72	94	118		284
Sold		71	88	113		272
Unsold		1	6	5		12
Sold Per Week		6	8	10		23

<b>San Diego County</b>						
<b>Detached Average Pricing, Square Footage and Absorption by Community</b>						
<b>Second Quarter, 2003</b>						
<b>Community</b>	<b>2-Bdrm</b>	<b>3-Bdrm</b>	<b>4-Bdrm</b>	<b>5-Bdrm</b>	<b>6+-Bdrm</b>	<b>Total</b>
<b>Black Mtn Ranch</b>						
Avg. Price	\$778,800	\$764,980	\$1,056,275	\$1,236,973		\$1,016,173
Avg. Sq.Ft.	2,542	3,167	3,867	4,691		3,857
Avg. Price/Sq.Ft.	\$306.10	\$241.58	20	\$263.68		\$263.44
Offered	6	28	17	37		91
Sold	6	19	3	25		67
Unsold	0	9	2	12		24
Sold Per Week	1	2		2		8
<b>Bonsall</b>						
Avg. Price		\$1,004,036	\$1,317,900			\$1,160,968
Avg. Sq.Ft.		4,441	5,062			4,751
Avg. Price/Sq.Ft.		\$226.10	\$260.36			\$244.35
Offered		5	5	1		11
Sold		4	5	0		9
Unsold		1	0	1		2
Sold Per Week		0	0	0		1
<b>Carlsbad</b>						
Avg. Price	\$597,900	\$649,195	\$653,875	\$710,531		\$658,650
Avg. Sq.Ft.	2,746	2,604	2,735	3,399		2,770
Avg. Price/Sq.Ft.	\$217.73	\$249.26	\$239.09	\$209.06		\$237.75
Offered	3	59	94	24		180
Sold	1	45	72	16		134
Unsold	2	14	22	8		46
Sold Per Week	0	4	7	2		14
<b>Carmel Valley</b>						
Avg. Price		\$662,595	\$784,510	\$926,130	\$2,128,333	\$827,347
Avg. Sq.Ft.		2,302	2,960	3,497	5,609	2,999
Avg. Price/Sq.Ft.		\$287.85	\$265.04	\$264.85	\$379.45	\$275.90
Offered		32	49	22	4	107
Sold		25	44	20	3	92
Unsold		7	5	2	1	15
Sold Per Week		2	10	10	0	23
<b>Encinitas</b>						
Avg. Price		\$726,546	\$855,630	\$967,328		\$868,075
Avg. Sq.Ft.		2,785	3,612	4,242		3,673
Avg. Price/Sq.Ft.		\$260.85	\$236.86	\$228.03		\$236.35
Offered	1	8	75	22		106
Sold	0	7	46	15		68
Unsold	1	1	29	7		38
Sold Per Week	0	1	4	1		5

<b>San Diego County</b>						
<b>Detached Average Pricing, Square Footage and Absorption by Community</b>						
<b>Second Quarter, 2003</b>						
<b>Community</b>	<b>2-Bdrm</b>	<b>3-Bdrm</b>	<b>4-Bdrm</b>	<b>5-Bdrm</b>	<b>6+ -Bdrm</b>	<b>Total</b>
<b>Escondido</b>						
Avg. Price	\$378,900	\$459,564	\$499,941	\$638,390		\$480,990
Avg. Sq.Ft.	1,780	2,643	3,080	3,726		2,839
Avg. Price/Sq.Ft.	\$212.87	\$173.90	\$162.34	\$171.32		\$169.43
Offered	2	92	69	12		175
Sold	2	67	45	5		119
Unsold	0	25	24	7		56
Sold Per Week	0	10	7	2		19
<b>Fallbrook</b>						
Avg. Price		\$349,632	\$582,900			\$367,576
Avg. Sq.Ft.		2,235	2,600			2,263
Avg. Price/Sq.Ft.		\$156.45	\$224.19			\$162.43
Offered		16	6			22
Sold		12	1			13
Unsold		4	5			9
Sold Per Week		1	0			1
<b>Rancho Bernardo</b>						
Avg. Price			\$1,137,000	\$1,169,813		\$1,163,250
Avg. Sq.Ft.			3,830	4,628		4,468
Avg. Price/Sq.Ft.			\$296.91	\$252.76		\$260.33
Offered			9	21		30
Sold			2	8		10
Unsold			7	13		20
Sold Per Week			0	1		1
<b>Rancho Santa Fe</b>						
Avg. Price	\$1,575,000	\$1,447,833	\$1,455,500	\$1,596,117		\$1,509,453
Avg. Sq.Ft.	2,898	4,127	4,436	5,232		4,517
Avg. Price/Sq.Ft.	\$543.48	\$350.82	\$328.11	\$305.08		\$334.15
Offered	2	21	7	17	1	48
Sold	1	6	4	6	0	17
Unsold	1	15	3	11	1	31
Sold Per Week	0	0	0	0	0	1
<b>San Marcos</b>						
Avg. Price		\$433,897	\$489,405	\$551,000		\$481,369
Avg. Sq.Ft.		2,303	2,958	3,299		2,780
Avg. Price/Sq.Ft.		\$188.38	\$165.45	\$167.04		\$173.26
Offered		76	84	44		204
Sold		61	61	35		157
Unsold		15	23	9		47
Sold Per Week		7	9	3		18

<b>San Diego County</b>						
<b>Detached Average Pricing, Square Footage and Absorption by Community</b>						
<b>Second Quarter, 2003</b>						
<b>Community</b>	<b>2-Bdrm</b>	<b>3-Bdrm</b>	<b>4-Bdrm</b>	<b>5-Bdrm</b>	<b>6+-Bdrm</b>	<b>Total</b>
<b>Santa Fe Valley</b>						
Avg. Price			\$975,990			\$975,990
Avg. Sq.Ft.			5,379			5,379
Avg. Price/Sq.Ft.			\$181.44			\$181.44
Offered			1			1
Sold			1			1
Unsold			0			0
Sold Per Week			0			0
<b>Scripps Ranch</b>						
Avg. Price		\$519,638	\$626,900	\$638,122		\$581,946
Avg. Sq.Ft.		2,050	2,862	3,099		2,579
Avg. Price/Sq.Ft.		\$253.47	\$219.04	\$205.90		\$225.67
Offered		18	4	9		31
Sold		11	4	9		24
Unsold		7	0	0		7
Sold Per Week		1	0	1		2
<b>Torrey Highlands</b>						
Avg. Price		\$506,432	\$485,215	\$696,660	\$774,387	\$507,512
Avg. Sq.Ft.		2,376	2,275	3,279	3,787	2,385
Avg. Price/Sq.Ft.		\$213.18	\$213.30	\$212.44	\$204.47	\$212.78
Offered		29	61	8	11	109
Sold		28	60	2	2	92
Unsold		1	1	6	9	17
Sold Per Week		2	4	0	0	7
<b>Valley Center</b>						
Avg. Price			\$639,275	\$649,900		\$640,456
Avg. Sq.Ft.			3,352	3,104		3,324
Avg. Price/Sq.Ft.			\$190.74	\$209.38		\$192.68
Offered			27	2		29
Sold			8	1		9
Unsold			19	1		20
Sold Per Week			1	0		1
<b>Vista</b>						
Avg. Price		\$379,172	\$408,315	\$402,091		\$400,666
Avg. Sq.Ft.		2,164	2,156	2,520		2,301
Avg. Price/Sq.Ft.		\$175.23	\$189.40	\$159.53		\$174.16
Offered		7	14	11		32
Sold		5	12	11		28
Unsold		2	2	0		4
Sold Per Week		0	1	1		2

**Peter F. Korpacz & Associates - Real Estate Investor Survey**

The Real Estate Investor Survey, prepared by Peter F. Korpacz and Associates, Inc., was reviewed and this survey is reviewed as published on a quarterly basis. The data reported in the Real Estate Investor Survey is collected through numerous interviews with major institutional equity real estate market participants regarding the various cash flow assumptions they use in analyzing various types of investment-grade real estate opportunities throughout the United States. Institutional-grade real estate investments are sought out by institutional buyers and have the capacity to meet generally prevalent institutional investment criteria. Institutional-grade real estate properties are properties that require minimum equity investments from \$5 million to \$50 million. The subject property is not considered institutional-grade real estate in the context of the Korpacz Survey. However, the information is informative regarding general trends.

Following are excerpts from the Korpacz Survey published in the second quarter of 2003:

**NATIONAL HIGHLIGHTS**

**Waiting for the Rebound**

Low interest rates, an abundance of capital and a lack of alternative investment options continue to generate an overwhelming demand for well-leased properties that have very little near-term leasing risk. For the most part, investors remain drawn to both warehouse and apartment properties, which are expected to lead the industry's recovery.

This fervent desire to place capital into "reliable" real estate materialized early in 2002 as a result of stock market losses and the need for less volatile investments. Since that time, it has intensified greatly as an increasing number of investors have become more comfortable with and more acceptable of upper single-digit returns.

Unfortunately for eager buyers, stellar properties that produce such alluring yields have been declining in number lately. Interestingly, such statements are being made at a time when the number of properties offered up for sale has reportedly increased in all property segments since the start of 2003. According to several investors, however, one problem with many of these new offerings is that they possess some sort of undesirable risk, such as empty space, poor tenant quality, and/or near-term rollover, and are also overvalued.

While such properties will likely increase in popularity among investors once the economy greatly improves and leasing risks subside, rising vacancy rates and falling rental rates throughout the industry will deter most investors from acquiring these riskier properties for now. Nevertheless, favorable pricing and strong investment demand will continue to entice sellers of unstable assets to "test the waters".

With the number of quality assets up for sale waning and investment demand thriving, properties that do not offer "credit and term" continue to receive the most attention and the highest prices. In some instances, as many as 30 buyers vie for one property and not much spread, if any, exists between the bid and the deal price. In fact, some prices still surprise investors, especially since fundamentals throughout the industry continue to weaken. For the most part, such high-price bidding is due to private



buyers, who have been the most active investment group so far this year and will likely remain so until interest rates rise.

The inability to successfully compete against private-leveraged buyers has greatly reduced both the number and frequency of investments for certain other buyers. In addition, it has pushed some investors to the sidelines temporarily or to other investment venues, such as buying into operating businesses and/or other real estate companies. It has also prompted some investors to switch to lending or to other niche investments, such as build-to-suit projects. And, it has caused others to turn off the capital spigot altogether and/or to take advantage of strong sellers' markets by disposing of select non-core assets.

In addition to fierce competition, the disconnect between the investment market and the industry's underlying fundamentals represents another reason that a rising number of investors have removed themselves from the acquisition side of the real estate industry. For many markets, the main problem stems from a lack of leasing demand that has pushed both effective rent levels and net operating income down. Even though dips in overall cap rates, discount rates and residual cap rates have maintained property values in certain circumstances, most investors continue to experience write-downs on assets.

Although several investors are more confident using lower cap rates and discount rates now than they were a year ago, few equate their enthusiasm to the belief that the industry will turnaround soon. Many do, however, believe that the industry, for the most part, has hit bottom and that fundamentals are not likely to deteriorate much further over the near term. Unfortunately, the consensus is also that the recovery will be a long and slow challenge with the apartment sector leading the pack and the office sector crossing the finish line last.

## **Property and Geographic**

### **Preferences**

Even though the underlying fundamentals of the national apartment market and the national warehouse market continue to deteriorate, both of these property types remain prime targets for investment capital. Their continued appeal stems from the notion that both will rebound faster than other property types once the anemic economy enters a sustained recovery. In addition to these long-standing favorites, grocery- anchored shopping centers in both high-density trade areas and infill locations also continue to pique investor interest. Other retail formats, mainly regional malls and power centers, also remain top picks but on a very selective basis.

In the office sector, too much uncertainty and vulnerability are keeping investors focused on only the best-performing properties in both CBD and suburban areas. By contrast, most investors are least interested in acquiring community centers and R&D properties, even though some pockets of opportunity exist in each.

Due to their perceived resilience against a weaker economy, both the East and West Coasts continue to rank as top locations for investments.

### **National Development Land Market**

With the U.S. economy in a slow-growing recovery mode and demand for all segments of the real estate industry yet to return, activity in the national development land market remains slow. One exception,

however, may be in the apartment sector where a number of new projects continue to break ground regardless of supply problems. Aside from this trend, most of the current activity involving land development revolved around single-family residential and build-to-suit office and industrial projects.

Even though overall activity in the development land market has declined during the downturn and few developers are aggressively adding to their land inventories, land prices in many desirable markets remain high. One reason is that many markets have failed to realize extreme declines in overall improved property values as a result of declines in cap rates and aggressive competition among buyers. As a result, few landowners have felt bullied into lowering prices, especially in markets where fundamentals are likely to bounce back relatively quickly and select opportunities for development still exist. In addition, landowners who have foregone fire sales due to low-interest-rate financing are able to hold firm on pricing until the demand for land returns.

### **Discount Rates**

Since opportunities for land development have remained scarce over the past six months, it is not surprising that average discount rates remain relatively unchanged from the fourth quarter 2002. The rates shown assume that entitlements are in place. Discount rates for projects that lack entitlements are typically increased between 175 and 1,000 basis points; the average increase is 553 basis points.

#### **Discount Rates (IRRs) Including Developer's Profit**

	<u>Second Quarter, 2003</u>	<u>Fourth Quarter, 2002</u>
<u>Free &amp; Clear</u>		
Range (%)	11.00-35.00	11.00-35.00
Average (%)	20.25	20.21
Change	-	+4
<u>Subject to Financing</u>		
Range (%)	15.00-30.00	15.00-30.00
Average (%)	20.50	22.08
Change	-	-158

### **Property Types**

#### **Retail**

Amid job losses and increases in the number of both personal bankruptcies and debt, consumers continue to spend money. According to the Bank of Tokyo-Mitsubishi, retail sales increased a modest 1.0% on a year-over year comparable store basis in May, 2003. Unfortunately, much of the growth was reported in discount chain stores, such as WalMart and Costco, which typically acquire their own land and construct their own buildings.

## **Office**

Due to rising vacancy rates and declining rental rates, developers remain on the sidelines in most CBD and suburban office markets. Although some of them have started to prepare for the next expansion by scouting out locations and preparing due diligence, few have ventured beyond the preliminary planning stage.

Until demand returns with some vengeance, new speculative office development will likely be relegated to select markets where sufficient demand exists, barriers to entry are high and overall vacancy rates are reasonably low.

## **Warehouse**

Despite increases in vacancy rates, the belief that warehouse markets will lead the upcoming real estate recovery has kept many developers looking for opportunities in this property sector.

## **Apartment**

Even though many apartment markets are experiencing weaker underlying fundamentals as a result of continuous supply, some developers continue to forge ahead with projects. During the first four months of 2003, 1,009 new apartment projects totaling just over 99,000 units were started throughout the country. Fortunately, numerous projects have been either postponed or shelved until favorable market conditions return.

Until this rebound occurs, however, lower interest rates will continue to reduce demand by luring would-be renters away from apartments, especially Class A ones. As a result, favorable development opportunities should remain few and far between over the near term.

## **Single-Family**

A low interest rate environment continues to keep single family development land investors quite active. In fact, single-family building permits totaled close to 1.33 million in April of 2003, according to the U.S. Census Bureau. This total represents a 1.2% increase above the prior months and a 3.75% surge from April of 2002.

With interest rates expected to remain relatively low over the next 12 to 18 months, homeownership rates are likely to remain high, and could even continue to rise, throughout much of the country. As of the first quarter of 2003, the national homeownership rate, which is calculated by dividing the number of owner-occupied housing units by the number of occupied housing units or households, stood at 68.0%, according to the U.S. Census Bureau. By comparison, this rate was 65.5% in 1980 and 66.0% in 1998.

## **Absorption Period**

The absorption period required to sell an entire project varies significantly depending on such factors as location, size and property type. This quarter, participants report absorption period ranging from 12 to 240 months. The mean absorption period is 62.4 months, or 5.2 years, unchanged from fourth quarter 2002.

**Forecast Assumptions****Growth Rates for Lot Prices and Expenses**

Growth rates used for lot pricing in DCF analyses vary due to local market conditions. Participants report an overall range from 0.00% to 10.00% with a mean of 2.90%. This figure is unchanged from the fourth quarter of 2002 and reflects developers' continued expectations of further declines in land values as a result of a slow growing economy, overall weak market conditions and a lack of demand.

Over the near term, most participants, 53.9%, forecast lot prices to increase at the rate of inflation. By comparison, 38.5% of participants project increases greater than inflation. Inflation growth rate assumptions range from 0.0% to 4.0% and average 2.33% which is slightly above the average from fourth quarter 2002.

**Growth Rates  
For Development Expenses  
Second Quarter, 2003**

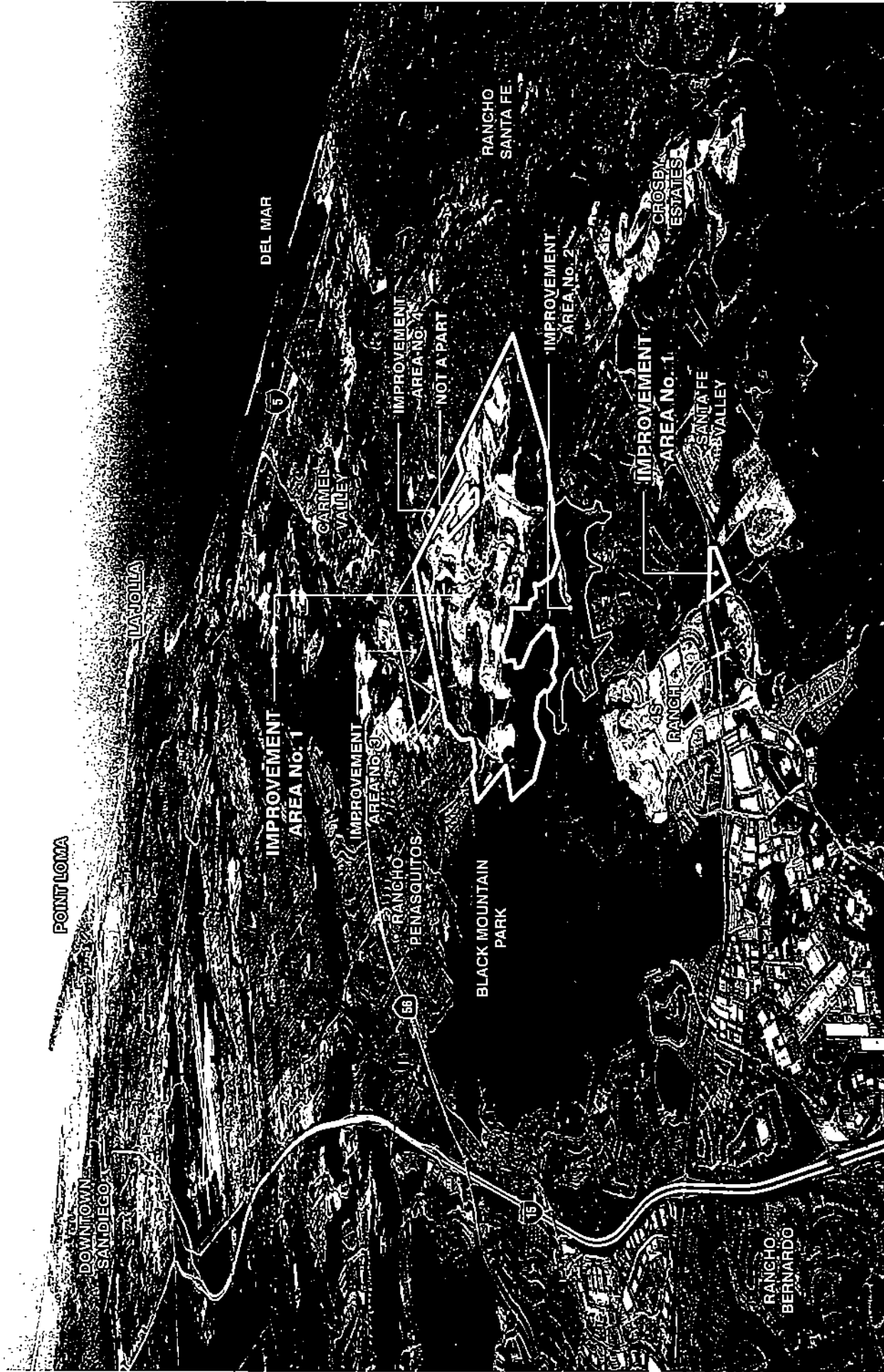
Infrastructure	
Range (%)	2.00-5.00
Average (%)	3.39
Amenities	
Range (%)	2.00-5.00
Average (%)	3.39
Advertising	
Range (%)	2.00-4.00
Average (%)	3.19
Real Estate Taxes	
Range (%)	0.00-4.00
Average (%)	2.81
Administrative	
Range (%)	0.00-10.00
Average (%)	3.69
Contingency	
Range (%)	0.00-5.00
Average (%)	2.81
Other	
Range (%)	2.00-3.50
Average (%)	2.90

## **Outlook**

With many investors expecting the economy to display definite signs of a sustained recovery at the end of next year, investment opportunities within the national development land market shovel again open up closely thereafter. Due to the positive affects of pent-up demand, the apartment and warehouse sectors are expected to lead the real estate industry into recovery. On the other end of the spectrum, too much empty space and the need for significant job growth will keep the majority of the office sector from feeling much immediate relief.



Aerial View  
CFD No. 2  
IMPROVEMENT AREA No. 1



Aerial Oblique View (Looking Southwest)  
 CFD No. 2  
 IMPROVEMENT AREA No. 1

Legend:

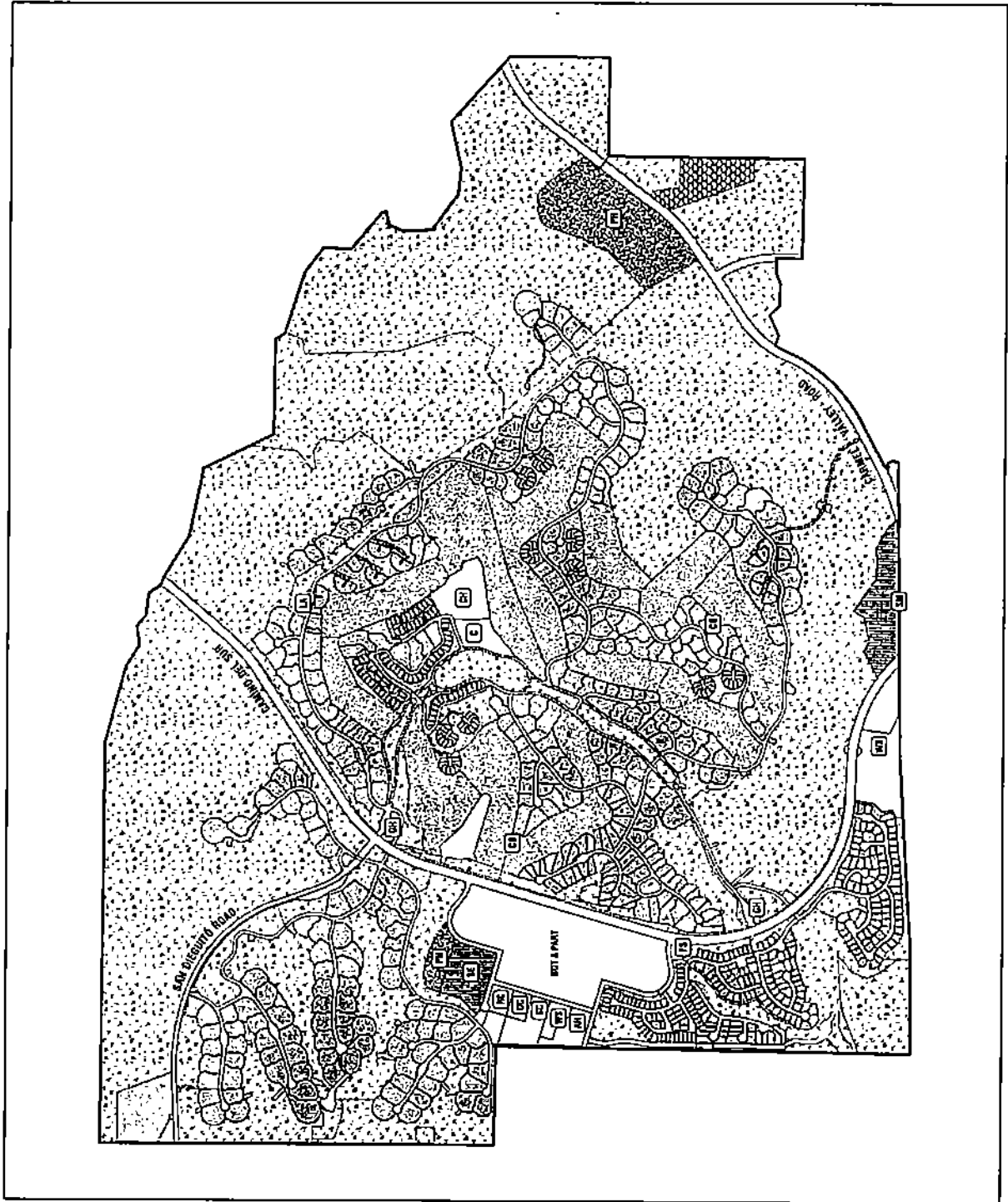
- Open Space/  
Property Owner Association Lots
- Residential
- Golf Course
- Park
- School
- Reservoir
- Sanitary Sewer

- AM Affordable Housing
- C Community Center with Unimod. Tennis Courts
- CS Golf Course Certified Station
- CH Club House
- DC Day Care Site
- FS Fire Station
- GH Guard House
- LA Landmark
- PH Neighborhood Park Site
- PR Regional Park Site
- RC Recreation Center Site
- SC Senior Center Site
- EE Elementary School Site
- SM Middle School Site
- WS Worship Site

The items shown on this map may change. Future development and construction of improvements and other facilities not shown on this map may occur. The detailed development shall not be based on planning information available as of the date of this map. Contact applicable public agencies for up-to-date information.



Not To Scale  
01.28.04



SITE MAP OF COMMUNITY FACILITIES DISTRICT NO. 2  
IMPROVEMENT AREA NO. 1



## **SITE DESCRIPTION**

The map that precedes this page is the ultimate land use of the subject property. An enlarged version of this map is included in the Addendum.

Typically, the Assessor's Maps would be presented prior to this section. However, due to the number of properties, Assessor's maps, the lot database and a list of parcel numbers are included in the Addendum.

The subject property is 2,548.33 acres. The land secured with Mello-Roos special taxes is 904.80 acres. The engineer's calculations shown on the lot database were assumed as, ostensibly, they are from a more recent survey.

### **Physical Characteristics**

#### **Overview:**

The subject property consists of portions of a property originally entitled as Black Mountain Ranch. Much of the information in this section was excerpted from the Black Mountain Ranch Environmental Impact Report which was prepared prior to the sale and renaming of the portion comprising the subject property.

The subject property is located in the northwest portion of the City of San Diego, approximately 20 miles north of the downtown area. The irregularly shaped project site lies between the I-5 and I-15 corridors and covers an area between Fairbanks Ranch to the west and Rancho Penasquitos to the southeast. Nearby landmarks include Black Mountain at the southeastern edge of the site and the San Dieguito River about 1.2 miles north of the site. The area is now undergoing development with much of the site having been previously used for seasonal agriculture.

The project site is characterized by a variety of landforms ranging from nearly flat-lying mesas and gently rolling hills to rugged, steeply sloping hillside terrain. The subject property has been graded to maximize views of the surrounding area and the golf course. The La Jolla Valley, located in the north-central portion of the property, constitutes the most prominent topographical feature on-site. Running in an east-west direction, La Jolla Valley is bisected by Lusardi Creek, which drains the northern half of the project area. The broad valley floor is bounded by gentle to moderately steep slopes in its eastern portion. Nearing the western part of the site, the valley becomes rugged and narrow with steep walls and numerous rock outcrops.

The area north of the valley consists of moderately sloping uplands and mesa dissected by four small southerly trending canyons which are tributaries to Lusardi Creek. South of the valley, the land rises to a northwest/southeast-trending ridge which divides the site hydrologically into its two major drainage units, Lusardi Creek and La Zanja Canyon. The La Zanja Canyon area is the site of four production builder lot groups, the Garden Homes, Spanish Bungalows, Court Homes and Country Homes. The area is situated west of Camino del Sur (Camino Ruiz) and does not have frontage along the golf course of the Village Green area. These lots also do not have similar view amenities to those in the Village Green to the east.

The southern portion of the project site contains large expanses of rolling topography, sloping generally to the southwest. The eastern portion encompasses rolling hilly terrain along the northerly and westerly base of Black Mountain.

On-site elevations range from 125 feet above mean sea level (MSL) within Lusardi Canyon as it crosses the northwesterly portion of the project portion of the project site to over 1,100 feet above MSL.

The open space system has been designed to provide corridors for wildlife of a minimum one-eighth mile in width. Three road crossings of the open space will be bridges of 100-foot minimum span to facilitate wildlife movement. A system of horseback riding trails and bicycle and pedestrian paths are proposed within the SDRP open space area.

The trails essentially follow existing roads and have been constructed to the requirements of the City Department of Parks and Recreation. The trails would provide public recreational access along the property's western and northern boundaries; along Lusardi Creek and La Zanja Canyon connecting to Black Mountain Park; and a north/south connection across La Jolla Valley. Class 1 and 2 paved asphalt/concrete bike paths would also be provided along major roads and within the open space area of La Jolla Valley.

The Santaluz project site is nearing completion of site development. The historical use of the property was agricultural, with pole tomatoes as the primary recent agricultural commodity. Crop farming of the of the project site was suspended in 1988. A 200-foot-wide San Diego Gas & Electric (SDG&E) transmission line easement traverses the property in a northeast-southeast direction about midway through the project site and a second, 100-foot wide easement runs along the western boundary. The San Diego County Water Authority's Second Aqueduct also traverses the project, just west of the center SDG&E easement.

The subject property is bounded on the northwest, north and northeast by unincorporated areas of San Diego County. The 4S Ranch and Santa Fe Valley Specific Planning Areas form a portion of this county land. On the east, southeast and south, the project site is bounded by the Rancho Penasquitos community planning area and the proposed Fairbanks Highlands Planned Residential Development and tentative map. Adjacent developed communities include Fairbanks Ranch on the west and Rancho Penasquitos to the east. Black Mountain Park abuts the southern edge of the panhandle. The proposed San Dieguito River Valley Regional Open Space Park, La Jolla Valley landscape unit extends onto the southwestern corner of the project site within La Zanja Canyon and across the north-central portion of the project site within La Jolla Valley.

#### **Circulation Element Roads:**

Camino del Sur (Camino Ruiz), the major street for the project, trending north/south, will ultimately provide access between Camino del Norte and SR-56. It presently intersects with San Dieguito Road (west) and Carmel Valley Road (south).

Both Camino del Sur (Camino Ruiz) and Carmel Valley Road are presently classified as six-lane prime arterials in the City General Plan. Both would have 122-foot rights-of-way, with center medians and 78-foot roadway widths; reservations would be made for alternative transportation modes as required by the Framework Plan. San Dieguito Road, classified as a two-lane collector, requires a 60-foot right-of-way and 40-foot roadway width.

The proposed development does not currently generate sufficient traffic volumes to justify full-width buildout of these roads. This need would be evaluated as other developments in the project area are proposed. The major on and off-site traffic improvements will be phased as development occurs. Minor streets provided onsite are shown on exhibits.

**Reclaimed Water Reservoir:**

Golf courses are large users of irrigation waters and are targeted as reclaimed water users. The project proposed to provide a reclaimed water reservoir and a lengthy discussion regarding the issue is included in the Environmental Impact Report. However, as of the date of value, the water facilities are still under construction.

**Potable Water Reservoir:**

The project requires approximately 5 mgd of potable water storage. The City proposed to site a larger regional facility with 25 mgd of storage within the project area as the preferred of four alternative location along the west side of Black Mountain. The reservoir location has been set with regard to proximity to the County Water Authority aqueduct and Rancho Bernardo pipeline which cross the property and the elevation of the surrounding terrain to provide water pressure to users. The reservoir is partially below ground to reduce its apparent mass and bulk and has been built under a shared participation agreement with the City. This reservoir was developed with a participation agreement with the City of San Diego calling for the City to reimburse the developer on a prorata basis up to \$16,400,000 of the costs.

**Utilities:**

Electricity, telephone, cable, water and sewer are available to serve the project. A new electrical substation may be built on-site along the northern boundary adjacent to the high-voltage transmission line easement for distribution to the region. Development of this will be the responsibility of San Diego Gas & Electric. A microwave receiver may be needed for cable television. This will be the responsibility of the servicing cable company. New water, sewer and gas lines would be extended for the south within the Black Mountain Road and Carmel Valley Road right-of-way. A sewer will be extended south of Carmel Valley road to connect to the existing McGonigle Canyon trunk sewer. Telephone service may require a new switching relay in Rancho Penasquitos and would be the responsibility of the phone company. Four sewer pump stations and one water pump station are proposed on the subject property and/or the Black Mountain Ranch project site.

**Phasing:**

Project phasing is based upon both market forces and infrastructural requirements. It is anticipated that it will take at least three years for the residential development to be absorbed by housing demand. The timing of the provision of improvement to major roads, parks, schools, open space, trails and other facilities and services are contained in a development agreement with the City of San Diego.

Similarly, the affordable housing units proposed will be developed according to a phased schedule. This schedule is based on the rate of residential lots sold within the project area and the anticipated development of employment centers, commercial services and transit in the surrounding area. The first affordable housing units (in the Town Center area) are under construction. The remaining affordable

housing units (119 on the Northeast site) will be developed in two increments before 650 homes or lots are sold and the remaining 59 units before 795 homes or lots have been sold.

Since the sale of homes and lots is anticipated to span at least three years, buildout of accessory uses and infrastructural support will be phased. Likewise would sites designated for public services to support the residential lots. The phasing and implementation of the services are insured by the applicant entering into a development agreement with the City.

**Existing Conditions:**

Interstate 5 is located approximately five miles from the western project boundary and I-15 is located about three miles from the eastern border of the site. The Del Dios Highway is located approximately 1.3 miles north of the site. Access to the project is presently provided by Carmel Valley Road from the east or west and San Dieguito Road from the northwest. From the east, Black Mountain Road provides access northbound out of Rancho Penasquitos. When the street turns west it becomes Carmel Valley Road. San Dieguito Road provides access from the northwest through Fairbanks Ranch. Eventually, Camino del Sur (Camino Ruiz) will be extended north and south providing alternative access routes from Del Dios Highway and State Route 56. Access to the Northeast site is presently via Rancho Bernardo Road westbound from Interstate 15 or Camino Del Norte westbound from Interstate 15.

Three prime arterials are designated in the City and County General Plan Circulation Element to traverse the project in the future: Camino del Sur (Camino Ruiz); Carmel Valley Road and Black Mountain Road. Carmel Valley Road is presently classified as four-lane majors arterial in the City's General Plan. San Dieguito Road is classified as a four-lane major arterial east from the city and county boundary at Fairbanks Ranch to El Camino Real.

**Biological:**

Two major drainages dissect the property from east to west. Lusardi Creek traverses the upper-central portion of the property and has several major tributaries entering the drainage from the north and south. This creek flows into the San Dieguito River and valley off-site to the west. La Zanja Canyon occupied the lower southwestern portion of the property and is isolated from the San Dieguito Valley by residential and commercial development.

Soils on the property consists largely of sandy, silty or clay loams derived from metavolcanic rock, granitic alluvium and marine sedimentary deposits. These soils have been mapped by the U.S. Department of Agriculture (USDA 1973) and typically belong to the following soil series: Altamont, Auld, Diablos, Escondido, Friant, Gaviota, Huerhuero, Las Flores, Linne, Olivenhain, Placentia, Salinas and San Miguel. Many of these soil types include a clay subsoil.

Several natural vegetation communities occur on the property, although agricultural practices and cattle grazing have resulted in conversion of native habitat types to disturbed grasslands over most of the site. Riparian corridors and well-developed coastal sage scrub habitat are integral components of the property. Riparian areas along Lusardi Creek and La Zanja Canyon have been impacted in many areas.

### **Topography:**

Topographically, the area is characterized by a variety of landforms ranging from nearly flat-lying mass in the north to Lusardi Creek/La Jolla Valley in the center flanked by rugged, steeply sloping hillside terrain dissected by smaller drainage and rolling hills. The more rugged terrain is found in the northwestern portion of the Black Mountain Ranch in the vicinity of Lusardi Creek and in the southeastern portion of the site in the vicinity of Black Mountain. The broad La Jolla Valley area which crosses the central portion of Black Mountain Ranch presents a gentler topography. Elevations range from a high of approximately 1,100 feet MSL (mean sea level) within the southeastern portion of the site adjacent to Black Mountain Park to 125 feet MSL in the area where the northwesterly boundary crossed the bottom of Lusardi Canyon.

Approximately 700 acre, or 15% of Black Mountain Ranch consists of slopes with a 25% percent or more gradient and 1,122 acres, or 24%, are within the City of San Diego Hillside Review (HR) Overlay Zone.

### **Soils Conditions:**

A geotechnical investigation was performed by GEOCON Environmental Consultants on the Black Mountain Ranch project site in October, 1989 and was updated in May, 1991. The results of the investigation are summarized below.

Nine geologic formation were observed on-site and include five Eocene sedimentary units (Delmar Formation, Torrey Sandstone, Frairs Formation, Stadium Conglomerate, and Mission Valley Formation). The four remaining formations are the Quaternary Lindavista Formation, Cretaceous Lusardi Formation, Cretaceous igneous rocks of the southern California batholith and the Jurassic-aged Santiago Peak Volcanics.

During a site reconnaissance by GEOCON Environmental Consultants in 1988, an apparent equipment and vehicle maintenance yard was observed in the same area as discolored soils and storage tanks. The structures included two equipment storage sheds, a covered maintenance building and another covered building. These structures were reportedly used for fertilizer storage and served as a crop processing area. The equipment, structures and storage tanks were removed between April, 1988 and July, 1990. Research indicates that a release of diesel fuel occurred from the above-ground diesel fuel storage tanks previously located on the site. Further review with the current site manager indicate that the quantity and date of release is unknown.

The site reconnaissance research identified circular areas of discolored surface soils, approximately five feet in diameter. A 500-gallon diesel fuel storage tank was reportedly former situated at this location. Two other approximately circular areas of discolored soils, each approximately five feet in diameter, were observed approximately 500 feet east of the other discolored soil areas. A 500-gallon above-ground diesel storage tank was located in proximity to one of the two discolored soil areas, and an aboveground diesel fuel storage tank was reportedly formerly situated at the other discolored soil area. Another above-ground diesel fuel storage tank was located approximately 400 feet north of these two areas.

Historic uses of the property, particularly agricultural uses, have been researched by GEOCON Environmental Consultants focusing on an area of previously studies in the southwestern portion of the

site. This research included reviewing historical photographs, obtaining information on past pesticide and herbicide storage and application of the site, and conducting a site reconnaissance. Review of the photographs revealed a north/south-trending unpaved road traversing the central portion of the site area. Over time in the photographs the primary change is the widening of this road and removal of some vegetation in the area. None of the photographs suggest agricultural cultivation, such as row crops, in the site area.

According to the developer, a small area of the Community, encompassing approximately 25 square feet, was subject to a fuel spill during the time period that the subject property was utilized for agricultural uses. The contaminated material has been removed and disposed of using approved regulatory agency methods and the site has been certified as being clean.

In Spring, 2000, a subcontractor on the project had a small clean oil spill from his oil storage tank. The site has been cleaned up and Santaluz has been informed that the contaminated materials, consisting of two, 55-gallons of earth, have been properly disposed of using the approved regulatory agency methods.

An updated soils report was not submitted for review.

**Methane Gas:**

The presence of Methane Gas in areas where grading operations required fill has been disclosed by the developers of Santaluz. According to engineer Larry Taylor, every lot owned by Taylor Woodrow Homes has been tested and several of the production builder lot groups (Haciendas Sur, Garden Homes, Spanish Bungalows) have also been tested. Furthermore, 600 to 700 gas probes were put in to test the custom lots. According to Mr. Taylor, approximately 10% of the lots at the subject property are affected by methane gas to levels that may or may not require remediation. According to engineer Larry Taylor, Taylor Woodrow has installed the "liquid boot" form of remediation on 12 of the Casitas lots. The "liquid boot" is a sprayed on modified emulsion material that solidifies to a 1/8th-inch thick barrier beneath the slab. However, generally, methane gas is vented in the open air and does not permeate through the slab.

If the "liquid boot" boot is required, a cost of up to \$2.00 per square foot of slab area is the industry guideline. This was taken into consideration in the valuation.

**Services:**

The nearest branch library to the project site is the Rancho Penasquitos Library located at 13355 Salmon River Road. Another branch library is located within Rancho Bernardo at 16840 Bernardo Center Drive, approximately three miles east of the Black Mountain Road/Camino del Norte intersection.

Police protection for the project area is provided by the San Diego Police Department, Beat 213 of the Northeastern Division, located at 13396 Salmon River Road.

The project is within the service area of the City of San Diego Fire Department. There is one fire station planned on the adjacent Black Mountain Ranch and one on the Santaluz property.

The project is on the boundaries of three telephone service areas: Penasquitos, Rancho Santa Fe and Rancho Bernardo. Pacific Bell has new switching relay station in Rancho Penasquitos. The closest cable television transmitter (Southwestern) is on Black Mountain.

San Diego Gas & Electric currently maintains two electric transmission easement corridors across the project site. A 200-foot wide corridor runs approximately north-south across the middle of the property and contains one 230-kV circuit mounted on steel poles and/or towers and one 138-kV circuit with an underbuilt of 12-kV line constructed on double wood poles. Additional service lines are found along San Dieguito Road, St. Andrews Road and Artesian Road. Ultimate buildout of a 200-foot corridor could accommodate three parallel major tower lines each with 230 kV and two wood pole lines each with 69 kV. The second easement corridor is 100 feet wide and also runs north/south along the western boundary of the site. This easement currently contains one 230-kV circuit and one 138-kV line could be reconstructed to provide additional capacity. Distribution voltage conductors exist only in the 200-foot easement. Adjacent development around San Dieguito Road and St Andrews Road along the west side of the site, and along Artesian Road near the northwest corner, also have distribution facilities.

The San Diego County Water Authority takes delivery of water from the Metropolitan Water District of Southern California through the San Diego Aqueduct. The bulk of the project would receive domestic water service through a combination of the 36-inch Rancho Bernardo pipeline and the City's connection to the San Diego County Water Authority's Second Aqueduct. These facilities provide a hydraulic head of 795-810 feet. The southern portion of the project would be served by the City of San Diego's 30-inch Del Mar Heights pipeline, which runs near the southern project boundary and provides a hydraulic grade of 610 feet. These pipelines can service areas with elevations of 525-650 feet. Those portions of the project site above an elevation of 650 feet would require servicing from a pump station supplying a hydraulic grade of about 950 feet. Those portions of the development below 525 feet could be served off the 810-foot system through the use of pressure reducing stations.

#### **Elementary, Junior High and High Schools:**

Prior to construction of new schools, such as the new West View High School which only accepted freshman and sophomore classes in 2002-2003, students are scheduled to attend Adobe Bluffs Elementary School, Black Mountain Middle School and Mt. Carmel High School.

Given that schools are at present over capacity in that area, the addition of new students can only be accommodated through expansion of facilities and development of new schools. The project is not of sufficient size to warrant additional schools at start up. Therefore, Black Mountain Ranch has entered into an agreement with the Poway Unified School District to provide additional funding so the district can accommodate the increase in students. This agreement also provides for new school sites within the development and its fair-share participation in the future development of new schools. Additionally, the developers agrees to fund its share of the cost of leasing or purchasing state approved portable facilities for students generated by the Black Mountain Ranch development, on sites designated by the District. If existing sites are unable to house those additional students, the developers shall provide an interim site for those facilities, pursuant to the criteria established by the District until the development of permanent facilities can be accomplished.

Santaluz will provide one elementary school site and a portion of one middle school site. The remaining portion of the middle school site is located on the Fairbanks Highlands property (CFD No. 2 Improvement Area 3) adjacent to the south. These facilities are considered necessary given future

development of the project, plus cumulative impact to schools from surrounding projects. A high school would be built in neighboring 4S Ranch, with a potential additional high school needed if the region builds out to the densities anticipated in the Framework Plan. Additional elementary schools and middle schools would be located, as necessary, within the area immediately to the west of Rancho Penasquitos, 4S Ranch and Santa Fe Valley to satisfy the cumulative generation of students from these planned projects.

**Parks and Recreation:**

The subject has four neighborhood and community park sites. The subject has private open space park areas and recreation facilities. The Black Mountain Ranch project (of which the subject is a part) proposes to offer for public open space dedication of 1,153 acres, which would expand the San Dieguito River Park and connect with Black Mountain Park. Funding would come from park fees collected from building permits.

**Legal Characteristics**

**Tax data:**

The subject property is located in four different tax rate areas (8050, 8187, 8189, 8141) all having the same tax rate (\$1.01456 per \$100 of assessed value). In addition, there are special assessments typical of all properties in San Diego County (Mosquito/Rat Control; MWD Water Standby; CWA Water Availability) and a minor assessment affecting Penasquitos East Maintenance. The special assessments were calculated for the Santaluz, LLC property for use in the discounted cash flow analysis. Special assessments were considered in the valuation of the other properties under ownership other than Santaluz, LLC.

The following is a summary of the special assessments:

According to the County Department of Health Services, the County Mosquito/Rat Control Special Assessment is an annual surcharge that provides funding for the Vector Control Department of the County Health Services which involves the control and eradication of disease carrying rats, mosquitos, etc. (vectors). This program was accepted by the City of San Diego as well as the County of San Diego in the summer of 1989. Originally the program was proposed and accepted by the County Board of Supervisors with participating cities throughout the county individually approving participation. The program is expected to continue for several years as it provides a full and needed health service.

The MWD Water Standby Charge refers to the Metropolitan Water District Water Standby Charge which was added to the tax rolls for tax year 1992-93. The Metropolitan Water District is the ultimate supplier of a majority of water to San Diego County via the County Water Authority and then to specific water districts. The charge is utilized to fund additional capital improvements for the water district and is charged to all recipients of the district's water. The fund is to be reviewed annually with public hearings. This special assessment was expected to last through the 1995-96 tax year but has been extended.

The CWA Water Availability Special Assessment, according to representatives of the San Diego County Water Authority, is an eight year financing program for water facilities and capital improvements. This special assessment financing program was approved in 1989 and instituted into the County tax rolls.



The Penasquitos East Maintenance District assessment pays for landscape maintenance for improvements in the public right-of-ways based upon an annual assessment from budgets prepared.

In addition to the basic property taxes and special assessments above, homes in Santaluz have an annual Poway Unified School District CFD No. 4 tax assessment ranging from \$492 to \$2,163, a landscape and lighting maintenance district obligation of \$600 per year, and the annual Community Facilities District No. 2 special tax from \$2,189 to \$9,062 per year, depending on home size. Total effective tax rates vary by product based on square footage as is shown in the Addendum.

Also included in the Addendum is a summary of the facilities being financed in CFD No. 2 and No. 4. All are complete except for a fire station at the southwest corner of Camino del Sur (Camino Ruiz) and Lanza Drive which should be completed in December, 2003.

**Flood Zone:**

According to the flood insurance maps prepared by the National Flood Insurance Program, the majority of the subject property is located in Zone C, which is not a flood hazard zone. However, two rivers flow through the property creating portions that are located in Flood Hazard Zone A (potential areas of 100-year flood). The subject property is located on Community Panel Numbers:

<u>Map No.</u>	<u>Effective Date</u>
060734068	June 19, 1997
06073C1069	June 19, 1997
06073C1331F	June 19, 1997
06073C1332F	June 19, 1997

**Hazardous Materials:**

A toxic hazard site assessment report for the property was not submitted for review. Therefore, it is assumed that there are no toxic hazards on site that inhibit development of the property to its highest and best use or have any impact on the development cost, use, marketability or value of the property (see previous Methane Gas discussion).

**Easements:**

A preliminary title report drafted by First American Title Insurance Company dated as of February 24, 2000 was submitted for review for a prior appraisal as part of the documentation on production builder purchase contracts.

The easements referred to in the preliminary title report and other exceptions to coverage were not plotted on corresponding plat maps or submitted for review. Some of the easements noted in the portions of this section excerpted from the Environmental Impact Report are shown on the parcel maps and vesting tentative maps. The proposed development takes these easements into consideration and plots residential and commercial improvements away from them accordingly. Therefore, the appraisal assumes that there are no covenants, conditions, restrictions, liens or easements that will have any impact on the development cost, use, marketability, or value of the property.

**Zoning:**

Prior to entitlement, the subject property was zoned A1-10 in the City of San Diego, and the property is within the North City Future Urbanizing Area (NCFUA) of San Diego.

Within the Future Urbanizing Area there are four development alternatives: development pursuant to the A-1 zone regulations (one dwelling unit per 10 acres); rural clustering at the same density; conditional uses which are non-urban in character; or clustered residential development at a density of one dwelling unit per four acres.

Development of the subject property will be in conformance with the NCFUA Framework Plan, the adopted Black Mountain Ranch (Subarea I) Plan and the Development Agreement, Planned Residential Development (PRD) Permit and Vesting Tentative Map No. 95-0173 and Resource Protection Ordinance (RPO) No. 95-0173. The environmental effects of development permitted pursuant to the agreement were addressed in Final Environmental Impact Report No. 95-0173, which has been certified by the City. Subsequent changes to the plan (lot consolidations- reconfigurations have been approved via substantial conformance review (assumed as these documents were not submitted for review).

Pursuant to the terms of the Development Agreement, substantial public improvement and benefit will be provided to the City, including participation in the public facilities plan for the NCFUA Framework Plan. In consideration of the public improvements and benefits to be provided pursuant to the Development Agreement, the City has given assurance that development of the subject property can proceed for the term of the Development Agreement.

The subject is not within the California Coastal Zone.

The majority of the project area was zoned A1-10, prior to approval of the PRD, which allows for limited development or improvement, with structure allowed only for residences, churches, utility, substations or structures associated with pursuits, such as stables or stands for the sale of agricultural crops produced on the premises. One dwelling unit per ten acres is allowed in the zone, with a ten-acre minimum lot size, except under PRD clustering.

**Gated Communities**

The entitlement for the subject property contains language that Black Mountain Ranch may make use of any future City policies authorizing gated communities in the NCFUA and designates appropriate potential access control points within the development area. The access control points would only affect internal circulation and would not affect through-traffic and would be subject to approval by Development Services in accordance with adopted policies and regulations. The project has gated access via two manned gates.

**Entitlement Documents**

There are numerous entitlement documents relating to the subject property and greater Black Mountain Ranch project (of which the subject is a part) which were submitted for review for previous appraisals. They are summarized as follows:

**Second Amended and Restated Development Agreement** - recorded in June, 1997, this is the controlling entitlement document for development of the subject property (Santaluz). When originally entitled, the subject property was part of the Black Mountain Ranch. This document, in its entirety, is included in the Addendum of previous appraisals.

**Ordinance No. 0-18387** - adopted on March 17, 1997, this was an ordinance of the City approving the Second Amended and Restated Development Agreement.

**Resolution No. R-286501** - adopted and recorded October 31, 1995, this document certified that the Environmental Impact Report (No. 95-0173) was completed in compliance with the California Environmental Quality Act of 1970.

**Resolution No. R-286502** - adopted on October 31, 1995, adopting findings with respect to Tentative Map No. 95-0173.

**Resolution No. R-286503** - planned residential development resource protection ordinance permit.

**Resolution No. R-286504** - adopted on October 31, 1995, required that a noticed public hearing be conducted before the City Council prior to the vacation of a city street. Provides for a summary vacation of streets and public service easements by City Council resolution.

**Environmental Impact Report** - dated September 20, 1995 with an amendment dated January 23, 1997.

**Black Mountain Ranch Sub-Area Plan** - draft April 27, 1998 and supplement dated May 11, 1998, setting forth design standards for the project.

**Lot Consolidation-Reconfiguration Plan:**

The subject property is approved for 1,121 residential units. The current approval is 529 builder production lots, 307 custom lots, 189 affordable units and 96 market rate attached units.

An additional Substantial Conformance Review 4B is being processed. It proposes 529 builder production lots, 307 custom lots, 189 affordable units and 96 market rate attached units on both the Town Center and Northeast sites. This plan provides for custom lot consolidations and the creation of 18 new custom lots. The proposed plan is being assumed in this appraisal.

The other components of the subject property being valued consist of: an 18-hole golf course including a clubhouse which is under construction; an existing Hacienda Building that acts as a community recreation/fitness center with other amenities (restaurant, meeting rooms, offices); two Church sites, one at the main entrance to the project at the northwest corner of Camino del Sur (Camino Ruiz) and Carmel Valley Road and the other in the Town Center portion; day care center sites, senior center, and recreation center adjacent to the Town Center church site.

There are other uses proposed such as an elementary school, a middle school, a park, a senior's center, a recreation center and property owners association lot (the latter three located at the Town Center).

The custom lots are divided into two portions, the Northern Lights located on both sides of San Dieguito Road west of Camino del Sur (Camino Ruiz), and the Village Green, located on the east side of Camino del Sur (Camino Ruiz) around the golf course. Lot 21 of the Northern Lights portion is improved with the Santaluz House which is being used as the sales administration and show piece information/greeting center for the project. Adjacent Lot 20 is used as a parking lot. The Santaluz House is approximately 6,825 square foot Hacienda style custom house that will ultimately be remodeled sold for this purpose when the marketing program is complete.

Not all of the proposed lots and uses in the project are subject to the Mello Roos special taxes. The focus of this appraisal is valuing the parcels that have Mello Roos tax obligations.

**Final Maps**

The final maps are included in the Addendum. Also included in the Addendum is a project large scale map dated as of September 1, 2003.

**DESCRIPTION OF IMPROVEMENTS**

Portions of the subject property are classified as "developed" property as defined in the Addendum. They are summarized as follows:

**Santaluz House:**

Lot 21 in the Northern Lights portion is improved with the Santaluz House, an opulent, lavishly appointed Hacienda style custom house of 6,825 square feet currently being used as a greeting center and sales office for the custom lot program. Since this lot is improved, it must be accounted for separately as an "improved" lot. In that regard, the total construction costs (real property) were provided by the developer as \$5,370,980. A projection of \$550,000 is required to convert the Santaluz House back to a residence from its current use. Lot 21 is one of, if not the most, desirable lot in the Northern Lights section of the project as it sits at a high elevation overlooking the surrounding terrain. It was valued at \$1,000,000. After considering the investment made in improvements (not including furnishings), the estimated value of the Santaluz House (Lot 21 real property) is \$4,000,000.

**Hacienda Building:**

The Hacienda Building is the community recreation center consisting of offices, meeting rooms, a restaurant, a basketball court with small performance stage, a fitness center, pool, spa and tennis courts. It is attractively appointed with courtyards and gathering areas. The Hacienda Building contains approximately 15,139 square feet broken down between office space of 7,155 square feet, the current (temporary) golf pro shop of 1,044 square feet, a fitness center of 2,505 square feet and multi-purposes space of 4,435 square feet. The developer's total construction costs were \$8,722,897 (real property only). Santaluz proposes a membership plan for which additional information is included in the Addendum. This building will ultimately be part of the property owner's association so it is not included in the valuation.

**Golf Maintenance Building:**

The Golf Maintenance Building (includes restrooms and sewer pump stations) is typical of such facilities and was completed at a direct construction cost of \$2,709,947 (real property only) as reported by the developer. The total square footage is 9,548 consisting of 2,158 square feet of office space, 1,493 square feet of shop area and 5,893 square feet of storage.

**Golf Course:**

Direct construction costs for the 18-hole golf course were \$16,885,734. It is a continuous style 18-hole course designed by Rees Jones. Santaluz proposes a private membership program for which additional information is included in the Addendum.

**Clubhouse:**

The Clubhouse is under construction at a total budget of \$19,000,000. As of the date of valuation, \$7,790,101 had been spent. Excerpts from the blue print drawings are included in the Addendum.

**Sentinels (Baywood Homes):**

An 80-lot project (all building permits issued) features detached homes in a clustered circular arrangement (eight units per lot group). Unit sizes range from 2,179 to 2,888 square feet. Of the 80 units, 46 have closed escrow, 30 are under contract and four are reserved. The prices on the closed escrows range from \$574,000 to \$999,414 and average \$766,880. The developer's construction costs for units under construction averages \$390,000 per unit. Two units were completed but not yet closed in Phase 3A (Lots 107 and 110) at prices of \$646,000 and \$765,000, respectively. Phase 3B (Lots 7 through 14) was 95% complete. Phase 3C (Lots 93 through 100) was 75% complete. Phase 3D (Lots 44 through 51) was 60% complete. Phase 3E (Lots 52 through 59) was 15% complete.

**Haciendas Sur (Centex):**

A 50-single family residence project (all building permits issued) on large lots. All but two of the homes had closed escrow except Lots 29 and 30 which were virtually complete as of the date of valuation. Sale prices range from \$734,256 to \$1,330,000, and average \$907,148. Unit sizes range from 3,217 to 3,703 square feet.

**Spanish Bungalows (Christopher Homes):**

A 64-single family residence project (all building permits issued) for which models opened in August, 2001 (all units closed escrow by August, 2003). Unit sizes range from 2,727 to 3,508 square feet. Sale prices range from \$590,000 to \$975,000 and averaged \$683,866.

**Garden Homes (D.R. Horton):**

A 63-lot project (all building permits issued) for which construction commenced in December, 2001. Unit sizes range from 3,347 to 4,002 square feet. Thirty-four of the homes had closed escrow as of the date of valuation ranging in price from \$635,715 to \$929,000 with an average of \$747,123. The developers cost was estimated at \$350,000 per unit. Lots 21 through 27 and 32 were 25% complete and Lots 53 through 63 were 75% complete.

**Casitas (Taylor Woodrow Homes):**

An 80-lot project (all building permits issued) featuring smaller sized residences on small, rear loaded lots, for which models opened in October, 2001 and all units closed by July, 2003. Unit sizes range from 2,180 to 2,340 square feet. Sales prices range from \$552,928 to \$887,300 and averaged \$698,436.

**Posadas (Taylor Woodrow Homes):**

A 56-lot project (all building permits issued) featuring the largest production builder homes on the largest production builder lots in the project. Unit sizes range from 4,776 to 5,565 square feet. The project was originally plotted for 66 lots but ten were sold back to Santaluz, LLC for conversion to custom lots at \$950,000 each. Reportedly, five of these lots have resold to individual buyers for \$1,275,000 each. There are 38 units closed at prices ranging from \$1,110,000 to \$2,390,000 with an average of \$1,411,909. The detailed summary of the costs spent through August 31, 2003 was

submitted for review for the 18 units still under construction. The costs range from \$99,897 (Lot 60) to \$736,588 (Lot 46) and average \$393,158 per lot.

**Court Homes (Davidson Communities):**

This 71 lot project was purchased in August of 2002. The model homes are under construction and the lots are all finished. The developer plans single family residencies ranging from 3,802 to 4,731 square feet. The first 13 production homes sold out quickly at prices ranging from \$854,900 to \$962,900. The models are situated on lots 19, 20, and 21 and the 13 phase one units are on lots 25 through 37. Of the reported costs to date of \$24,440,066, \$17,492,754 is land and the remainder \$6,947,312 for costs. Of that, \$625,000 was for fees for the models and Phase 1; \$570,000 was for construction of the models; \$1,500,000 was to complete site work to create "finished lots"; and the balance (\$4,252,312) represents indirect costs.

**Country Homes (Warmington Development):**

Warmington Development closed on the 35 lot first phase of this two phase land acquisition on July 10, 2003. The remaining 30 lots are scheduled to close in August, 2004. The homes will range in size from 3,850 sq. ft. to 4,750 square feet and base pricing will range from \$875,000 to \$940,000. Construction of finished lots had barely commenced as of September 1, 2003 with remaining costs being \$27,476 per lot.

**Sycamore Walk (Olson Company):**

This is a combination market rate and affordable project featuring 50 market rate town home units in two, three story floor plans of 1,411 and 1,828 square feet. Both plans feature 3 bedrooms, 2.5 bathrooms, and a 2 car attached garage. The 70 affordable units are flat style ranging from 620 to 1,194 sq. ft. (1 bedroom-1 bath to 3 bedroom-2 bath). Prices for the market rate units range from \$357,990 to \$459,990. A detailed summary of the costs in place as of the date of valuation was submitted for review for the market rate and affordable portions.

**Del Norte Villas (Taylor Woodrow - Chelsea):**

This is one of two sites at the northeast portion of the subject property planned for 46 market rate detached condominiums units. The other site in the northeast portion adjacent to this property will be developed with 119 affordable units. This 46 unit site went under contract in early May, 2003 and is scheduled for closing on November 14, 2003. No other information was submitted for review.

Builder product brochures are included in the Addendum.

The subject property received a Gold Nugget Award for land planning at the California Builders Conference in 2001. The plan mixes product types in the Village Green area making use of step topography to maximize view. The mix of product types has not been utilized on this scale in San Diego County.

**HIGHEST AND BEST USE**

Highest and best use is defined in the Appraisal of Real Estate, (12th Edition, 2001) as:

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

The Santaluz portion of the greater Black Mountain Ranch property is large enough to accommodate a variety of uses allowed under the existing zoning regulations. As is typical with planned communities, the highest and best use, in a general sense, is primarily based upon the ultimate entitlement when mapping and development agreements are completed. Such is the case for the subject which has an extensive list of entitlement documents and an approved development agreement. However, there have been revisions that refined and approved the development plan.

A mixture of residential and commercial uses is physically possible and legally permissible as set forth in the approvals provided. The subject property is well located in the North San Diego area that is now undergoing high quality development.

The subject property is also located in an area within the acclaimed Poway Unified School District (perennially among school districts with the highest test scores) which has traditionally attracted families. In fact, the Poway School District's latest high school (Westview) was just constructed on the west side of Camino del Sur (Camino Ruiz), south of Carmel Valley Road within one half mile of the subject property. The location is, therefore, favorable and future residential development will attract a variety of buyers, including families and professionals. The quality of the location and relatively high pricing (given the product offered in the Village Green portion) will also attract move-down buyers.

For-sale residential projects in the immediate area have been selling extremely well for the past three years. The adjacent 93 lot Fairbanks Highlands project to the south was been extremely well received by the market at relatively high prices. Typically, two to five production builder projects with complementary products offering new residential homes for sale is sufficient to create interest and activity benefitting all of the products at the project. The subject is large enough to do so on its own and will not have to depend upon surrounding development. However, relative to the typical suburban planned community, pricing is high and competition is strong.

Larger planned communities require commercial support services which are proposed at Black Mountain Ranch. The project will also bear significant infrastructure costs that will benefit other projects to be constructed elsewhere in the Future Urbanizing Area, especially in Sub-Area IV. The construction schedule for the subject property makes it the first major project scheduled for development in the area. There is a reimbursement mechanism favorable to the developers of the subject, but the timing of actual payments is somewhat uncertain.

Again, in a general sense, the highest and best use of the subject property is as proposed based upon the fact that the developers have achieved the necessary entitlements (or they are pending revision) after a long planning and approval process. There is a pending Substantial Conformance Review request involving lot consolidations and reconfigurations and this appraisal assumes a proposed lot consolidation reconfiguration which was considered reasonable and consistent with the highest and best use.



Portions of the subject property have sold and other portions like the custom lots are available for sale or are undergoing an absorption period expected to take six years. All the builder production lot groups are sold (with only 30 lots left to close escrow under a phased takedown agreement with Warmington Homes).

The custom lots are situated in two portions of the project, the Northern Lights and the Village Green. The Northern Lights portion is located on both sides of San Dieguito Road west of Camino del Sur (Camino Ruiz). The Village Green is in the core area of the community surrounding the golf course. Sales response indicates that lots in the Village Green are proving more popular and selling at a premium over those in the Northern Lights portion. Projections in the Reeb Development Consulting Absorption Analysis also call for the lots in the Village Green to be absorbed an entire year before those in the Northern Lights portion even though there are 79 more lots in the Village Green portion.

The market rate attached units are being constructed by the same developer as the affordable units and both are being developed jointly as profits from the market rate attached units are expected to subsidize the losses in developing the affordable units. Thus, no value was projected for either component. However, without the burden of the affordable housing, the market rate attached product would have a finished lot value of well over \$100,000 per lot.

The golf course is being appraised as if sold to a third party who will undertake the operation and completion of the golf clubhouse (presently under construction). Currently, golf course operations are housed in the Hacienda Building which is also a community center for which membership is planned.

Other revenue producing nonresidential sites consist of two church sites and a Day Care Center site, seniors center site, and recreation center site adjacent to the town center church site. Church Site 1 is located at the main entrance of the project at the northwest corner of Camino del Sur (Camino Ruiz) and Carmel Valley Road. Church Site 2 is located in the Town Center portion and is presently being marketed (by the same broker that sold Church Site 1) as a 10 acre site encompassing the day care center site, seniors center site, and recreation center site. The plan is to have a church provide for these uses on its property. However, the previous plans and proposed reconfiguration plan for the Town Center calls for these to be separate sites so they were appraised separately mindful of the fact that they have plottage value as a larger parcel. If sold as stand alone sites, only the church site, day care center site, and possibly the recreation center site would have value. The senior center would not likely have significant value. However, the church could provide for such uses to the benefit of its congregation and, somewhat for the surrounding community.

### **VALUATION METHODOLOGY**

The applicable components of the subject property will first be valued on a finished lot basis through the use of the Sales Comparison Approach. From those estimates, adjustments are made for condition or to add the estimated value of improvements in place. Subsequently, the Development Method will be utilized as the primary valuation approach for the "undeveloped" property owned by Santaluz, LLC.

In the Sales Comparison Approach, recent comparable sales are analyzed on a comparative unit basis. Typically, residential properties are analyzed on the basis of price per lot or unit basis and non-residential properties on the basis of price per square foot or acre. After consideration of the individual comparable sale unit price indications, concluded unit prices are applied to the subject property components for indications of value.

The Development Method is, typically, an approach for estimating the value of vacant land improved with public improvements such as water, sewers, sidewalks, etc. The usual application is to raw, un-subdivided land by deducting from the estimated gross selling price, the direct expense of development such as cost of streets, utilities, sales, advertising, and overhead (taxes, carrying charges, inspection). Profit and "time lag" (interest on the money invested for the time needed to complete the project) are also deducted, after which the land value is indicated. In this case, the Development Method Analysis (applicable to the "builder-owned", unimproved property) will be facilitated by the use of computer assisted discounted cash flow projections.

The Sales Comparison Approach is also potentially applicable to the valuation of the subject property "in bulk" in one sale to one buyer. A survey of sales of large acreage parcels for planned community development was made. The survey did not reveal any similar properties in similar condition considered adequate to perform the approach due to differences in size, number of lots, entitlement status and construction status.

**SALES COMPARISON APPROACH**

The Sales Comparison Approach to value involves the comparison of the subject property with recent sales of comparable properties and then isolating pertinent units of comparison which can be applied to the subject. The sale price per acre, lot or per square foot are typically the indicators utilized. When the number of lots is known for the residential portions of the subject and the comparables, the sale price per lot is the best indicator. For the commercial properties, the sale price per square foot is the best indicator.

**Residential**

For completed units, the methodology utilizing this appraisal consists of carrying forward the sale prices of completed homes where those homes were completed and awaiting the close of escrow as the date of valuation or closed escrow prior to the date of valuation. For units under construction, the finished lot value was estimated and the costs spent to date (excluding profit) were added accordingly. Only two portions of the property have lots still under construction, the Court Homes (Davidson) and the Country Homes (Warmington). For these lot groups, the remaining costs to complete the lots were deducted from the "finished lot" value accordingly. For the market rate town home units, there was a lack of comparable data and the purchase contracts were accepted as the "finished lot" value.

**Production Builder "For Sale" Housing Lots**

As previously noted, all of the eight production builder lot groups are sold with one lot group having 30 lots remaining to be "taken down" pursuant to a purchase-option agreement (Warmington). This data was given significant emphasis in valuing the subject production builder lots. The sales shown on the following pages are targeted to production builder (for sale) housing of various quality levels.

The following is a summary of the data:



**SUMMARY OF COMPARABLE RESIDENTIAL LAND SALES**

No.	Buyer/Seller/Project/Location	Dates	Phasing	Sale Price/ Cash Equivalent	Average Gross	Net	No. of Lots	Density Units Per Acre	Price Per Lot	On B. Drains Costs	Finished Lot Cost	Medic-Rose Assessment Avg. Annual \$	Developer's Price Range/ (Average)
8	Wilmington Homes/Santacruz, LLC Santacruz - Country Homes	6/03 7/03 8/04	35 lots 30 lots	\$10,418,230 \$8,950,770 \$19,350,000	0.750 sq. ft. avg. lots		65		\$297,992	\$22,754 \$17,000	\$339,046	PUSD Schools	\$975,000 - \$940,000 3,850 - 4,750
8A	Centex Homes/Santacruz, LLC Santacruz - Country Homes	6/01 7/01 1/02 7/02	Letter of Intent 25 lots 21 lots 21 lots	\$7,924,200 \$4,648,160 \$9,811,602 \$21,394,051	0.750 sq. ft. avg. lots		67		\$319,105	\$22,754 \$17,000	\$359,519	PUSD Schools	\$925,000 3,007 2,727 - 3,509
9	Prior Option Sea County Homes/CRV Stallions Crossing Stallions Crossing South side of El Camino Real east of Old El Camino Real San Diego (west of Fairbanks Ranch)	1/01		\$9,700,000	20.11	12.00	47	1.01	\$209,380	\$121,145	\$327,528	None	\$774,900 - \$914,960 3,173 - 3,987
10	Western Pacific/Security Trust Co. Santa Monica North of Carmel Valley Road east of Camino Ruiz San Diego (Subarea I)	Under Contract 11/01 1/02 Closed		\$36,290,000	82.11	N/A	136	1.08	N/A	\$37,000	\$299,971	PUSD Schools	N/A N/A N/A N/A
10A	Carlish Communities/Western Pacific Santa Monica - Porton	Under Contract 12/01 1/02 Closed		\$19,800,000	39.27 (piorale)	N/A	66	1.06	N/A	\$0	\$300,000	PUSD Schools	\$712,000 - \$800,000 N/A 3,953 - 4,270
11	Pardos Homes/Fairbanks Summit Old Black Mountain Road west of Camino De La Luna North of Carmel Valley Road San Diego (Subarea I west of Santacruz)	Under Contract 11/01 5/02 Closed		\$11,001,000	31.10	21.77	52	20.70	\$211,559	\$113,442	\$325,000	PUSD Schools	\$750,000 - \$950,000 \$900,000 3,100 - 4,400
12	Standard Pacific/Steystone Homes Cordera North of SR 50 west of Black Mountain Parkway San Diego (Torrey Highlands)	7/01		\$16,284,509	N/A	N/A	76	N/A	\$208,904	\$41,096	\$250,000	PUSD Schools	\$500,000's N/A 2,898 - 3,655
13	Stevon Walker Homes/Starwood Crosby Estate Lanour Lane and Going My Way San Diego (Crosby Estate)	2/01		\$14,280,000	N/A	N/A	35	N/A	\$408,000	\$4,000	\$412,000	Schools	\$970,000 - \$1,055,000 4,140 3,889 - 4,282
14	Davidson Homes/Starwood Crosby Estate Not Disclosed San Diego (Crosby Estate)	8/03 Under Contract		\$12,800,000	N/A	N/A	30	N/A	\$420,000	\$22,917	\$442,917	Schools	\$1,200,000 - \$1,300,000 N/A 4,200 - 4,700
15	Heerhilde Homes/Starwood Crosby Estate Not Disclosed San Diego (Crosby Estate)	8/03 Under Contract		\$9,500,000	N/A	N/A	32	N/A	\$300,000	\$0	\$300,000	Schools	\$1,200,000 - \$1,300,000 N/A 4,200 - 4,700
16	Barnet American/Enchiladas Ranch, LLC Enchiladas Ranch West of Quail Gardens Drive south of Paseo De Las Flores Enchiladas	7/02 Under Contract 10/02 Closed		\$2,644,160	N/A	N/A	8	N/A	\$330,529	\$169,480	\$500,000	Schools and Street Impr.	\$1,900,000 - \$1,500,000 N/A 4,280 - 5,300

Comparables 1 through 8 are the phased-takedown purchase-option agreements and an outright purchase agreement with the production builders at the subject Santaluz project. Notable is that Comparable 4 was originally a purchase of the Garden Homes lots in "blue top" condition. Subsequently, Reilly Homes merged with Western Pacific Housing and sold the property as finished lots to D. R. Horton for a significant premium.

Comparables 7 and 8 were executed letters of intent for the Court Homes and Country Homes at the subject Santaluz project that did not evolve into purchase contracts due to the recessionary market conditions and the events of September 11. Notable is the significant premiums in finished lot cost over the two La Zanja area lot groups that already sold at that time, the Spanish Bungalows and Garden Homes (Comparables 3 and 4). However, the developer chose to reduce prices on the subsequent sales to Davidson Communities and Warmington to get these lots sold and close out the production builder portion of the project.

Comparable 9 is an older sale of a relatively small project featuring small lots with view amenities west of the subject in the area east of Del Mar and southwest of Rancho Santa Fe.

Comparable 10 is the Santa Monica project located adjacent to Santaluz to the west. It is a purchase by D. R. Horton Homes - Western Pacific Housing of lots with a companion resale to Colrich Communities of a portion of the project.

Comparable 11 is located immediately south of Comparable 10, also adjacent to Comparable 10 to the south. It is the purchase of two properties with separate mapping and finished lot costs being combined into one project (Fairbanks Summit).

Comparable 12 is located south of the subject property in the Torrey Highlands portion of North City. It is a small lot project sold in a transaction that was also negotiated and closed before the events of September 11.

Comparables 13 through 15 are located in the Crosby Estate project northwest of the subject in the Santa Fe Valley area. They feature larger lots and the development plan includes a golf course.

Comparable 16 is located to the northwest in the Encinitas Ranch planned community. It is a small subdivision selling for a very high price per lot.

### **Adjustments**

Various adjustments were made in a qualitative manner as follows:

#### **Conditions of Sale:**

There were no unusual conditions of sale affecting any of the comparables requiring an adjustment.

**Time:**

Residential properties were increasing in value through the summer (August) of 2001. The events of September 11 caused developers to place acquisition plans on hold which, at the time, was felt by many to be for at least a year. However, builders reentered the market in November of 2001 but land prices decreased slightly. Therefore, upward adjustments were made to sales that were placed under contract through the first eight months of 2001. Thereafter, a slight downward adjustment was indicated with no adjustment being made to properties that went under contract beginning in November, 2001. Beginning in 2000, the market began increasing again significantly. Therefore upward adjustments are indicated to sales negotiated in 2000. The downward trend between the prior option agreements for comparables 7A and 8A to the more recent transactions is not indicative of a downward trend but reflects overpricing when the prior options were negotiated.

**General Location:**

The subject property has a good location and has emerged as one of the premier planned communities in San Diego County. Comparables 1 through 8 are located in the subject Santaluz project and require no general location adjustment. Comparable 9 is located in a superior area west of Fairbanks Ranch, south of Rancho Santa Fe and east of Del Mar. Comparable 12 is located in the Torrey Highlands area south of the subject which is considered slightly inferior. Comparables 10 and 11 are the Santa Monica-Fairbanks Summit to the west (CFD No. 2 Improvement Area No. 4). Comparables 13 through 15 are located in the Santa Fe Valley area north of Rancho Santa Fe which is considered slightly superior. Comparable 16 is located in Encinitas Ranch and is considered comparable to the subject.

**School District:**

The subject property is located in the Poway Unified School District as are all but Comparables 9 and 13 through 15 which are located in the San Dieguito School District in which Torrey Pines High School is one of the best public high schools in San Diego County if not the State of California. Comparable 16 was considered equal.

**Project Size:**

Project size adjustments are made based on the time estimated for entitling, building and selling the comparable project as compared to the subject. This adjustment takes into consideration the timing of development, indicating a shorter time period for a purchase of finished lots than raw land to be graded. The period between sale of the land and the first house closing escrow is estimated at 10 months for finished lots and 12 months for sheet-graded sites. The adjustment also reflects the increased or decreased carrying costs on a larger or smaller project.

**Average lot size:**

Typically, lot size differentials are adjusted based upon price per square foot of differential between minimum lot size; average lot size; or average pad size. In many cases, all three of these figures are not provided and ranges are often given for one category only. Thus, subjective adjustments were made based upon appraiser's experience. Typically, adjustments for lot size range between \$7.00 per square foot at the low end to \$30.00 per square foot at the high end depending upon the amount of differential. The larger the differential, the lower the indicator which is also highly influenced by the value range of the lots being adjusted.

**Site/View/Amenities:**

The subject property has a good location with average to good views and positioning to amenities. The comparables were rated and adjustments were made accordingly.

**Mello-Roos District:**

Differentials between the Mello-Roos liens projected at the subject property and comparables were taken into consideration. In addition, there is a Poway Unified School District CFD at the subject.

**Development Impact Fees (DIF's):**

It is often the case that municipalities have Development Impact Fees (DIF's). There are reimbursement provisions that are being considered in this appraisal from fees that are due up front when building permits are pulled. However, the subject is exempt from these fees as a tradeoff for facilities being installed.

Differentials in DIF fees were considered in the adjustment process with upward adjustments being made to those properties that have DIF fees versus the subject property (which does not) which is, essentially, the case for all comparables to different degrees. The fees shown in the adjustment grid are the remaining fees payable for the subject lots, not including the development impact fees.

Also taken into consideration is the fact that the subject's affordable housing requirement is being subsidized by the master developer. Many of the comparables outside the Santaluz project must provide their own affordable housing onsite.

**Adjustment Grids**

The following are adjustment grids for the residential portions of the subject property excluding the custom-estate lots and the affordable housing.



**LAND SALE ADJUSTMENTS  
BERTINIELS**

Value Conclusion: \$900,000 Per "Finished" Lot

Comparable No.:	2	4A	6	7	8	10A
Date:	8/00	8/01	3/00	6/02	5/03	12/01
Cash Equivalent Price:	\$13,750,000	\$17,325,000	\$31,207,698	\$17,492,754	\$19,350,000	\$19,800,000
No. of Units:	50	83	66	71	65	60
Price Per Unit:	\$275,000	\$275,000	\$473,766	\$246,377	\$297,692	\$330,000
Costs & Fees:	\$17,800	\$15,218	\$17,000	\$40,500	\$40,354	\$0
Finished Lot Costs & Fees:	\$292,600	\$290,219	\$491,356	\$286,877	\$338,046	\$300,000
Adjustments:	Desc. Adj.	Desc. Adj.	Desc. Adj.	Desc. Adj.	Desc. Adj.	Desc. Adj.
Cond. of Sale:	Equal	Equal	Equal	Equal	Equal	Equal
Time:	9/00	8/01	3/00	6/02	5/03	12/01
General Location:	Good	Good	Good	Good	Good	Good
School District:	Poway	Poway	Poway	Poway	Poway	Poway
Project Size:	80	80	71	71	65	60
Lot Size:	6,000	7,500	55,000	8,600	9,750	13,300
Site/View/Amenities:	Surr. Area	Sl. Superior	Sl. Superior	Sl. Inferior	Sl. Inferior	Equal
Mello Roos Distr.:	Yes	Yes	Yes	Yes	Yes	Yes
Development Fees:	\$17,800	Equal	Equal	Equal	Equal	Equal

Comparable No.:	11	13	14	15	16
Date:	11/01	2/01	8/03	8/03	10/02
Cash Equivalent Price:	\$11,001,000	\$14,280,000	\$12,600,000	\$9,600,000	\$2,644,180
No. of Units:	52	35	30	32	8
Price Per Unit:	\$211,658	\$408,000	\$420,000	\$300,000	\$330,620
Costs & Fees:	\$113,442	\$4,000	\$22,917	\$0	\$199,480
Finished Lot Costs & Fees:	\$325,000	\$412,000	\$442,917	\$300,000	\$500,000
Adjustments:	Desc. Adj.	Desc. Adj.	Desc. Adj.	Desc. Adj.	Desc. Adj.
Cond. of Sale:	Equal	Equal	Equal	Equal	Equal
Time:	11/01	2/01	8/03	8/03	10/02
General Location:	Good	Good	Good	Good	Good
School District:	Poway	Poway	Poway	Poway	Poway
Project Size:	80	80	30	32	8
Lot Size:	6,600	11,000	24,500	22,000	20,000
Site/View/Amenities:	Area	Area	Area	Area	Area
Mello Roos Distr.:	Yes	Yes	Yes	Yes	Yes
Development Fees:	\$17,600	Superior	Equal	Inferior	Inferior

**LAND SALE ADJUSTMENTS  
GARDEN HOMES**

Value Conclusion: \$320,000 Per "Finished" Lot

Comparable No.:	2	4A	6	7	8	10A
Date:	6/00	8/01	3/00	6/02	6/03	12/01
Cash Equivalent Price:	\$13,750,000	\$17,325,000	\$31,267,800	\$17,492,764	\$19,350,000	\$19,800,000
No. of Units:	60	63	66	71	85	86
Price Per Unit:	\$227,500	\$275,000	\$473,756	\$246,377	\$227,529	\$229,000
Costs & Fees:	\$17,000	\$15,219	\$17,000	\$40,600	\$40,354	\$0
Finished Lot Costs & Fees:	\$282,600	\$290,219	\$491,356	\$288,977	\$338,048	\$300,000
Adjustments:	Desc. Adj.	Desc. Adj.	Desc. Adj.	Desc. Adj.	Desc. Adj.	Desc. Adj.
Cond. of Sale:	Equal	Equal	Equal	Equal	Equal	Equal
Time:	6/00	8/01	3/00	6/02	6/03	12/01
General Location:	Good	Good	Good	Good	Good	Good
School District:	Poway	Poway	Poway	Poway	Poway	Poway
Project Size:	63	63	66	71	85	86
Lot Size:	7,600	7,600	55,000	8,600	9,750	13,300
Site/View/Amenities:	Surr. Area	Sl. Interior	Sl. Superior	Sl. Interior	Sl. Interior	Equal
Mello Roes Distr.:	Yes	Yes	Yes	Yes	Yes	Yes
Development Fees:	\$17,600	Equal	Equal	Equal	Equal	Equal

Comparable No.:	11	13	14	15	16
Date:	11/01	2/01	8/03	8/03	10/02
Cash Equivalent Price:	\$11,001,000	\$14,260,000	\$12,000,000	\$9,600,000	\$2,644,160
No. of Units:	52	35	30	32	8
Price Per Unit:	\$211,658	\$408,000	\$400,000	\$300,000	\$330,520
Costs & Fees:	\$113,442	\$4,000	\$22,917	\$0	\$169,460
Finished Lot Costs & Fees:	\$325,000	\$412,000	\$442,917	\$300,000	\$500,000
Adjustments:	Desc. Adj.	Desc. Adj.	Desc. Adj.	Desc. Adj.	Desc. Adj.
Cond. of Sale:	Market	Market	Market	Market	Market
Time:	11/01	2/01	8/03	8/03	10/02
General Location:	Good	Good	Good	Good	Good
School District:	Poway	Poway	Poway	Poway	Poway
Project Size:	63	35	30	32	8
Lot Size:	16,400	11,000	24,600	22,000	20,000
Site/View/Amenities:	Area	Area	Area	Area	Area
Mello Roes Distr.:	Yes	Yes	Yes	Yes	Yes
Development Fees:	\$17,600	Superior	Equal	Interior	Interior

**LAND SALE ADJUSTMENTS  
COURT HOMES**

Value Conclusion: \$330,000 Per "Finished" Lot

Comparable No.:	2	4A	0	7	8	10A
Date:	6/00	8/01	3/00	6/02	5/03	12/01
Cash Equivalent Price:	\$13,750,000	\$17,325,000	\$31,207,899	\$17,492,754	\$19,350,000	\$19,800,000
No. of Units:	50	43	66	71	65	66
Price Per Unit:	\$275,000	\$275,000	\$473,756	\$246,377	\$297,692	\$300,000
Costs & Fees:	\$17,000	\$15,219	\$17,000	\$40,500	\$40,354	\$0
<b>Finished Lot Costs &amp; Fees:</b>	<b>\$292,000</b>	<b>\$290,219</b>	<b>\$491,356</b>	<b>\$289,977</b>	<b>\$339,046</b>	<b>\$300,000</b>
Adjustments:	Desc. Adj.	Desc. Adj.	Desc. Adj.	Desc. Adj.	Desc. Adj.	Desc. Adj.
Cond. of Sale:	Equal	Equal	Equal	Equal	Equal	Equal
Time:	6/00	8/01	3/00	6/02	5/03	12/01
General Location:	Good	Good	Good	Good	Good	Good
School District:	Poway	Poway	Poway	Poway	Poway	Poway
Project Size:	50	53	66	71	65	66
Lot Size:	8,600	7,500	55,000	8,600	9,760	13,300
Site/View/Amenities:	Burr Area	Sl. Inferior	Sl. Superior	Sl. Inferior	Sl. Inferior	Equal
Mello Roos Distr.:	Yes	Yes	Yes	Yes	Yes	Yes
Development Fees:	\$17,600	Equal	Equal	Equal	Equal	Equal

Comparable No.:	11	13	14	15	16
Date:	11/01	2/01	8/03	8/03	10/02
Cash Equivalent Price:	\$11,001,000	\$14,280,000	\$12,600,000	\$9,600,000	\$2,644,100
No. of Units:	52	35	30	32	8
Price Per Unit:	\$211,656	\$408,000	\$420,000	\$300,000	\$330,520
Costs & Fees:	\$113,442	\$4,000	\$22,917	\$0	\$109,480
<b>Finished Lot Costs &amp; Fees:</b>	<b>\$325,000</b>	<b>\$412,000</b>	<b>\$442,917</b>	<b>\$300,000</b>	<b>\$500,000</b>
Adjustments:	Desc. Adj.	Desc. Adj.	Desc. Adj.	Desc. Adj.	Desc. Adj.
Cond. of Sale:	Market	Market	Market	Market	Market
Time:	11/01	2/01	8/03	8/03	10/02
General Location:	Good	Good	Good	Good	Good
School District:	Poway	Poway	Poway	Poway	Poway
Project Size:	71	35	30	32	8
Lot Size:	6,600	11,000	24,500	22,000	20,000
Site/View/Amenities:	Area	Area	Area	Area	Area
Mello Roos Distr.:	Yes	Yes	Yes	Yes	Yes
Development Fees:	\$17,600	Superior	Equal	Inferior	Inferior

**LAND SALE ADJUSTMENTS  
COUNTRY HOMES**

Value Conclusion: \$940,000 Per "Finished" Lot

Comparable No.:	2	4A	6	7	8	10A
Date:	6/00	8/01	3/00	6/02	5/03	12/01
Cash Equivalent Price:	\$13,750,000	\$17,925,000	\$31,267,699	\$17,402,754	\$19,360,000	\$19,800,000
No. of Units:	50	63	66	71	65	60
Price Per Unit:	\$275,000	\$284,365	\$473,750	\$244,377	\$297,092	\$330,000
Costs & Fees:	\$17,600	\$15,219	\$17,900	\$40,500	\$40,354	\$0
<b>Finished Lot Costs &amp; Fees:</b>	<b>\$292,600</b>	<b>\$280,219</b>	<b>\$491,350</b>	<b>\$280,877</b>	<b>\$338,040</b>	<b>\$300,000</b>
<b>Adjustments:</b>	<b>Desc. Adjl.</b>	<b>Desc. Adjl.</b>	<b>Desc. Adjl.</b>	<b>Desc. Adjl.</b>	<b>Desc. Adjl.</b>	<b>Desc. Adjl.</b>
Cond. of Sale:	Market	Equal	Equal	Equal	Equal	Equal
Time:	9/00	8/01	3/00	6/02	5/03	12/01
General Location:	Good	Equal	Equal	Equal	Equal	Equal
School District:	Poway	Equal	Equal	Equal	Equal	Equal
Project Size:	65	63	66	71	65	60
Lot Size:	9,760	7,500	55,000	8,600	9,750	13,300
Site/View/Amenities:	Surr. Area	Sl. Interior	Sl. Superior	Sl. Interior	Sl. Interior	Equal
Mello Roos Distr.:	Yes	Yes	Yes	Yes	Yes	Yes
Development Fees:	\$17,600	Equal	Equal	Equal	Equal	Equal

Comparable No.:	11	13	14	15	16
Date:	11/01	2/01	8/03	6/03	10/02
Cash Equivalent Price:	\$11,001,000	\$14,280,000	\$12,600,000	\$9,600,000	\$2,644,160
No. of Units:	52	35	30	32	8
Price Per Unit:	\$211,558	\$408,000	\$420,000	\$300,000	\$330,520
Costs & Fees:	\$113,442	\$4,000	\$22,917	\$0	\$169,480
<b>Finished Lot Costs &amp; Fees:</b>	<b>\$325,000</b>	<b>\$412,000</b>	<b>\$442,917</b>	<b>\$300,000</b>	<b>\$500,000</b>
<b>Adjustments:</b>	<b>Desc. Adjl.</b>	<b>Desc. Adjl.</b>	<b>Desc. Adjl.</b>	<b>Desc. Adjl.</b>	<b>Desc. Adjl.</b>
Cond. of Sale:	Market	Equal	Equal	Equal	Equal
Time:	11/01	2/01	8/03	6/03	10/02
General Location:	Good	Sl. Superior	Sl. Superior	Sl. Superior	Equal
School District:	Poway	Sl. Superior	Sl. Superior	Sl. Superior	Equal
Project Size:	65	35	30	32	8
Lot Size:	9,750	11,000	24,500	22,000	20,000
Site/View/Amenities:	Area	Equal	Equal	Equal	Equal
Mello Roos Distr.:	Yes	Yes	Yes	Yes	Yes
Development Fees:	\$17,600	Superior	Equal	Inferior	Inferior

**LAND SALE ADJUSTMENTS  
POSADAS**

Value Conclusion: \$800,000 Per "Finished" Lot

Comparable No.:	2	4A	6	7	8	10A
Date:	6/00	8/01	8/00	6/02	5/03	12/01
Cash Equivalent Price:	\$13,750,000	\$17,325,000	\$31,207,896	\$17,492,754	\$10,350,000	\$19,800,000
No. of Units:	50	63	60	71	65	66
Price Per Unit:	\$275,000	\$275,000	\$473,756	\$240,377	\$297,692	\$300,000
Costs & Fees:	\$17,000	\$16,219	\$17,000	\$40,500	\$40,354	\$0
Finished Lot Costs & Fees:	\$292,500	\$290,219	\$491,355	\$280,877	\$339,049	\$300,000
Adjustments:						
Cond. of Sale:	Equal	Equal	Equal	Equal	Equal	Equal
Time:	6/00	8/01	3/00	6/02	5/03	12/01
General Location:	Good	Good	Equal	Equal	Equal	Equal
School District:	Equal	Equal	Equal	Equal	Equal	Equal
Project Size:	50	63	66	71	65	66
Lot Size:	25,000	7,500	65,000	8,600	9,750	13,300
Site/View/Amenities:	Sl. Superior	Sl. Inferior	Sl. Superior	Sl. Inferior	Sl. Inferior	Equal
Mello Roos Distr.:	Yes	Yes	Yes	Yes	Yes	Yes
Development Fees:	\$17,000	Equal	Equal	Equal	Equal	Equal

Comparable No.:	11	13	14	15	16	18
Date:	11/01	2/01	8/03	8/03	8/03	10/02
Cash Equivalent Price:	\$11,001,000	\$14,280,000	\$12,000,000	\$9,600,000	\$9,600,000	\$2,644,160
No. of Units:	52	35	30	32	32	6
Price Per Unit:	\$211,558	\$408,000	\$420,000	\$300,000	\$300,000	\$330,520
Costs & Fees:	\$113,442	\$4,000	\$22,917	\$0	\$0	\$109,460
Finished Lot Costs & Fees:	\$325,000	\$412,000	\$442,917	\$300,000	\$300,000	\$500,000
Adjustments:						
Cond. of Sale:	Market	Market	Market	Market	Market	Market
Time:	11/01	2/01	8/03	8/03	8/03	10/02
General Location:	Good	Good	Equal	Equal	Equal	Equal
School District:	Equal	Equal	Equal	Equal	Equal	Equal
Project Size:	52	35	30	32	32	6
Lot Size:	16,400	11,000	24,500	22,000	22,000	20,000
Site/View/Amenities:	Area	Area	Equal	Equal	Equal	Equal
Mello Roos Distr.:	Yes	Yes	Yes	Yes	Yes	Yes
Development Fees:	\$17,000	Superior	Equal	Inferior	Inferior	Inferior

Consideration was also given to the potential for methane gas mitigation requiring the "liquid boot" treatment at a cost of \$2.00 per square foot of slab area.

Use of a qualitative adjustment grid analysis producing plus and minus adjustments that, when viewed in the aggregate, do not always reflect the true direction of the overall comparability of the comparable to the subject property.

The Sentinels lots were valued at \$300,000 per lot with the Garden Homes, Court Homes lots and Country Homes lots being valued at \$320,000, \$330,000 and \$340,000 per lot respectively. A significant increase was warranted for the Posadas lots which are extremely large and interspersed with excellent view amenities around the golf course. In addition to the builder production lot comparables presented, also carefully considered was the ten lot "buy back" of Posadas lots by Santaluz, LLC at \$950,000 per lot for conversion of those lots into the custom-estate lot category for which five were subsequently resold at \$1,275,000 each.

Outstanding completion costs of \$27,476 per lot need to be deducted from the finished lot valuation of the Country Homes. The 65 Country Homes lots are being purchased in a phased takedown option transaction so only the first phase lots that have closed were valued in this section.

As discussed on page 16, the Appraisal Standards For Land Secured Financing prepared by the California Debt and Investment Advisory Commission discusses requirements that a *Bulk Sale Value* should be estimated for all vacant properties, both unimproved properties and improved or partially improved but unoccupied properties. The portions classified as "undeveloped" are small enough in the number of lots so as not to warrant a discount beyond deducting the remaining "finished lot" costs. The traditional form of discounted cash flow analysis that would be applicable to a bulk valuation is generally applied to "undeveloped" properties with a sales absorption period of more than one year. In the case of the 42 "undeveloped" lots at the Court Homes (Davidson) and the 65 "undeveloped" lots at the Country Homes (Warmington), these lot groups were not of sufficient number to warrant any discounting for a "bulk sale".

The following is a summary of the production home lot group valuations plus the estimated value of improvements in place:

Portion of Project	Legal Owner	Builder	No. of Residential Lots	Estimated Value Per Lot	Estimated Value	Undeveloped	Developed
<b>For Sale Production Builder Lots</b>							
<b>Sentinels</b>	<b>Baywood Homes</b>	<b>Baywood Homes</b>	<b>80</b>				
Undeveloped Lots	(and individual homeowners)		0	\$0	\$0	\$0	
Developed Lots			32	\$300,000	\$9,600,000		\$9,600,000
Improvements					\$7,844,000		\$7,844,000
Completed Homes			48	\$767,987	\$36,863,378		\$36,863,378
<b>Total</b>			<b>80</b>	<b>\$676,342</b>	<b>\$54,107,378</b>	<b>\$0</b>	<b>\$54,107,378</b>
<b>Haciendas Sur</b>	<b>(individual homeowners)</b>	<b>Centax</b>	<b>50</b>				
Undeveloped Lots			0	\$0	\$0	\$0	
Developed Lots			0	\$0	\$0		\$0
Improvements					\$0		\$0
Completed Homes			50	\$907,148	\$45,357,408		\$45,357,408
<b>Total</b>			<b>50</b>	<b>\$907,148</b>	<b>\$45,357,408</b>	<b>\$0</b>	<b>\$45,357,408</b>
<b>Spanish Bungalows</b>	<b>(individual homeowners)</b>	<b>Christopher Homes</b>	<b>64</b>				
Undeveloped Lots			0	\$0	\$0	\$0	
Developed Lots			0	\$0	\$0		\$0
Improvements					\$0		\$0
Completed Homes			64	\$677,772	\$43,377,403		\$43,377,403
<b>Total</b>			<b>64</b>	<b>\$677,772</b>	<b>\$43,377,403</b>	<b>\$0</b>	<b>\$43,377,403</b>
<b>Garden Homes</b>	<b>D.R. Horton and (and individual homeowners)</b>	<b>D.R. Horton</b>	<b>63</b>				
Undeveloped Lots			0	\$0	\$0	\$0	
Developed Lots			19	\$320,000	\$6,080,000		\$6,080,000
Improvements					\$3,587,500		\$3,587,500
Completed Homes			44	\$747,123	\$32,873,417		\$32,873,417
<b>Total</b>			<b>63</b>	<b>\$675,253</b>	<b>\$42,540,917</b>	<b>\$0</b>	<b>\$42,540,917</b>
<b>Casitas</b>	<b>(individual homeowners)</b>	<b>Taylor Woodrow</b>	<b>60</b>				
Undeveloped Lots			0	\$0	\$0	\$0	
Developed Lots			0	\$0	\$0		\$0
Improvements					\$0		\$0
Completed Homes			62	\$901,208	\$55,874,888		\$55,874,888
<b>Total</b>			<b>62</b>	<b>\$901,208</b>	<b>\$55,874,888</b>	<b>\$0</b>	<b>\$55,874,888</b>
<b>Posadas</b>	<b>Taylor Woodrow (and individual homeowners)</b>	<b>Taylor Woodrow</b>	<b>58</b>				
Undeveloped Lots			0	\$0	\$0	\$0	
Developed Lots			17	\$800,000	\$13,600,000		\$13,600,000
Improvements					\$6,433,118		\$6,433,118
Completed Homes			39	\$1,619,908	\$63,176,422		\$63,176,422
<b>Total</b>			<b>58</b>	<b>\$1,485,885</b>	<b>\$83,209,540</b>	<b>\$0</b>	<b>\$83,209,540</b>
<b>Court Homes</b>	<b>Davidson Communities</b>	<b>Davidson Communities</b>	<b>71</b>				
Undeveloped Lots			55	\$330,000	\$18,150,000	\$18,150,000	
Developed Lots			16	\$330,000	\$5,280,000		\$5,280,000
Improvements					\$1,195,000		\$1,195,000
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>71</b>	<b>\$348,831</b>	<b>\$24,625,000</b>	<b>\$18,150,000</b>	<b>\$6,475,000</b>
<b>Country Homes</b>	<b>Warmington Homes</b>	<b>Warmington Homes</b>	<b>35</b>				
Undeveloped Lots			35	\$312,524	\$10,938,340	\$10,938,340	
Developed Lots			0	\$0	\$0		\$0
Improvements					\$0		\$0
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>35</b>	<b>\$312,524</b>	<b>\$10,938,340</b>	<b>\$10,938,340</b>	<b>\$0</b>
<b>Sycamore Walk</b>	<b>The Olson Company</b>	<b>The Olson Company</b>	<b>50</b>				
Undeveloped Lots			0	\$0	\$0	\$0	
Developed Lots			50	\$150,000	\$7,500,000		\$7,500,000
Improvements					\$708,554		\$708,554
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>50</b>	<b>\$164,131</b>	<b>\$8,208,554</b>	<b>\$0</b>	<b>\$8,208,554</b>
<b>Total For Sale Production Builder Lots</b>			<b>549</b>	<b>\$670,742</b>	<b>\$388,237,426</b>	<b>\$29,088,340</b>	<b>\$339,149,088</b>
<b>Rounded To The Nearest \$1,000</b>					<b>\$388,237,000</b>	<b>\$29,088,000</b>	<b>\$339,149,000</b>

This is not the "As Is" value as the above value is based on the property in its present condition assuming CFD improvements are complete

**Market Rate Townhomes and Condominiums**

There is a lack of comparable land sale data for the 50 market rate town homes (Olson) in the Town Center portion and the 46 market rate detached condominiums (Taylor Woodrow) in the northeast portion. The purchase contract for the Sycamore Walk project is dated January 7, 2002 and the purchase price was \$3,650,000 which equates to \$30,417 per unit for 120 units or \$73,000 for the 50 market rate units. The purchase price is depressed because the Olson company has the responsibility of constructing the 70 affordable units which, as a stand alone, would not have a residual land value. As a stand alone site, the 50 market rate town home units would have a significantly higher land value without the burden of constructing an affordable housing element.

The northerly market rate detached condominium site is under contract for purchase for \$6,100,000 or \$132,609 per for 46 units. The purchase contract is dated May 5, 2003.

The purchase price was accepted as market value for the northeast 46 unit site. However, the purchase price for the Town Center 50 unit site was considered low. The northeast site is considered a slightly inferior location to the Town Center. Also considered were the retail sale prices of the Sycamore Walk market rate town homes at the Town Center site. After considering this data, a market value of \$150,000 per unit was estimated for the Town Center site.

An itemized breakdown of the construction costs in place was submitted for review.

**Custom-Estate Lots**

Well documented in the Reeb Development Consulting Absorption Analysis is information on custom-estate lot projects nearby and competitive with the subject property. They include: Cielo, The Crosby Estate, The Bridges; the Meadows Del Mar; Rancho Pacifica and Heritage Golf Estates. In addition to the sales history at the subject, the best comparables are those projects in closest proximity to the subject. They are detailed in the Addendum as excerpted from the Reeb report.

However, current and recent sales activity at the subject property is the best indication of value.

Custom lots sales at the subject property began with 64 lots being released for presale reservations on October 20, 2001.

Since the marketing program began, 161 lots have been sold (closed escrow) or are under contract equating to an absorption rate of 7.00 lots per month (23 months through September 2003). However, the initial absorption rate in late 2001 was much slower, so absorption has been significantly higher over the past year. Direct price discounts or "incentives" have ranged from approximately zero to 18%.

Average sales prices (lots closed) in the Northern Lights section are approximately 27.7% lower than in the Village Green. This is due to the proximity to the golf course and facilities in the Village Green portion. Lots closed after September 1, 2003 or currently under contract have a differential of 30.5%.

Notable is that ten of the builder production Posadas lots were converted into the custom lot category and sold from Taylor Woodrow homes back to Santaluz, LLC for \$950,000 per lot. Five of these lots have resold for \$1,275,000 per lot.



Northern Lights Unit 8, Lots 1 through 16 are under contract to Baywood Development for \$575,000 per lot in a phased-takedown transaction. Another builder bulk sale transaction of 10 lots (Unit 2, Lots 61, 63, 65, 67, 69, 71, 74, 76, 78 and 80) is also being purchased in a phased-takedown transaction at prices between \$400,000 and \$455,000. The project is called La Veranda and home prices are advertised at between \$1,495,000 and \$2,195,000.

The improvement values were based upon the percentage completion applied to the building permit amount provided by the city of San Diego or an amount estimated on inspecting the subject property. The improvement value for Lot 21 (the Santaluz house) was previously summarized.

The following is a summary of the subject custom-estate lot sales history and estimated lot values:

**SANTALUZ  
SUMMARY OF CUSTOM-ESTATE LOTS ACTIVITY AND VALUATION**

Chron. No.	Unit No.	Legal Lot No.	Acreage	Contract Date	Closing Date	Gross Sale Price	Incentive/Discount	Closing Price	Appraised Land Value	Improvement Value	Total Appraised Value
<b>Northern Lights</b>											
1	6	1	1.500					\$0	\$750,000		\$750,000
2	6	2	1.770					\$0	\$700,000		\$700,000
3	6	3	1.720	8/27/03	10/14/03	\$775,000	(\$118,250)	\$658,750	\$675,000		\$675,000
4	6	4	1.430					\$0	\$640,000		\$640,000
5	6	5	1.350					\$0	\$615,000		\$615,000
6	6	6	1.340					\$0	\$600,000		\$600,000
7	6	7	1.490					\$0	\$570,000		\$570,000
8	6	8	1.550	8/27/03	10/15/03	\$670,000	(\$100,500)	\$569,500	\$570,000		\$570,000
9	6	9	1.220					\$0	\$550,000		\$550,000
10	6	10	1.580					\$0	\$570,000		\$570,000
11	6	11	1.690					\$0	\$595,000		\$595,000
12	6	12	1.560	10/26/01	12/5/01	\$590,000	(\$59,000)	\$531,000	\$585,000		\$585,000
13	6	13	1.860	10/27/01	12/4/01	\$625,000	(\$62,500)	\$562,500	\$585,000	\$96,027	\$681,027
14	6	14	1.050					\$0	\$560,000		\$560,000
15	6	15	1.080	6/18/02	8/12/02	\$550,000	(\$99,000)	\$451,000	\$495,000	\$107,759	\$602,759
16	6	16	1.470	6/08/02	7/15/02	\$600,000	(\$60,000)	\$540,000	\$595,000		\$595,000
17	6	17	1.560	8/24/02	12/16/02	\$735,000	\$0	\$735,000	\$775,000	\$96,444	\$871,444
18	6	18	1.770					\$0	\$700,000		\$700,000
19	6	G	1.628					\$0	\$745,000		\$745,000
20	6	19	1.810					\$0	\$750,000		\$750,000
21	6	20	1.990					\$0	\$1,000,000		\$1,000,000
22	6	21	1.930	(Santaluz House)				\$0	\$1,000,000	\$3,000,000	\$4,000,000
23	6	22	1.880					\$0	\$595,000		\$595,000
24	6	23	1.350					\$0	\$590,000		\$590,000
25	6	24	1.050					\$0	\$615,000		\$615,000
26	6	25	1.940					\$0	\$655,000		\$655,000
27	6	26	0.990					\$0	\$655,000		\$655,000
28	6	27	0.750					\$0	\$595,000		\$595,000
29	6	28	0.840					\$0	\$595,000		\$595,000
30	6	29	0.940					\$0	\$575,000		\$575,000
31	7	1	1.520	6/17/02	7/30/02	\$675,000	(\$121,500)	\$553,500	\$610,000		\$610,000
32	7	2	1.200	6/08/02	7/17/02	\$625,000	(\$112,500)	\$512,500	\$565,000		\$565,000
33	7	3	1.250	6/01/02	7/17/02	\$600,000	(\$108,000)	\$492,000	\$540,000		\$540,000
34	7	4	1.500	6/01/02	7/17/02	\$525,000	(\$94,500)	\$430,500	\$475,000		\$475,000
35	7	5	1.380	6/01/02	7/17/02	\$550,000	(\$99,000)	\$451,000	\$495,000		\$495,000
36	7	6	1.370	8/03/02	9/25/02	\$500,000	(\$50,000)	\$450,000	\$495,000		\$495,000
37	7	7	1.740	8/13/02	9/07/03	\$460,000	(\$23,000)	\$437,000	\$480,000		\$480,000
38	7	8	1.640	8/30/02	10/4/02	\$480,000	(\$23,000)	\$457,000	\$480,000		\$480,000
39	7	9	1.180	6/08/02	8/20/02	\$525,000	(\$52,500)	\$472,500	\$520,000		\$520,000
40	7	10	1.770	6/01/02	12/9/02	\$575,000	(\$57,500)	\$517,500	\$570,000	\$123,106	\$693,106
41	7	11	1.190	7/21/02	9/11/02	\$625,000	(\$62,500)	\$562,500	\$620,000		\$620,000
42	7	12	1.310	8/14/02	9/25/02	\$675,000	(\$67,500)	\$607,500	\$670,000		\$670,000
43	7	13	1.180	3/03/03	5/02/03	\$697,500	\$0	\$697,500	\$730,000		\$730,000
44	7	14	1.090	4/03/03	8/11/03	\$750,000	(\$123,750)	\$626,250	\$680,000		\$680,000
45	7	15	1.800	12/16/02	1/15/03	\$650,000	(\$65,000)	\$585,000	\$615,000		\$615,000
46	7	16	1.280	1/23/03	3/31/03	\$625,000	(\$62,500)	\$562,500	\$590,000		\$590,000
47	7	17	1.490					\$0	\$615,000		\$615,000
48	7	18	1.330					\$0	\$615,000		\$615,000
49	7	19	1.810	12/12/02	1/10/03	\$575,000	(\$28,750)	\$546,250	\$575,000		\$575,000
50	7	20	2.580	10/08/02	12/10/02	\$550,000	(\$99,000)	\$451,000	\$475,000		\$475,000
51	7	21	1.850	10/08/02	12/10/02	\$575,000	(\$103,500)	\$471,500	\$495,000		\$495,000
52	7	22	1.480	9/28/02	11/22/02	\$600,000	(\$30,000)	\$570,000	\$600,000		\$600,000
53	7	23	1.730	9/03		\$800,000	(\$120,000)	\$680,000	\$680,000		\$680,000
54	7	24	1.560	10/08/02	12/27/02	\$675,000	(\$87,500)	\$607,500	\$640,000		\$640,000
55	7	25	1.910					\$0	\$695,000		\$695,000

**SANTALUZ  
SUMMARY OF CUSTOM-ESTATE LOTS ACTIVITY AND VALUATION**

Chron. No.	Unit No.	Legal Lot No.	Acreage	Contract Date	Closing Date	Gross Sale Price	Incentive/Discount	Closing Price	Appraised Land Value	Improvement Value	Total Appraised Value
56	7	26	1.850					\$0	\$725,000		\$725,000
57	7	27	1.830	10/08/02	12/10/02	\$825,000	(\$148,500)	\$676,500	\$710,000		\$710,000
58	7	E						\$0	\$710,000		\$710,000
59	7	F	1.800					\$0	\$900,000		\$900,000
60	8	1	1.380	8/06/03	12/01/03	\$575,000	\$0	\$575,000	\$575,000		\$575,000
61	8	2	1.570	6/06/03	12/01/03	\$575,000	\$0	\$575,000	\$575,000		\$575,000
62	8	3	1.490	6/06/03	6/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
63	8	4	1.390	6/06/03	6/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
64	8	5	1.390	6/06/03	6/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
65	8	6	1.210	6/06/03	6/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
66	8	7	1.240	6/06/03	8/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
67	8	8	1.420	6/06/03	8/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
68	8	9	1.630	6/06/03	8/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
69	8	10	1.510	6/06/03	8/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
70	8	11	1.350	6/06/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
71	8	12	1.540	6/06/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
72	8	13	1.690	6/06/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
73	8	14	1.500	6/06/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
74	8	15	1.280	6/06/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
75	8	16	1.830	8/08/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
76	8	17	1.550					\$0	\$640,000		\$640,000
77	8	18	1.520	7/19/03	9/15/03	\$725,000	(\$108,750)	\$616,250	\$615,000		\$615,000
78	8	19	1.740					\$0	\$710,000		\$710,000
79	8	20	1.280					\$0	\$670,000		\$670,000
80	8	21	1.390					\$0	\$670,000		\$670,000
81	8	22	1.630					\$0	\$700,000		\$700,000
82	8	23	1.370					\$0	\$635,000		\$635,000
83	8	24	1.050					\$0	\$590,000		\$590,000
84	8	25	1.370					\$0	\$635,000		\$635,000
85	9	1	4.500					\$0	\$1,300,000		\$1,300,000
86	9	2	3.350					\$0	\$1,050,000		\$1,050,000
87	9	W						\$0	\$900,000		\$900,000
88	9	3	1.930					\$0	\$725,000		\$725,000
89	9	4	0.990					\$0	\$725,000		\$725,000
90	9	5	1.180					\$0	\$725,000		\$725,000
91	9	6	1.010					\$0	\$675,000		\$675,000
92	9	7	2.330					\$0	\$745,000		\$745,000
93	9	8	0.830					\$0	\$615,000		\$615,000
94	9	9	1.430					\$0	\$675,000		\$675,000
95	9	10	0.720					\$0	\$635,000		\$635,000
96	9	11	0.980					\$0	\$655,000		\$655,000
97	9	12	1.030					\$0	\$655,000		\$655,000
98	9	13	1.050					\$0	\$655,000		\$655,000
99	9	14	1.500					\$0	\$655,000		\$655,000
100	9	V						\$0	\$745,000		\$745,000
101	9	J						\$0	\$640,000		\$640,000
102	9	H						\$0	\$725,000		\$725,000
103	9	I	0.790					\$0	\$675,000		\$675,000
104	9	K						\$0	\$640,000		\$640,000
105	9	L	1.000					\$0	\$590,000		\$590,000
106	9	M	1.000					\$0	\$590,000		\$590,000
107	17	21	13.030					\$0	\$725,000		\$725,000
108	17	A	0.700					\$0	\$655,000		\$655,000
109	17	B	1.200					\$0	\$655,000		\$655,000
110	17	C	1.600					\$0	\$725,000		\$725,000
<b>Sub-Total</b>			<b>166.218</b>			<b>\$28,587,500</b>	<b>(\$2,326,000)</b>	<b>\$26,261,500</b>	<b>\$70,870,000</b>	<b>\$3,423,336</b>	<b>\$74,293,336</b>
							<b>-8.14%</b>		<b>\$844,273</b>		<b>\$675,384</b>

**SANTALUZ  
SUMMARY OF CUSTOM-ESTATE LOTS ACTIVITY AND VALUATION**

Chron. No.	Unit No.	Legal Lot No.	Acres	Contract Date	Closing Date	Gross Sale Price	Incentive/Discount	Closing Price	Appraised Land Value	Improvement Value	Total Appraised Value
Village Green											
111	1	1	1.060	9/08/02	10/04/02	\$600,000	(\$80,000)	\$540,000	\$570,000		\$570,000
112	1	2	1.080	3/22/03	6/05/03	\$550,000	(\$55,000)	\$495,000	\$495,000		\$495,000
113	1	3	0.840	7/06/03	9/02/03	\$575,000	(\$88,250)	\$488,750	\$490,000		\$490,000
114	1	4	1.190	8/17/03	10/01/03	\$630,000	(\$84,500)	\$535,500	\$535,000		\$535,000
115	1	5	1.540	6/15/02	9/26/02	\$590,000	(\$59,000)	\$531,000	\$665,000		\$665,000
116	1	9	0.970	6/17/02	?	\$625,000	(\$62,500)	\$562,500	\$590,000		\$590,000
117	1	13	0.710					\$0	\$590,000		\$590,000
118	1	15	0.770	7/26/03	9/24/03	\$573,750	\$0	\$573,750	\$575,000		\$575,000
119	1	17	1.190	6/01/02	7/17/02	\$690,000	(\$69,000)	\$621,000	\$650,000		\$650,000
120	1	21	1.560	3/29/02	6/3/02	\$750,000	(\$75,000)	\$675,000	\$710,000		\$710,000
121	1	25	0.740	2/22/02	4/26/02	\$650,000	(\$97,500)	\$552,500	\$580,000	\$100,000	\$680,000
122	1	27	0.980	3/10/02	4/23/02	\$650,000	(\$84,500)	\$565,500	\$595,000		\$595,000
123	1	29	1.270	11/11/01	1/8/02	\$750,000	(\$75,000)	\$675,000	\$745,000		\$745,000
124	1	31	1.460	12/06/02	2/12/02	\$790,000	(\$79,000)	\$711,000	\$750,000		\$750,000
125	1	33	0.970	5/11/03	8/20/03	\$722,500	\$0	\$722,500	\$725,000		\$725,000
126	1	35	1.890					\$0	\$760,000		\$760,000
127	1	37	1.040	6/01/02	7/15/02	\$790,000	(\$142,200)	\$647,800	\$680,000		\$680,000
128	1	39	0.900	5/16/02	5/30/02	\$1,600,000	(\$288,000)	\$1,312,000	\$1,380,000		\$1,380,000
129	1	41	1.670	1/29/02	6/12/02	\$1,400,000	(\$252,000)	\$1,148,000	\$1,210,000		\$1,210,000
130	1	45	1.240					\$0	\$1,135,000		\$1,135,000
131	1	47	1.180					\$0	\$1,090,000		\$1,090,000
132	1	49	1.360	7/31/02	9/19/02	\$1,200,000	(\$216,000)	\$984,000	\$1,035,000		\$1,035,000
133	1	53	1.430	5/26/03	11/15/03	\$950,000	(\$142,500)	\$807,500	\$810,000		\$810,000
134	1	63	1.160	9/03		\$900,000	(\$135,000)	\$765,000	\$765,000		\$765,000
135	1	64	0.920	9/8/02	10/4/02	\$750,000	(\$75,000)	\$675,000	\$710,000		\$710,000
136	1	65	1.170	4/8/02	5/8/02	\$750,000	(\$135,000)	\$615,000	\$645,000	\$87,920	\$732,920
137	1	66	1.450	2/22/02	7/2/02	\$790,000	(\$118,500)	\$671,500	\$705,000		\$705,000
138	1	91	1.050	2/22/02	4/19/02	\$750,000	(\$75,000)	\$675,000	\$710,000	\$98,845	\$808,845
139	1	93	1.950	4/8/02	8/21/02	\$650,000	(\$65,000)	\$585,000	\$615,000		\$615,000
140	1	95	1.230	12/11/02	2/24/02	\$625,000	(\$112,500)	\$512,500	\$540,000		\$540,000
141	1	97	1.500	1/20/02	3/11/02	\$850,000	(\$85,000)	\$765,000	\$800,000	\$108,658	\$908,658
142	1	119	1.640	12/11/01	2/4/02	\$625,000	(\$112,500)	\$512,500	\$565,000		\$565,000
143	1	121	1.550	11/12/01	12/31/01	\$625,000	(\$62,500)	\$562,500	\$620,000		\$620,000
144	1	123	1.100	11/12/01	12/12/01	\$850,000	(\$65,000)	\$785,000	\$845,000		\$845,000
145	1	125	1.170	1/28/02	3/5/02	\$850,000	(\$65,000)	\$785,000	\$815,000		\$815,000
146	1	192	0.980	11/15/01	1/2/02	\$950,000	(\$95,000)	\$855,000	\$940,000		\$940,000
147	1	194	0.720	6/1/02	7/15/02	\$1,200,000	(\$216,000)	\$984,000	\$1,035,000		\$1,035,000
148	1	196	1.540	11/12/01	12/28/01	\$1,100,000	(\$143,000)	\$957,000	\$1,050,000	\$729,814	\$1,779,814
149	1	198	1.340	1/21/02	2/22/02	\$1,100,000	(\$110,000)	\$990,000	\$1,040,000		\$1,040,000
150	1	200	1.020	11/12/01	2/5/02	\$950,000	(\$142,500)	\$807,500	\$890,000		\$890,000
151	1	202	1.170	11/12/01	2/5/02	\$890,000	(\$133,500)	\$756,500	\$830,000		\$830,000
152	1	204	0.900	11/12/01	1/11/02	\$690,000	(\$103,500)	\$586,500	\$645,000		\$645,000
153	1	206	1.290	1/02/02	2/5/02	\$850,000	(\$97,500)	\$752,500	\$580,000		\$580,000
154	1	212	1.180	1/28/02	2/25/02	\$790,000	(\$79,000)	\$711,000	\$750,000		\$750,000
155	1	214	0.700	1/14/02	3/4/02	\$790,000	(\$79,000)	\$711,000	\$750,000		\$750,000
156	1	N	0.680					\$0	\$1,135,000		\$1,135,000
157	1	U	0.600					\$0	\$1,135,000		\$1,135,000
158	2	11	0.410	9/03		\$875,000	(\$118,463)	\$556,538	\$560,000		\$560,000
159	2	13	0.410	9/03		\$650,000	(\$114,075)	\$535,925	\$535,000		\$535,000
160	2	15	0.410	9/03		\$675,000	(\$118,483)	\$556,538	\$560,000		\$560,000
161	2	17	0.410	9/03		\$650,000	(\$114,075)	\$535,925	\$535,000		\$535,000
162	2	19	0.410	9/03		\$750,000	(\$131,625)	\$618,375	\$620,000		\$620,000

**SANTALUZ  
SUMMARY OF CUSTOM-ESTATE LOTS ACTIVITY AND VALUATION**

Chron. No.	Unit No.	Legal Lot No.	Acreage	Contract Date	Closing Date	Gross Sale Price	Incentive/Discount	Closing Price	Appraised Land Value	Improvement Value	Total Appraised Value
163	2	21	0.410	9/03		\$725,000					
164	2	61	0.210	1/21/03	12/15/03	\$400,000	(\$127,238)	\$597,763	\$600,000		\$600,000
165	2	63	0.200	1/21/03	12/15/03	\$425,000	\$0	\$400,000	\$420,000		\$420,000
166	2	65	0.210	1/21/03	5/20/03	\$430,000	\$0	\$425,000	\$445,000		\$445,000
167	2	67	0.200	1/21/03	5/20/03	\$430,000	\$0	\$430,000	\$450,000	\$50,000	\$500,000
168	2	69	0.210	1/21/03	7/18/03	\$455,000	\$0	\$430,000	\$450,000	\$50,000	\$500,000
169	2	71	0.200	1/21/03	7/18/03	\$455,000	\$0	\$455,000	\$480,000		\$480,000
170	2	74	0.210	1/21/03	8/05/03	\$430,000	\$0	\$455,000	\$480,000		\$480,000
171	2	76	0.200	1/21/03	8/05/03	\$430,000	\$0	\$430,000	\$450,000		\$450,000
171	2	78	0.200	1/21/03	8/05/03	\$430,000	\$0	\$430,000	\$450,000		\$450,000
172	2	78	0.210	1/21/03	11/01/03	\$425,000	\$0	\$430,000	\$450,000		\$450,000
173	2	80	0.200	1/21/03	11/01/03	\$450,000	\$0	\$425,000	\$445,000		\$445,000
173	2	80	0.200	1/21/03	11/01/03	\$450,000	\$0	\$450,000	\$475,000		\$475,000
174	2	91	1.280	9/07/03	10/22/03	\$705,000	(\$105,750)	\$598,250	\$600,000		\$600,000
175	2	92	0.840					\$0	\$675,000		\$675,000
176	2	93	0.950	7/25/03	8/22/03	\$675,000	(\$101,250)	\$573,750	\$575,000		\$575,000
177	2	94	1.170					\$0	\$745,000		\$745,000
178	2	95	1.190					\$0	\$820,000		\$820,000
179	2	96	0.730					\$0	\$765,000		\$765,000
180	2	105	1.000					\$0	\$785,000		\$785,000
181	2	106	1.490	11/07/02	12/27/02	\$800,000	(\$40,000)	\$760,000	\$800,000		\$800,000
182	2	107	0.450					\$0	\$785,000		\$785,000
183	2	108	0.740	3/26/03	5/09/03	\$825,000	\$0	\$825,000	\$825,000		\$825,000
184	2	109	0.560					\$0	\$830,000		\$830,000
185	2	110	0.810	4/25/03	6/20/03	\$892,500	(\$133,875)	\$758,625	\$760,000		\$760,000
186	2	111	0.620	6/26/03	9/29/03	\$875,000	(\$131,250)	\$743,750	\$745,000		\$745,000
187	2	112	0.680	6/1/02	8/28/02	\$825,000	(\$123,750)	\$701,250	\$735,000		\$735,000
188	2	113	1.070	6/1/02	7/26/02	\$825,000	(\$82,500)	\$742,500	\$780,000		\$780,000
189	2	114	1.770	6/5/02	7/30/02	\$825,000	(\$148,500)	\$676,500	\$710,000		\$710,000
190	2	115	1.480	9/7/02	11/25/02	\$850,000	(\$42,500)	\$807,500	\$850,000		\$850,000
191	3	1	0.840					\$0	\$1,275,000		\$1,275,000
192	3	2	0.820	6/1/02	7/15/02	\$1,500,000	(\$270,000)	\$1,230,000	\$1,290,000		\$1,290,000
193	3	3	1.040	7/15/03	10/15/03	\$1,200,000	(\$180,000)	\$1,020,000	\$1,070,000		\$1,070,000
194	3	4	1.130	10/21/02	12/9/02	\$875,000	(\$43,750)	\$831,250	\$875,000		\$875,000
195	3	5	0.990					\$0	\$900,000		\$900,000
196	3	6	1.150	6/01/02	6/28/02	\$950,000	(\$142,500)	\$807,500	\$850,000		\$850,000
197	3	7	1.550	5/30/02	7/19/02	\$775,000	(\$77,500)	\$697,500	\$730,000		\$730,000
198	3	8	1.220	8/24/02	10/9/02	\$750,000	(\$75,000)	\$675,000	\$710,000		\$710,000
199	3	9	1.520	6/26/03	8/27/03	\$1,050,000	(\$157,500)	\$892,500	\$895,000		\$895,000
200	3	10	0.920	7/26/03	10/08/03	\$935,000	(\$140,250)	\$794,750	\$795,000		\$795,000
201	3	11	0.970	7/11/03	9/03/03	\$850,000	\$0	\$850,000	\$850,000		\$850,000
202	3	12	0.540	2/19/03	4/01/03	\$800,000	(\$80,000)	\$720,000	\$755,000		\$755,000
203	3	13	0.980	2/19/03	4/30/03	\$750,000	(\$75,000)	\$675,000	\$710,000		\$710,000
204	3	14	0.800	9/28/02	11/2/02	\$575,000	(\$28,750)	\$546,250	\$575,000		\$575,000
205	3	15	0.620	6/01/03	7/18/03	\$575,000	(\$86,250)	\$488,750	\$490,000		\$490,000
206	3	16	0.800					\$0	\$635,000		\$635,000
207	3	17	1.650					\$0	\$795,000		\$795,000
208	3	18	0.740					\$0	\$550,000		\$550,000
209	3	35	1.108	8/25/03	10/30/03	\$910,000		\$910,000	\$910,000		\$910,000
210	3	36	0.670					\$0	\$635,000		\$635,000
211	3	38	0.750					\$0	\$700,000		\$700,000
212	3	39	0.760	8/29/03	10/30/03	\$773,500		\$773,500	\$775,000		\$775,000
213	3	40	0.850	9/07/03	10/29/03	\$950,000		\$950,000	\$950,000		\$950,000
214	3	41	1.390	9/22/03	11/12/03	\$985,000		\$985,000	\$985,000		\$985,000
215	3	46	0.780	8/25/03	10/30/03	\$885,000		\$885,000	\$885,000		\$885,000
216	3	47	0.940	6/01/03	7/30/03	\$850,000	(\$127,500)	\$722,500	\$725,000		\$725,000
217	3	48	0.740					\$0	\$745,000		\$745,000

**SANTALUZ  
SUMMARY OF CUSTOM-ESTATE LOTS ACTIVITY AND VALUATION**

Chron. No.	Unit No.	Legal Lot No.	Acreage	Contract Date	Closing Date	Gross Sale Price	Incentive/Discount	Closing Price	Appraised Land Value	Improvement Value	Total Appraised Value
218	3	T	1.200					\$0	\$1,050,000		\$1,050,000
219	3	49	1.920					\$0	\$965,000		\$965,000
220	3	50	1.170	2/07/03	4/07/03	\$1,075,000	(\$107,500)	\$967,500	\$970,000		\$970,000
221	3	51	1.310	9/22/03	11/12/03	\$1,065,000	(\$159,750)	\$905,250	\$905,000		\$905,000
222	3	52	1.590	9/22/03	11/12/03	\$1,165,000	(\$174,750)	\$990,250	\$990,000		\$990,000
223	3	53						\$0	\$765,000		\$765,000
224	3	55						\$0	\$815,000		\$815,000
225	3	57						\$0	\$1,090,000		\$1,090,000
226	3	59						\$0	\$965,000		\$965,000
227	3	61						\$0	\$795,000		\$795,000
228	3	63						\$0	\$1,090,000		\$1,090,000
229	3	65	1.070	8/12/02	9/25/02	\$900,000	(\$90,000)	\$810,000	\$850,000		\$850,000
230	3	66	1.290	7/15/03	10/15/03	\$1,500,000	(\$225,000)	\$1,275,000	\$1,275,000		\$1,275,000
231	3	67	1.070					\$0	\$1,275,000		\$1,275,000
232	3	68	1.390					\$0	\$1,275,000		\$1,275,000
233	3	69	1.450	8/25/03	10/15/03	\$1,500,000	(\$225,000)	\$1,275,000	\$1,275,000		\$1,275,000
234	3	70	1.240	7/21/02	9/19/02	\$1,300,000	(\$130,000)	\$1,170,000	\$1,230,000		\$1,230,000
235	3	71	0.930	8/05/03	9/22/03	\$663,000	\$0	\$663,000	\$665,000		\$665,000
236	3	72	1.330	9/03		\$755,000	(\$113,250)	\$641,750	\$640,000		\$640,000
237	3	73	0.600					\$0	\$570,000		\$570,000
238	3	74	1.960					\$0	\$680,000		\$680,000
239	3	75	1.490	2/28/03	5/01/03	\$725,000	(\$72,500)	\$652,500	\$650,000		\$650,000
240	3	76	0.510					\$0	\$570,000		\$570,000
241	3	77						\$0	\$645,000		\$645,000
242	3	81		9/03		\$637,500		\$637,500	\$640,000		\$640,000
243	3	85						\$0	\$810,000		\$810,000
244	3	89	0.940					\$0	\$635,000		\$635,000
245	3	90						\$0	\$745,000		\$745,000
246	3	92						\$0	\$725,000		\$725,000
247	3	94	1.820					\$0	\$725,000		\$725,000
248	3	95	1.840					\$0	\$795,000		\$795,000
249	4	1	0.970	6/26/03	11/17/03	\$1,150,000	(\$172,500)	\$977,500	\$980,000		\$980,000
250	4	2	1.790	2/11/03	7/03/03	\$1,560,000	(\$198,120)	\$1,361,880	\$1,360,000		\$1,360,000
251	4	3	1.110	6/17/03	8/05/03	\$1,550,000	(\$232,500)	\$1,317,500	\$1,320,000		\$1,320,000
252	4	4	1.100	7/12/03	8/29/03	\$1,400,000	(\$210,000)	\$1,190,000	\$1,190,000		\$1,190,000
253	4	5	1.380	7/03/03	11/17/03	\$1,400,000	(\$210,000)	\$1,190,000	\$1,190,000		\$1,190,000
254	4	6	0.900	7/03/03	11/17/03	\$1,400,000	(\$210,000)	\$1,190,000	\$1,190,000		\$1,190,000
255	4	15	0.810	7/25/03	9/16/03	\$1,025,000	(\$153,750)	\$871,250	\$870,000		\$870,000
256	4	16	0.640					\$0	\$1,065,000		\$1,065,000
257	4	17	0.650	8/06/03	10/10/03	\$1,025,000		\$1,025,000	\$1,025,000		\$1,025,000
258	4	18	0.580					\$0	\$1,170,000		\$1,170,000
259	4	19	1.450	5/05/03	6/30/03	\$1,500,000	(\$225,000)	\$1,275,000	\$1,275,000		\$1,275,000
260	4	20	0.890	9/03	10/17/03	\$1,500,000	(\$225,000)	\$1,275,000	\$1,275,000		\$1,275,000
261	4	21	1.120	9/03	10/17/03	\$1,500,000	(\$225,000)	\$1,275,000	\$1,275,000		\$1,275,000
262	4	22	1.720	8/25/03	11/15/03	\$1,550,000	(\$232,500)	\$1,317,500	\$1,275,000		\$1,275,000
263	4	25						\$0	\$1,000,000		\$1,000,000
264	4	27						\$0	\$1,000,000		\$1,000,000
265	4	32						\$0	\$1,360,000		\$1,360,000
266	4	36						\$0	\$1,275,000		\$1,275,000
267	4	40						\$0	\$975,000		\$975,000
288	4	O		9/03		\$1,100,000		\$1,100,000	\$1,100,000		\$1,100,000
269	4	61	0.650	9/03		\$1,000,000		\$1,000,000	\$1,000,000		\$1,000,000
270	4	62	0.810	9/03		\$1,000,000		\$1,000,000	\$1,000,000		\$1,000,000

**SANTALUZ  
SUMMARY OF CUSTOM - ESTATE LOTS ACTIVITY AND VALUATION**

Chron. No.	Unit No.	Legal Lot No.	Acreage	Contract Date	Closing Date	Gross Sale Price	Incentive/Discount	Closing Price	Appraised Land Value	Improvement Value	Total Appraised Value
271	4	63	0.970	9/03		\$1,000,000		\$1,000,000	\$1,000,000		\$1,000,000
272	4	64	1.600					\$0	\$1,100,000		\$1,100,000
273	4	82	1.280					\$0	\$1,065,000		\$1,065,000
274	4	83						\$0	\$1,050,000		\$1,050,000
275	4	85						\$0	\$1,000,000		\$1,000,000
276	4	89	1.200	9/03		\$1,200,000	(\$180,000)	\$1,020,000	\$1,020,000		\$1,020,000
277	4	90	1.020	7/31/03	9/11/03	\$1,210,000	(\$181,500)	\$1,028,500	\$1,030,000		\$1,030,000
278	4	91	0.590					\$0	\$1,020,000		\$1,020,000
279	4	92	0.770	7/13/03	8/27/03	\$977,500	\$0	\$977,500	\$980,000		\$980,000
280	4	101	1.050					\$0	\$1,065,000		\$1,065,000
281	4	102						\$0	\$900,000		\$900,000
282	4	104						\$0	\$815,000		\$815,000
283	4	114	1.220					\$0	\$1,050,000		\$1,050,000
284	4	115	1.560	9/28/02	11/14/02	\$1,125,000	(\$112,500)	\$1,012,500	\$1,065,000		\$1,065,000
285	5	1						\$0	\$1,300,000		\$1,300,000
286	5	3						\$0	\$1,135,000		\$1,135,000
287	5	5						\$0	\$1,050,000		\$1,050,000
288	5	7						\$0	\$880,000		\$880,000
289	5	9						\$0	\$1,645,000		\$1,645,000
290	5	13						\$0	\$1,590,000		\$1,590,000
291	5	17						\$0	\$1,590,000		\$1,590,000
292	5	21						\$0	\$1,130,000		\$1,130,000
293	5	23						\$0	\$1,675,000		\$1,675,000
294	5	27						\$0	\$1,740,000		\$1,740,000
295	5	32	0.880					\$0	\$800,000		\$800,000
296	5	36	0.790					\$0	\$1,140,000		\$1,140,000
297	5	37	1.090					\$0	\$765,000		\$765,000
298	5	38	1.140					\$0	\$765,000		\$765,000
299	5	39	1.510					\$0	\$1,220,000		\$1,220,000
300	16	69						\$0	\$1,000,000		\$1,000,000
301	16	70						\$0	\$1,000,000		\$1,000,000
302	16	71						\$0	\$1,000,000		\$1,000,000
303	16	72						\$0	\$1,000,000		\$1,000,000
304	16	74						\$0	\$700,000		\$700,000
305	16	76						\$0	\$700,000		\$700,000
306	16	78						\$0	\$700,000		\$700,000
307	16	80						\$0	\$700,000		\$700,000
<b>Sub-Total</b>			<b>161.878</b>			<b>\$102,780,250</b>	<b>(\$11,428,383)</b>	<b>\$91,333,888</b>	<b>\$170,510,000</b>	<b>\$1,225,037</b>	<b>\$171,735,037</b>
							<b>-11.12%</b>		<b>\$865,533</b>		<b>\$871,751</b>
<b>Grand Total</b>			<b>328.096</b>			<b>\$131,347,750</b>	<b>(\$13,752,383)</b>	<b>\$117,595,368</b>	<b>\$241,380,000</b>	<b>\$4,648,373</b>	<b>\$246,028,373</b>
							<b>-10.47%</b>		<b>\$786,254</b>		<b>\$801,395</b>

**SANTALUZ  
SUMMARY OF CUSTOM-ESTATE LOTS ACTIVITY AND VALUATION**

Chron. No.	Unit No.	Legal Lot No.	Acreage	Contract Date	Closing Date	Gross Sale Price	Incentive/Discount	Closing Price	Appraised Land Value	Improvement Value	Total Appraised Value
<b>Lots Closed As Of 9/1/03</b>											
<b>Northern Lights</b>											
1	6	12	1.560	10/26/01	12/5/01	\$590,000	(\$59,000)	\$531,000	\$585,000		\$585,000
2	6	13	1.860	10/27/01	12/4/01	\$625,000	(\$62,500)	\$562,500	\$585,000	\$96,027	\$681,027
3	6	15	1.090	6/18/02	8/12/02	\$550,000	(\$99,000)	\$451,000	\$495,000	\$107,759	\$602,759
4	6	18	1.470	6/08/02	7/15/02	\$600,000	(\$60,000)	\$540,000	\$595,000		\$595,000
5	8	17	1.580	8/24/02	12/18/02	\$735,000	\$0	\$735,000	\$775,000	\$98,444	\$871,444
6	7	1	1.520	6/17/02	7/30/02	\$675,000	(\$121,500)	\$553,500	\$610,000		\$610,000
7	7	2	1.200	6/08/02	7/17/02	\$625,000	(\$112,500)	\$512,500	\$565,000		\$565,000
8	7	3	1.250	6/01/02	7/17/02	\$600,000	(\$108,000)	\$492,000	\$540,000		\$540,000
9	7	4	1.500	6/01/02	7/17/02	\$525,000	(\$94,500)	\$430,500	\$475,000		\$475,000
10	7	5	1.380	6/01/02	7/17/02	\$550,000	(\$99,000)	\$451,000	\$495,000		\$495,000
11	7	6	1.370	8/03/02	9/25/02	\$500,000	(\$50,000)	\$450,000	\$495,000		\$495,000
12	7	7	1.740	8/13/02	3/07/03	\$460,000	(\$23,000)	\$437,000	\$480,000		\$480,000
13	7	8	1.840	8/30/02	10/4/02	\$460,000	(\$23,000)	\$437,000	\$480,000		\$480,000
14	7	9	1.160	8/08/02	8/20/02	\$525,000	(\$52,500)	\$472,500	\$520,000		\$520,000
15	7	10	1.770	6/01/02	12/9/02	\$575,000	(\$57,500)	\$517,500	\$570,000	\$123,106	\$693,106
16	7	11	1.190	7/21/02	9/11/02	\$625,000	(\$62,500)	\$562,500	\$620,000		\$620,000
17	7	12	1.310	8/14/02	9/25/02	\$675,000	(\$67,500)	\$607,500	\$670,000		\$670,000
18	7	13	1.180	3/03/03	5/02/03	\$697,500	\$0	\$697,500	\$730,000		\$730,000
19	7	14	1.090	4/03/03	6/11/03	\$750,000	(\$123,750)	\$626,250	\$660,000		\$660,000
20	7	15	1.800	12/16/02	1/15/03	\$650,000	(\$65,000)	\$585,000	\$615,000		\$615,000
21	7	16	1.280	1/23/03	3/31/03	\$625,000	(\$62,500)	\$562,500	\$590,000		\$590,000
22	7	19	1.810	12/12/02	1/10/03	\$575,000	(\$28,750)	\$546,250	\$575,000		\$575,000
23	7	20	2.580	10/08/02	12/10/02	\$550,000	(\$99,000)	\$451,000	\$475,000		\$475,000
24	7	21	1.850	10/08/02	12/10/02	\$575,000	(\$103,500)	\$471,500	\$495,000		\$495,000
25	7	22	1.480	9/28/02	11/22/02	\$800,000	(\$30,000)	\$770,000	\$800,000		\$800,000
26	7	24	1.560	10/08/02	12/27/02	\$675,000	(\$67,500)	\$607,500	\$640,000		\$640,000
27	7	26	1.830	10/08/02	12/10/02	\$825,000	(\$148,500)	\$676,500	\$710,000		\$710,000
<b>Sub-Total</b>			<b>41.02</b>			<b>\$16,417,500</b>	<b>(\$1,880,500)</b>	<b>\$14,537,000</b>	<b>\$15,845,000</b>	<b>\$423,336</b>	<b>\$16,068,336</b>
						<b>\$608,058</b>	<b>-11.45%</b>	<b>\$538,407</b>	<b>\$579,444</b>		<b>\$595,124</b>
<b>Village Green</b>											
28	1	1	1.060	9/08/02	10/04/02	\$600,000	(\$60,000)	\$540,000	\$570,000		\$570,000
29	1	2	1.060	3/22/03	6/05/03	\$550,000	(\$55,000)	\$495,000	\$495,000		\$495,000
30	1	5	1.540	6/15/02	9/26/02	\$590,000	(\$59,000)	\$531,000	\$665,000		\$665,000
31	1	9	0.970	6/17/02	?	\$625,000	(\$62,500)	\$562,500	\$590,000		\$590,000
32	1	17	1.190	6/01/02	7/17/02	\$690,000	(\$69,000)	\$621,000	\$850,000		\$850,000
33	1	21	1.560	3/28/02	8/3/02	\$750,000	(\$75,000)	\$675,000	\$710,000		\$710,000
34	1	25	0.740	2/22/02	4/26/02	\$650,000	(\$97,500)	\$552,500	\$580,000	\$100,000	\$680,000
35	1	27	0.980	3/10/02	4/23/02	\$650,000	(\$84,500)	\$565,500	\$595,000		\$595,000
36	1	29	1.270	11/11/01	1/8/02	\$750,000	(\$75,000)	\$675,000	\$745,000		\$745,000
37	1	31	1.460	12/05/02	2/12/02	\$790,000	(\$79,000)	\$711,000	\$750,000		\$750,000
38	1	33	0.970	5/11/03	8/20/03	\$722,500	\$0	\$722,500	\$725,000		\$725,000
39	1	37	1.040	8/01/02	7/15/02	\$790,000	(\$142,200)	\$647,800	\$680,000		\$680,000
40	1	39	0.900	5/16/02	5/30/02	\$1,600,000	(\$288,000)	\$1,312,000	\$1,380,000		\$1,380,000
41	1	41	1.670	1/29/02	6/12/02	\$1,400,000	(\$252,000)	\$1,148,000	\$1,210,000		\$1,210,000
42	1	49	1.360	7/31/02	9/19/02	\$1,200,000	(\$216,000)	\$984,000	\$1,035,000		\$1,035,000
43	1	84	0.920	9/8/02	10/4/02	\$750,000	(\$75,000)	\$675,000	\$710,000		\$710,000
44	1	65	1.170	4/8/02	5/8/02	\$750,000	(\$135,000)	\$615,000	\$645,000	\$87,920	\$732,920
45	1	88	1.450	2/22/02	7/2/02	\$790,000	(\$118,500)	\$671,500	\$705,000		\$705,000
46	1	91	1.050	2/22/02	4/19/02	\$750,000	(\$75,000)	\$675,000	\$710,000	\$98,645	\$808,645
47	1	93	1.950	4/8/02	8/21/02	\$850,000	(\$85,000)	\$765,000	\$815,000		\$815,000
48	1	95	1.230	12/11/02	2/24/02	\$625,000	(\$112,500)	\$512,500	\$540,000		\$540,000



**SANTALUZ  
SUMMARY OF CUSTOM-ESTATE LOTS ACTIVITY AND VALUATION**

Chron. No.	Unit No.	Legal Lot No.	Acreage	Contract Date	Closing Date	Gross Sale Price	Incentive/Discount	Closing Price	Appraised Land Value	Improvement Value	Total Appraised Value
49	1	97	1.500	1/20/02	3/11/02	\$850,000	(\$85,000)	\$765,000	\$800,000		\$908,658
50	1	119	1.640	12/11/01	2/4/02	\$625,000	(\$112,500)	\$512,500	\$565,000		\$565,000
51	1	121	1.550	11/12/01	12/31/01	\$625,000	(\$62,500)	\$562,500	\$620,000		\$620,000
52	1	123	1.100	11/12/01	12/12/01	\$850,000	(\$65,000)	\$585,000	\$645,000		\$645,000
53	1	125	1.170	1/28/02	3/5/02	\$650,000	(\$85,000)	\$565,000	\$615,000		\$615,000
54	1	192	0.980	11/15/01	1/2/02	\$950,000	(\$95,000)	\$855,000	\$940,000		\$940,000
55	1	194	0.720	6/1/02	7/15/02	\$1,200,000	(\$216,000)	\$984,000	\$1,035,000		\$1,035,000
56	1	196	1.540	11/12/01	12/28/01	\$1,100,000	(\$143,000)	\$957,000	\$1,050,000	\$729,814	\$1,778,814
57	1	198	1.340	1/21/02	2/22/02	\$1,100,000	(\$110,000)	\$990,000	\$1,040,000		\$1,040,000
58	1	200	1.020	11/12/01	2/5/02	\$950,000	(\$142,500)	\$807,500	\$890,000		\$890,000
59	1	202	1.170	11/12/01	2/5/02	\$890,000	(\$133,500)	\$756,500	\$830,000		\$830,000
60	1	204	0.900	11/12/01	1/11/02	\$690,000	(\$103,500)	\$586,500	\$645,000		\$645,000
61	1	206	1.290	1/02/02	2/5/02	\$650,000	(\$97,500)	\$552,500	\$580,000		\$580,000
62	1	212	1.180	1/26/02	2/25/02	\$790,000	(\$79,000)	\$711,000	\$750,000		\$750,000
63	1	214	0.700	1/14/02	3/4/02	\$790,000	(\$79,000)	\$711,000	\$750,000		\$750,000
64	2	85	0.210	1/21/03	5/20/03	\$430,000	\$0	\$430,000	\$450,000	\$50,000	\$500,000
65	2	67	0.200	1/21/03	5/20/03	\$430,000	\$0	\$430,000	\$450,000	\$50,000	\$500,000
66	2	69	0.210	1/21/03	7/18/03	\$455,000	\$0	\$455,000	\$480,000		\$480,000
67	2	71	0.200	1/21/03	7/18/03	\$455,000	\$0	\$455,000	\$480,000		\$480,000
68	2	74	0.210	1/21/03	8/05/03	\$430,000	\$0	\$430,000	\$450,000		\$450,000
69	2	76	0.200	1/21/03	8/05/03	\$430,000	\$0	\$430,000	\$450,000		\$450,000
70	2	93	0.950	7/25/03	8/22/03	\$875,000	(\$101,250)	\$573,750	\$575,000		\$575,000
71	2	106	1.490	11/07/02	12/27/02	\$800,000	(\$40,000)	\$760,000	\$800,000		\$800,000
72	2	108	0.740	3/26/03	5/09/03	\$825,000	\$0	\$825,000	\$825,000		\$825,000
73	2	110	0.810	4/25/03	6/20/03	\$892,500	(\$133,875)	\$758,625	\$760,000		\$760,000
74	2	112	0.680	6/1/02	6/28/02	\$825,000	(\$123,750)	\$701,250	\$735,000		\$735,000
75	2	113	1.070	6/1/02	7/26/02	\$825,000	(\$82,500)	\$742,500	\$780,000		\$780,000
76	2	114	1.770	6/5/02	7/30/02	\$825,000	(\$148,500)	\$676,500	\$710,000		\$710,000
77	2	115	1.480	9/7/02	11/25/02	\$850,000	(\$42,500)	\$807,500	\$850,000		\$850,000
78	3	2	0.820	6/1/02	7/15/02	\$1,500,000	(\$270,000)	\$1,230,000	\$1,290,000		\$1,290,000
79	3	4	1.130	10/21/02	12/9/02	\$875,000	(\$43,750)	\$831,250	\$875,000		\$875,000
80	3	6	1.150	6/01/02	6/28/02	\$950,000	(\$142,500)	\$807,500	\$850,000		\$850,000
81	3	7	1.550	5/30/02	7/19/02	\$775,000	(\$77,500)	\$697,500	\$730,000		\$730,000
82	3	8	1.220	8/24/02	10/9/02	\$750,000	(\$75,000)	\$675,000	\$710,000		\$710,000
83	3	9	1.520	6/25/03	8/27/03	\$1,050,000	(\$157,500)	\$892,500	\$895,000		\$895,000
84	3	12	0.540	2/19/03	4/01/03	\$800,000	(\$80,000)	\$720,000	\$755,000		\$755,000
85	3	13	0.960	2/19/03	4/30/03	\$750,000	(\$75,000)	\$675,000	\$710,000		\$710,000
86	3	14	0.800	9/28/02	11/2/02	\$575,000	(\$28,750)	\$546,250	\$575,000		\$575,000
87	3	15	0.620	6/01/03	7/18/03	\$575,000	(\$86,250)	\$488,750	\$490,000		\$490,000
88	3	47	0.940	6/01/03	7/30/03	\$850,000	(\$127,500)	\$722,500	\$725,000		\$725,000
89	3	50	1.170	2/07/03	4/07/03	\$1,075,000	(\$107,500)	\$967,500	\$970,000		\$970,000
90	3	65	1.070	8/12/02	9/25/02	\$900,000	(\$90,000)	\$810,000	\$850,000		\$850,000
91	3	70	1.240	7/21/02	9/18/02	\$1,300,000	(\$130,000)	\$1,170,000	\$1,230,000		\$1,230,000
92	3	75	1.490	2/28/03	5/01/03	\$725,000	(\$72,500)	\$652,500	\$650,000		\$650,000
93	4	2	1.790	2/11/03	7/03/03	\$1,560,000	(\$198,120)	\$1,361,880	\$1,360,000		\$1,360,000
94	4	3	1.110	6/17/03	8/05/03	\$1,550,000	(\$232,500)	\$1,317,500	\$1,320,000		\$1,320,000
95	4	4	1.100	7/12/03	8/29/03	\$1,400,000	(\$210,000)	\$1,190,000	\$1,190,000		\$1,190,000
96	4	19	1.450	5/05/03	6/30/03	\$1,500,000	(\$225,000)	\$1,275,000	\$1,275,000		\$1,275,000
97	4	92	0.770	7/13/03	8/27/03	\$977,500	\$0	\$977,500	\$980,000		\$980,000
98	4	115	1.560	9/28/02	11/14/02	\$1,125,000	(\$112,500)	\$1,012,500	\$1,065,000		\$1,065,000
<b>Sub-Total</b>			<b>77.560</b>			<b>\$59,892,500</b>	<b>(\$8,988,945)</b>	<b>\$52,893,555</b>	<b>\$55,350,000</b>	<b>\$1,225,037</b>	<b>\$56,575,037</b>
<b>Grand Total Closed</b>			<b>118.580</b>			<b>\$78,310,000</b>	<b>(\$8,879,445)</b>	<b>\$67,430,555</b>	<b>\$70,995,000</b>	<b>\$1,648,373</b>	<b>\$72,643,373</b>
						<b>\$778,673</b>	<b>-11.64%</b>	<b>\$688,067</b>	<b>\$724,439</b>		<b>\$741,259</b>
<b>Grand Total Avail.</b>			<b>209.516</b>			<b>\$55,037,750</b>	<b>(\$4,872,938)</b>	<b>\$50,164,813</b>	<b>\$170,385,000</b>	<b>\$3,000,000</b>	<b>\$173,385,000</b>
							<b>-8.85%</b>		<b>\$815,239</b>		<b>\$829,593</b>

**SANTALUZ  
SUMMARY OF CUSTOM - ESTATE LOTS ACTIVITY AND VALUATION**

Chron. No.	Unit No.	Legal Lot No.	Acres	Contract Date	Closing Date	Gross Sale Price	Incentive/Discount	Closing Price	Appraised Land Value	Improvement Value	Total Appraised Value
<b>Total Lots Available (Including Those Closed After (9/1/03))</b>											
<b>Northern Lights</b>											
1	6	1	1.500					\$0	\$750,000		\$750,000
2	6	2	1.770					\$0	\$700,000		\$700,000
3	6	3	1.720	8/27/03	10/14/03	\$775,000	(\$116,250)	\$658,750	\$675,000		\$675,000
4	6	4	1.430					\$0	\$640,000		\$640,000
5	6	5	1.350					\$0	\$615,000		\$615,000
6	6	6	1.340					\$0	\$600,000		\$600,000
7	6	7	1.490					\$0	\$570,000		\$570,000
8	6	8	1.550	8/27/03	10/15/03	\$670,000	(\$100,500)	\$569,500	\$570,000		\$570,000
9	6	9	1.220					\$0	\$550,000		\$550,000
10	6	10	1.560					\$0	\$570,000		\$570,000
11	6	11	1.690					\$0	\$595,000		\$595,000
12	6	14	1.050					\$0	\$580,000		\$580,000
13	6	18	1.770					\$0	\$700,000		\$700,000
14	6	G	1.628					\$0	\$745,000		\$745,000
15	6	19	1.810					\$0	\$750,000		\$750,000
16	8	20	1.090					\$0	\$1,000,000		\$1,000,000
17	6	21	1.930	(Santaluz House)				\$0	\$1,000,000	\$3,000,000	\$4,000,000
18	6	22	1.880					\$0	\$595,000		\$595,000
19	6	23	1.350					\$0	\$590,000		\$590,000
20	6	24	1.050					\$0	\$615,000		\$615,000
21	6	25	1.040					\$0	\$655,000		\$655,000
22	6	26	0.990					\$0	\$655,000		\$655,000
23	6	27	0.750					\$0	\$595,000		\$595,000
24	6	28	0.840					\$0	\$595,000		\$595,000
25	6	29	0.940					\$0	\$575,000		\$575,000
26	7	17	1.490					\$0	\$815,000		\$815,000
27	7	18	1.330					\$0	\$615,000		\$615,000
28	7	23	1.730	9/03		\$800,000	(\$120,000)	\$680,000	\$680,000		\$680,000
29	7	25	1.010					\$0	\$695,000		\$695,000
30	7	26	1.850					\$0	\$725,000		\$725,000
31	7	E						\$0	\$710,000		\$710,000
32	7	F	1.900					\$0	\$900,000		\$900,000
33	8	1	1.380	6/06/03	12/01/03	\$575,000	\$0	\$575,000	\$575,000		\$575,000
34	8	2	1.570	6/06/03	12/01/03	\$575,000	\$0	\$575,000	\$575,000		\$575,000
35	8	3	1.490	6/06/03	6/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
36	8	4	1.390	6/06/03	6/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
37	8	5	1.390	6/06/03	6/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
38	8	6	1.210	6/06/03	6/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
39	8	7	1.240	6/06/03	8/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
40	8	8	1.420	6/06/03	8/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
41	8	9	1.630	6/06/03	8/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
42	8	10	1.510	6/06/03	8/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
43	8	11	1.350	6/06/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
44	8	12	1.540	6/06/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
45	8	13	1.690	6/06/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
46	8	14	1.500	6/06/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
47	8	15	1.260	6/06/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
48	8	16	1.830	6/06/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
49	8	17	1.550					\$0	\$640,000		\$640,000
50	8	18	1.520	7/19/03	9/15/03	\$725,000	(\$108,750)	\$616,250	\$615,000		\$615,000
51	8	19	1.740					\$0	\$710,000		\$710,000

**SANTALUZ  
SUMMARY OF CUSTOM-ESTATE LOTS ACTIVITY AND VALUATION**

Chron. No.	Unit No.	Legal Lot No.	Acreage	Contract Date	Closing Date	Gross Sale Price	Incentive/Discount	Closing Price	Appraised Land Value	Improvement Value	Total Appraised Value
52	8	20	1.280					\$0	\$670,000		\$670,000
53	8	21	1.390					\$0	\$670,000		\$670,000
54	8	22	1.630					\$0	\$700,000		\$700,000
55	8	23	1.370					\$0	\$635,000		\$635,000
56	8	24	1.050					\$0	\$590,000		\$590,000
57	8	25	1.370					\$0	\$635,000		\$635,000
58	9	1	4.500					\$0	\$1,300,000		\$1,300,000
59	9	2	3.350					\$0	\$1,050,000		\$1,050,000
60	9	W						\$0	\$900,000		\$900,000
61	9	3	1.930					\$0	\$725,000		\$725,000
62	9	4	0.890					\$0	\$725,000		\$725,000
63	9	5	1.180					\$0	\$725,000		\$725,000
64	9	6	1.010					\$0	\$675,000		\$675,000
65	9	7	2.330					\$0	\$745,000		\$745,000
66	9	8	0.830					\$0	\$615,000		\$615,000
67	9	9	1.430					\$0	\$675,000		\$675,000
68	9	10	0.720					\$0	\$635,000		\$635,000
69	9	11	0.980					\$0	\$655,000		\$655,000
70	9	12	1.030					\$0	\$655,000		\$655,000
71	9	13	1.050					\$0	\$655,000		\$655,000
72	9	14	1.500					\$0	\$655,000		\$655,000
73	9	V						\$0	\$745,000		\$745,000
74	9	J						\$0	\$640,000		\$640,000
75	9	H						\$0	\$725,000		\$725,000
76	9	I	0.780					\$0	\$675,000		\$675,000
77	9	K						\$0	\$640,000		\$640,000
78	9	L	1.000					\$0	\$590,000		\$590,000
79	9	M	1.000					\$0	\$590,000		\$590,000
80	17	21	13.030					\$0	\$725,000		\$725,000
81	17	A	0.700					\$0	\$655,000		\$655,000
82	17	B	1.200					\$0	\$655,000		\$655,000
83	17	C	1.600					\$0	\$725,000		\$725,000
<b>Sub-Total</b>			<b>125.198</b>			<b>\$12,170,000</b>	<b>(\$445,500)</b>	<b>\$11,724,500</b>	<b>\$55,225,000</b>	<b>\$3,000,000</b>	<b>\$58,225,000</b>
							<b>-3.66%</b>		<b>\$502,045</b>		<b>\$701,506</b>
<b>Village Green</b>											
84	1	3	0.840	7/06/03	9/02/03	\$575,000	(\$86,250)	\$488,750	\$490,000		\$490,000
85	1	4	1.180	8/17/03	10/01/03	\$630,000	(\$94,500)	\$535,500	\$535,000		\$535,000
86	1	13	0.710					\$0	\$590,000		\$590,000
87	1	15	0.770	7/26/03	9/24/03	\$573,750	\$0	\$573,750	\$575,000		\$575,000
88	1	35	1.890					\$0	\$760,000		\$760,000
89	1	45	1.240					\$0	\$1,135,000		\$1,135,000
90	1	47	1.180					\$0	\$1,090,000		\$1,090,000
91	1	53	1.430	5/26/03	11/15/03	\$950,000	(\$142,500)	\$807,500	\$810,000		\$810,000
92	1	63	1.160	9/03		\$900,000	(\$135,000)	\$765,000	\$765,000		\$765,000
93	1	N	0.680					\$0	\$1,135,000		\$1,135,000
94	1	U	0.600					\$0	\$1,135,000		\$1,135,000
95	2	11	0.410	9/03		\$675,000	(\$118,483)	\$556,538	\$560,000		\$560,000
96	2	13	0.410	9/03		\$650,000	(\$114,075)	\$535,925	\$535,000		\$535,000
97	2	15	0.410	9/03		\$675,000	(\$118,463)	\$556,538	\$560,000		\$560,000
98	2	17	0.410	9/03		\$650,000	(\$114,075)	\$535,925	\$535,000		\$535,000
99	2	19	0.410	9/03		\$750,000	(\$131,625)	\$618,375	\$620,000		\$620,000
100	2	21	0.410	9/03		\$725,000	(\$127,238)	\$597,763	\$600,000		\$600,000

**SANTALUZ  
SUMMARY OF CUSTOM-ESTATE LOTS ACTIVITY AND VALUATION**

Chron. No.	Unit No.	Legal Lot No.	Acreage	Contract Date	Closing Date	Gross Sale Price	Incentive/Discount	Closing Price	Appraised Land Value	Improvement Value	Total Appraised Value
101	2	61	0.210	1/21/03	12/15/03	\$400,000	\$0	\$400,000	\$420,000		\$420,000
102	2	63	0.200	1/21/03	12/15/03	\$425,000	\$0	\$425,000	\$445,000		\$445,000
103	2	78	0.210	1/21/03	11/01/03	\$425,000	\$0	\$425,000	\$445,000		\$445,000
104	2	80	0.200	1/21/03	11/01/03	\$450,000	\$0	\$450,000	\$475,000		\$475,000
105	2	91	1.280	9/07/03	10/22/03	\$705,000	(\$105,750)	\$599,250	\$600,000		\$600,000
106	2	92	0.840					\$0	\$675,000		\$675,000
107	2	94	1.170					\$0	\$745,000		\$745,000
108	2	95	1.190					\$0	\$820,000		\$820,000
109	2	96	0.730					\$0	\$785,000		\$785,000
110	2	105	1.000					\$0	\$785,000		\$785,000
111	2	107	0.450					\$0	\$785,000		\$785,000
112	2	109	0.560					\$0	\$830,000		\$830,000
113	2	111	0.620	6/28/03	9/29/03	\$875,000	(\$131,250)	\$743,750	\$745,000		\$745,000
114	3	1	0.840					\$0	\$1,275,000		\$1,275,000
115	3	3	1.040	7/15/03	10/15/03	\$1,200,000	(\$180,000)	\$1,020,000	\$1,070,000		\$1,070,000
116	3	5	0.990					\$0	\$900,000		\$900,000
117	3	10	0.920	7/26/03	10/08/03	\$935,000	(\$140,250)	\$794,750	\$795,000		\$795,000
118	3	11	0.970	7/11/03	9/03/03	\$850,000	\$0	\$850,000	\$850,000		\$850,000
119	3	16	0.800					\$0	\$635,000		\$635,000
120	3	17	1.650					\$0	\$795,000		\$795,000
121	3	18	0.740					\$0	\$550,000		\$550,000
122	3	35	1.108	8/25/03	10/30/03	\$910,000		\$910,000	\$910,000		\$910,000
123	3	36	0.670					\$0	\$635,000		\$635,000
124	3	38	0.750					\$0	\$700,000		\$700,000
125	3	39	0.760	8/29/03	10/30/03	\$773,500		\$773,500	\$775,000		\$775,000
126	3	40	0.850	9/07/03	10/29/03	\$950,000		\$950,000	\$950,000		\$950,000
127	3	41	1.390	9/22/03	11/12/03	\$985,000		\$985,000	\$985,000		\$985,000
128	3	48	0.780	8/25/03	10/30/03	\$885,000		\$885,000	\$885,000		\$885,000
129	3	18	0.740					\$0	\$745,000		\$745,000
130	3	T	1.200					\$0	\$1,050,000		\$1,050,000
131	3	49	1.920					\$0	\$965,000		\$965,000
132	3	51	1.310	9/22/03	11/12/03	\$1,065,000	(\$159,750)	\$905,250	\$905,000		\$905,000
133	3	52	1.590	9/22/03	11/12/03	\$1,185,000	(\$174,750)	\$990,250	\$990,000		\$990,000
134	3	53						\$0	\$765,000		\$765,000
135	3	55						\$0	\$815,000		\$815,000
136	3	57						\$0	\$1,090,000		\$1,090,000
137	3	59						\$0	\$965,000		\$965,000
138	3	61						\$0	\$795,000		\$795,000
139	3	63						\$0	\$1,090,000		\$1,090,000
140	3	66	1.290	7/15/03	10/15/03	\$1,500,000	(\$225,000)	\$1,275,000	\$1,275,000		\$1,275,000
141	3	67	1.070					\$0	\$1,275,000		\$1,275,000
142	3	68	1.390					\$0	\$1,275,000		\$1,275,000
143	3	69	1.450	8/25/03	10/15/03	\$1,500,000	(\$225,000)	\$1,275,000	\$1,275,000		\$1,275,000
144	3	71	0.930	8/05/03	9/22/03	\$663,000	\$0	\$663,000	\$665,000		\$665,000
145	3	72	1.330	9/03		\$755,000	(\$113,250)	\$641,750	\$640,000		\$640,000
146	3	73	0.600					\$0	\$570,000		\$570,000
147	3	74	1.960					\$0	\$680,000		\$680,000
148	3	76	0.510					\$0	\$570,000		\$570,000
149	3	77						\$0	\$845,000		\$845,000
150	3	81		9/03		\$637,500		\$637,500	\$640,000		\$640,000
151	3	85						\$0	\$810,000		\$810,000
152	3	89	0.940					\$0	\$635,000		\$635,000
153	3	90						\$0	\$745,000		\$745,000
154	3	92						\$0	\$725,000		\$725,000
155	3	94	1.620					\$0	\$725,000		\$725,000
156	3	95	1.840					\$0	\$795,000		\$795,000
157	4	1	0.970	6/26/03	11/17/03	\$1,150,000	(\$172,500)	\$977,500	\$980,000		\$980,000

**SANTALUZ  
SUMMARY OF CUSTOM-ESTATE LOTS ACTIVITY AND VALUATION**

Chron. No.	Unit No.	Legal Lot No.	Acreage	Contract Date	Closing Date	Gross Sale Price	Incentive/Discount	Closing Price	Appraised Land Value	Improvement Value	Total Appraised Value
158	4	5	1.380	7/03/03	11/17/03	\$1,400,000	(\$210,000)	\$1,190,000	\$1,190,000		\$1,190,000
159	4	6	0.900	7/03/03	11/17/03	\$1,400,000	(\$210,000)	\$1,190,000	\$1,190,000		\$1,190,000
160	4	15	0.810	7/25/03	9/18/03	\$1,025,000	(\$153,750)	\$871,250	\$870,000		\$870,000
161	4	16	0.640					\$0	\$1,065,000		\$1,065,000
162	4	17	0.650	8/06/03	10/10/03	\$1,025,000		\$1,025,000	\$1,025,000		\$1,025,000
163	4	18	0.580					\$0	\$1,170,000		\$1,170,000
164	4	20	0.890	9/03	10/17/03	\$1,500,000	(\$225,000)	\$1,275,000	\$1,275,000		\$1,275,000
165	4	21	1.120	9/03	10/17/03	\$1,500,000	(\$225,000)	\$1,275,000	\$1,275,000		\$1,275,000
166	4	22	1.720	8/25/03	11/15/03	\$1,550,000	(\$232,500)	\$1,317,500	\$1,275,000		\$1,275,000
167	4	25						\$0	\$1,000,000		\$1,000,000
168	4	27						\$0	\$1,000,000		\$1,000,000
169	4	32						\$0	\$1,360,000		\$1,360,000
170	4	36						\$0	\$1,275,000		\$1,275,000
171	4	40						\$0	\$975,000		\$975,000
172	4	O		9/03		\$1,100,000		\$1,100,000	\$1,100,000		\$1,100,000
173	4	61	0.650	9/03		\$1,000,000		\$1,000,000	\$1,000,000		\$1,000,000
174	4	62	0.810	9/03		\$1,000,000		\$1,000,000	\$1,000,000		\$1,000,000
175	4	63	0.970	9/03		\$1,000,000		\$1,000,000	\$1,000,000		\$1,000,000
176	4	64	1.600					\$0	\$1,100,000		\$1,100,000
177	4	82	1.280					\$0	\$1,065,000		\$1,065,000
178	4	83						\$0	\$1,050,000		\$1,050,000
179	4	85						\$0	\$1,000,000		\$1,000,000
180	4	89	1.200	9/03		\$1,200,000	(\$180,000)	\$1,020,000	\$1,020,000		\$1,020,000
181	4	90	1.020	7/31/03	9/11/03	\$1,210,000	(\$181,500)	\$1,028,500	\$1,030,000		\$1,030,000
182	4	91	0.590					\$0	\$1,020,000		\$1,020,000
183	4	101	1.050					\$0	\$1,065,000		\$1,065,000
184	4	102						\$0	\$900,000		\$900,000
185	4	104						\$0	\$815,000		\$815,000
186	4	114	1.220					\$0	\$1,050,000		\$1,050,000
187	5	1						\$0	\$1,300,000		\$1,300,000
188	5	3						\$0	\$1,135,000		\$1,135,000
189	5	5						\$0	\$1,050,000		\$1,050,000
190	5	7						\$0	\$880,000		\$880,000
191	5	9						\$0	\$1,645,000		\$1,645,000
192	5	13						\$0	\$1,590,000		\$1,590,000
193	5	17						\$0	\$1,590,000		\$1,590,000
194	5	21						\$0	\$1,130,000		\$1,130,000
195	5	23						\$0	\$1,675,000		\$1,675,000
196	5	27						\$0	\$1,740,000		\$1,740,000
197	5	32	0.980					\$0	\$800,000		\$800,000
198	5	36	0.790					\$0	\$1,140,000		\$1,140,000
199	5	37	1.090					\$0	\$765,000		\$765,000
200	5	38	1.140					\$0	\$765,000		\$765,000
201	5	39	1.510					\$0	\$1,220,000		\$1,220,000
202	16	69						\$0	\$1,000,000		\$1,000,000
203	16	70						\$0	\$1,000,000		\$1,000,000
204	16	71						\$0	\$1,000,000		\$1,000,000
205	16	72						\$0	\$1,000,000		\$1,000,000
206	16	74						\$0	\$700,000		\$700,000
207	16	76						\$0	\$700,000		\$700,000
208	16	78						\$0	\$700,000		\$700,000
209	16	80						\$0	\$700,000		\$700,000
<b>Sub - Total</b>			<b>84.318</b>			<b>\$42,867,750</b>	<b>(\$4,427,438)</b>	<b>\$38,440,313</b>	<b>\$115,180,000</b>	<b>\$0</b>	<b>\$115,180,000</b>
							<b>-10.33%</b>		<b>\$913,988</b>		<b>\$913,988</b>
<b>Grand Total</b>			<b>209.516</b>			<b>\$55,037,750</b>	<b>(\$4,872,938)</b>	<b>\$50,164,813</b>	<b>\$170,385,000</b>	<b>\$3,000,000</b>	<b>\$173,385,000</b>
							<b>-8.85%</b>		<b>\$815,239</b>		<b>\$829,593</b>

**SANTALUZ  
SUMMARY OF CUSTOM-ESTATE LOTS ACTIVITY AND VALUATION**

Chron. No.	Unit No.	Legal Lot No.	Acres	Contract Date	Closing Date	Gross Sale Price	Incentive/Discount	Closing Price	Appraised Land Value	Improvement Value	Total Appraised Value
<b>Lots Closed After 9/1/03 Or Under Contract</b>											
<b>Northern Lights</b>											
1	6	3	1.720	8/27/03	10/14/03	\$775,000	(\$110,250)	\$658,750	\$675,000		\$675,000
2	6	8	1.550	8/27/03	10/15/03	\$870,000	(\$100,500)	\$569,500	\$570,000		\$570,000
3	8	1	1.380	6/06/03	12/01/03	\$575,000	\$0	\$575,000	\$575,000		\$575,000
4	8	2	1.570	6/08/03	12/01/03	\$575,000	\$0	\$575,000	\$575,000		\$575,000
5	8	3	1.490	6/06/03	6/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
6	8	4	1.390	6/08/03	6/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
7	8	5	1.390	6/08/03	6/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
8	8	6	1.210	6/08/03	6/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
9	8	7	1.240	6/08/03	8/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
10	8	8	1.420	6/06/03	8/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
11	8	9	1.630	6/06/03	8/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
12	8	10	1.510	6/06/03	8/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
13	8	11	1.350	6/06/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
14	8	12	1.540	6/06/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
15	8	13	1.690	6/08/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
16	8	14	1.500	6/06/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
17	8	15	1.260	6/06/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
18	8	16	1.830	6/06/03	10/01/04	\$575,000	\$0	\$575,000	\$575,000		\$575,000
19	8	18	1.520	7/19/03	9/15/03	\$725,000	(\$108,750)	\$616,250	\$615,000		\$615,000
<b>Sub-Total</b>			<b>28.19</b>			<b>\$11,370,000</b>	<b>(\$325,500)</b>	<b>\$11,044,500</b>	<b>\$11,060,000</b>	<b>\$0</b>	<b>\$11,060,000</b>
						<b>\$598,421</b>	<b>-2.88%</b>	<b>\$581,289</b>	<b>\$582,105</b>		<b>\$582,105</b>

**SANTALUZ  
SUMMARY OF CUSTOM-ESTATE LOTS ACTIVITY AND VALUATION**

Chron. No.	Unit No.	Legal Lot No.	Acreage	Contract Date	Closing Date	Gross Sale Price	Incentive/Discount	Closing Price	Appraised Land Value	Improvement Value	Total Appraised Value
<b>Village Green</b>											
20	1	3	0.840	7/06/03	9/02/03	\$575,000	(\$86,250)	\$488,750	\$490,000		\$490,000
21	1	4	1.190	8/17/03	10/01/03	\$630,000	(\$94,500)	\$535,500	\$535,000		\$535,000
22	1	15	0.770	7/28/03	9/24/03	\$573,750	\$0	\$573,750	\$575,000		\$575,000
23	1	53	1.430	5/26/03	11/15/03	\$950,000	(\$142,500)	\$807,500	\$810,000		\$810,000
24	1	83	1.180	9/03		\$900,000	(\$135,000)	\$765,000	\$765,000		\$765,000
25	2	11	0.410	9/03		\$675,000	(\$118,463)	\$556,538	\$560,000		\$560,000
26	2	13	0.410	9/03		\$650,000	(\$114,075)	\$535,925	\$535,000		\$535,000
27	2	15	0.410	9/03		\$675,000	(\$118,463)	\$556,538	\$560,000		\$560,000
28	2	17	0.410	9/03		\$650,000	(\$114,075)	\$535,925	\$535,000		\$535,000
29	2	19	0.410	9/03		\$750,000	(\$131,625)	\$618,375	\$620,000		\$620,000
30	2	21	0.410	9/03		\$725,000	(\$127,238)	\$597,763	\$600,000		\$600,000
31	2	61	0.210	1/21/03	12/15/03	\$400,000	\$0	\$400,000	\$420,000		\$420,000
32	2	63	0.200	1/21/03	12/15/03	\$425,000	\$0	\$425,000	\$445,000		\$445,000
33	2	78	0.210	1/21/03	11/01/03	\$425,000	\$0	\$425,000	\$445,000		\$445,000
34	2	80	0.200	1/21/03	11/01/03	\$450,000	\$0	\$450,000	\$475,000		\$475,000
35	2	91	1.280	9/07/03	10/22/03	\$705,000	(\$105,750)	\$599,250	\$600,000		\$600,000
36	2	111	0.620	6/26/03	9/29/03	\$875,000	(\$131,250)	\$743,750	\$745,000		\$745,000
37	3	3	1.040	7/15/03	10/15/03	\$1,200,000	(\$180,000)	\$1,020,000	\$1,070,000		\$1,070,000
38	3	10	0.920	7/29/03	10/08/03	\$935,000	(\$140,250)	\$794,750	\$795,000		\$795,000
39	3	11	0.970	7/11/03	9/03/03	\$850,000	\$0	\$850,000	\$850,000		\$850,000
40	3	35	1.108	8/25/03	10/30/03	\$910,000		\$910,000	\$910,000		\$910,000
41	3	39	0.760	8/29/03	10/30/03	\$773,500		\$773,500	\$775,000		\$775,000
42	3	40	0.850	9/07/03	10/29/03	\$950,000		\$950,000	\$950,000		\$950,000
43	3	41	1.390	9/22/03	11/12/03	\$985,000		\$985,000	\$985,000		\$985,000
44	3	46	0.780	8/25/03	10/30/03	\$885,000		\$885,000	\$885,000		\$885,000
45	3	51	1.310	9/22/03	11/12/03	\$1,065,000	(\$159,750)	\$905,250	\$905,000		\$905,000
46	3	52	1.590	9/22/03	11/12/03	\$1,165,000	(\$174,750)	\$990,250	\$990,000		\$990,000
47	3	66	1.290	7/15/03	10/15/03	\$1,500,000	(\$225,000)	\$1,275,000	\$1,275,000		\$1,275,000
48	3	69	1.450	8/25/03	10/15/03	\$1,500,000	(\$225,000)	\$1,275,000	\$1,275,000		\$1,275,000
49	3	71	0.930	8/05/03	9/22/03	\$663,000	\$0	\$663,000	\$665,000		\$665,000
50	3	72	1.330	9/03		\$755,000	(\$113,250)	\$641,750	\$640,000		\$640,000
51	4	1	0.970	6/26/03	11/17/03	\$1,150,000	(\$172,500)	\$977,500	\$980,000		\$980,000
52	4	6	1.380	7/03/03	11/17/03	\$1,400,000	(\$210,000)	\$1,190,000	\$1,190,000		\$1,190,000
53	4	7	0.900	7/03/03	11/17/03	\$1,400,000	(\$210,000)	\$1,190,000	\$1,190,000		\$1,190,000
54	4	15	0.810	7/25/03	9/16/03	\$1,025,000	(\$153,750)	\$871,250	\$870,000		\$870,000
55	4	17	0.650	8/08/03	10/10/03	\$1,025,000		\$1,025,000	\$1,025,000		\$1,025,000
56	4	20	0.890	9/03	10/17/03	\$1,500,000	(\$225,000)	\$1,275,000	\$1,275,000		\$1,275,000
57	4	21	1.120	9/03	10/17/03	\$1,500,000	(\$225,000)	\$1,275,000	\$1,275,000		\$1,275,000
58	4	22	1.720	8/25/03	11/15/03	\$1,550,000	(\$232,500)	\$1,317,500	\$1,275,000		\$1,275,000
59	4	0		9/03		\$1,100,000		\$1,100,000	\$1,100,000		\$1,100,000
60	4	62	0.810	9/03		\$1,000,000		\$1,000,000	\$1,000,000		\$1,000,000
61	4	63	0.970	9/03		\$1,000,000		\$1,000,000	\$1,000,000		\$1,000,000
62	4	89	1.200	9/03		\$1,200,000	(\$180,000)	\$1,020,000	\$1,020,000		\$1,020,000
63	4	90	1.020	7/31/03	9/11/03	\$1,210,000	(\$181,500)	\$1,028,500	\$1,030,000		\$1,030,000
<b>Sub - Total</b>			<b>38.728</b>			<b>\$41,230,250</b>	<b>(\$4,427,438)</b>	<b>\$36,802,813</b>	<b>\$36,915,000</b>	<b>\$0</b>	<b>\$36,915,000</b>
						<b>\$937,051</b>	<b>-10.74%</b>	<b>\$838,428</b>	<b>\$838,977</b>		<b>\$838,977</b>
<b>Grand Total</b>			<b>66.918</b>			<b>\$52,600,250</b>	<b>(\$4,752,938)</b>	<b>\$47,847,313</b>	<b>\$47,975,000</b>	<b>\$0</b>	<b>\$47,975,000</b>
						<b>\$834,925</b>	<b>-9.04%</b>	<b>\$759,481</b>	<b>\$761,508</b>		<b>\$761,508</b>

**Affordable Housing and Market Rate Attached**

For affordable housing, the restricted rent levels require a concession of the return to the land. The reason is that rents low enough to qualify as low income are well below market. Considering that market-rent apartments typically cannot generate as much return to the land as for-sale housing, it is even more difficult for rent-restricted units to create a competitive return. This is typically true even with the available government subsidies for low income project.

The affordable units were required under the Development Agreement to obtain a higher density of other production units elsewhere in the project. Although the market for these types of units is strong, they require adherence to strict rules about rent levels that are set forth by the appropriate agency based upon renters earning no more than 65% of the median family income. Discussions with knowledgeable developers of this type of product and the appraiser's knowledge of construction costs and fees indicates a lack of feasibility for this type of product. In fact, the developers of these projects typically cannot afford to buy land unless they receive development subsidy which results in a residual value after all of the costs, including entrepreneurial incentive to complete construction are deducted. Although these funds are available, they are often prioritized to locations perceived as having a greater need for this type of housing than the affluent environment that will be created at the subject property and is existing and proposed in the surrounding areas. Thus, it is unknown whether or not sufficient grants and low interest loans will be available to develop the 189 units at the subject property.

Various development thresholds must be met and cannot be exceeded prior to completing the affordable housing. The Development Agreement specifies that the developers may choose to construct up to 30 companion units which are restricted to those persons who are income eligible and paying rents that do not exceed those required by the Affordable Housing Agreement except:

Any companion unit occupied by adult members of the immediate family related by blood or marriage to the property owner;

Any companion unit occupied by a person who is employed on the premises by the occupants of the primary units such as cleaning, gardening, child care or elderly care.

There are other development criteria when choosing the companion unit option as outlined in the Development Agreement. The units most likely to present viable options for companion units are the custom-estate lots and the higher end builder production homes, and examples of these types of units exist at The Ranch project in Carlsbad and the Old Coach Collection project in Poway. Potentially, the land value premium for the ability to construct 30 companion units could be derived by taking approximately one-third of the price paid by buyers for this feature. This would result in a premium of between \$5,000 and \$10,000 per companion unit lot. However, reducing the number of affordable units from 189 down to 159 would further negatively affect feasibility potentially resulting in an offset subsidy to be provided by the master developers when transferring this property to the affordable housing developers.

Since the affordable units are designated in the Development Agreement, they must ultimately be constructed. However, the required subsidy does not result in feasibility of such a project resulting in a land value to the master developer. Therefore, no value was projected for affordable housing units.



Subsidies for affordable housing elements are commonplace in developing locations in San Diego County. Typically, they are included as part of the finished lot cost reported during verification of comparables. Such is the case with many of the comparable shown in this report. Therefore, no value was projected for the market rate attached housing units.

### **Non-Residential Lots**

In addition to development of 1,121 residential lots, the subject property Development Agreement specifies various non-residential properties being valued as follows:

- Golf Course
- Church Sites (2)
- Day Care Center Site
- Seniors Center Site
- Recreation Center Site

### **Golf Course**

There is one golf course at the subject property. Planned community developers often include golf courses in their projects to add quality and prestige which results in higher sales velocity. Golf courses in planned communities are often constructed by the developers and either operated by the developers or a professional golf company prior to the course being purchased by that company, or another, or sold on a membership basis. Start-up losses can be significant until the project is "seeded".

As previously noted, the golf course has a relatively low Mello Roos special tax relative to its value warranting a limited scope appraisal analysis. Specifically, the total costs spent for construction of improvements to date were analyzed relative to sales of existing, well seasoned operating golf course properties. The following is a summary of the comparable data:

**SUMMARY OF GOLF COURSE SALES DATA**

Comp. No.	Name Location	Date	Sale Price	No. of Holes	Price Per Hole	Course Type	Year Built Par	Designer	Acreage	Price Per Acre
1	Castle Creek Country Club 8797 Circle R Drive Escondido	2/03	\$6,150,000	18	\$341,667	Public/Daily Fee	1956 72	Perry Dye	128.00	\$48,047
2	Carmel Mountain Ranch Golf Course 14050 Carmel Ridge Road San Diego	8/02	\$8,350,000	18	\$463,889	Public/Daily Fee	1990 72	Ron Fream	175.16	\$47,671
3	Meadows Del Mar Golf Club 5300 Meadows Del Mar San Diego	1/03	\$35,000,000	18	\$1,944,444	Semi-Private	2000 71	Tom Fazio	1502.75	\$23,291
4	Singing Hills Resort 3007 Dehesa Road El Cajon	5/01	\$40,700,000	54	\$753,704	Public/Daily Fee	1956 72	Ted Robinson	373.03	\$109,107
5	Castle Creek Country Club 8797 Circle R Drive Escondido	4/00	\$5,370,000	18	\$298,333	Public/Daily Fee	1956 72	Jack Durey	128.00	\$41,953
6	Carlton Oaks Country Club 8725-8775 Carlton Oaks Drive Santee	12/99	\$6,300,000	18	\$350,000	Public/Resort	1972 72	Pete Dye	149.34	\$42,186
7	Eagle Crest Golf Club 1656 Cloverdale Road Escondido	4/99	\$6,125,000	18	\$340,278	Public/Daily Fee	1990 72	Don Collette/ David Rainville	161.00	\$88,043
8	Doubletree Carmel Highland Resort 14455 Penasquitos Drive San Diego	1/99	\$28,000,000	18	\$1,555,556	Public/Daily Fee	1982 72	Jack Durey	131.20	\$213,415
9	Pala Mesa Report 2001 Old Highway 395 Fallbrook	2/98	\$11,015,500	18	\$611,972	Public/Daily Fee	1966 72	Dick Rossen	167.00	\$65,961
10	Steele Canyon Golf Club 3199 Stonefield Drive Jamul	10/97	\$13,000,000 \$1,100,000 (Improvements) \$14,100,000	27	\$481,481	Semi-Private	1991 71	Gary Player	295.00	\$44,068 \$47,797
11	Tieras Creek Golf Club 29082 Tieras Creek Road Rancho Santa Margarita	10/96	\$25,500,000	18	\$1,416,667	Public/Daily Fee	1990 72	Ted Robinson	250.00	\$115,909

Comparable 1 is the Castle Creek Country Club in northerly-rural Escondido. It is one of the older properties along the Interstate 15 Corridor.

Comparable 2 is the suburban Carmel Mountain Ranch Golf Course in the Carmel Mountain Ranch planned community along the Interstate 15 Corridor.

Comparable 3 is the prestigious Meadows Del Mar Golf Club located in a premier new community south of Carmel Valley. There is also a 300 room luxury hotel planned adjacent to this golf course.

Comparable 4 is the Singing Hills Resort featuring two, 18-hole regulation courses and one, 18-hole executive course. The location is in southeast San Diego County approximately three miles west of the Sycuan Indian Reservation. Also onsite is a 104-room hotel equipped with meeting rooms. The property was in escrow or under contract for approximately six months.

Comparable 5 is the Castle Creek Country Club in North San Diego County along the Interstate 15 Corridor in Escondido. The Golf Course is adjacent to the 33-room Castle Creek Inn and Resort. The acquisition also included a 92.46 acre unzoned parcel of vacant land immediately north. The transaction was under contract or in escrow for approximately nine months after approximately three months on the market.

Comparable 6 is the Carlton Oaks Country Club located in Santee in east San Diego County. Reportedly, the sale price included the golf carts and maintenance equipment for which a value was not disclosed. Holes 1 through 10 are on leased land of approximately 70 acres which commenced in January, 1959. There are no improvements on this portion of the property. There is also a 60-room lodge with swimming pool, full service restaurant, outdoor patio dining and bar/lounge with live weekend entertainment.

Comparable 7 is the Eagle Crest Golf Club in Escondido. The property was purchased as part of a bulk portfolio sale involving 20 properties for a total price of \$176,200,000 which included four golf courses in San Diego County and others in Arizona, Georgia, Texas and Virginia. This facility anchors a masterplanned community surrounded by 580 residential lots on 711 acres. Approximately 70 annual, non-proprietary memberships were sold and compensated as part of this sale. The property is subject to a \$227,432 assessment bond.

Comparable 8 is the Doubletree Carmel Highland Resort in the Rancho Penasquitos community of San Diego along the Interstate 15 Corridor. The property includes the golf course and clubhouse, five lighted tennis courts, a health and fitness center, pool/spa areas, a restaurant and sports lounge. The adjacent Doubletree Hotel consists of 173-rooms and meeting rooms.

Comparable 9 is the Pala Mesa Resort in Fallbrook along the Interstate 15 Corridor in north San Diego County. The property consists of a 133-room hotel, restaurant, cocktail lounge, banquet/meeting rooms and the 18-hole golf course. Additional rooms were added in 1979 and the facility was extensively renovated in 1986. This property was in escrow or under contract for approximately three months after being on the market for approximately three months. There is a strong resort draw to this property.

Comparable 10 is the Steele Canyon Golf Club in Jamul in southeast San Diego County. The property consists of 27-holes, one extra hole, a practice range, a 6,000 square foot clubhouse (including proshop, snack bar and offices) and an 8,000 maintenance facility. The buyer planned to spend an additional

\$1,100,000 on irrigation system renovation and cart path completion. The property was in escrow or under contract for approximately two months after being on the market for approximately six months.

Comparable 11 is the Tieras Creek Golf Club in the Rancho Santa Margarita Planned community in Orange County, California. It is an upscale, daily fee operation located in the foothills of the Santa Ana Mountains about 50 south of Los Angeles.

The expenditures for the golf course as reported by the developer are as follows:

Golf Course Club House	\$7,790,101
Golf Course Maintenance Building	<u>\$2,709,947</u>
Total Buildings	\$10,500,048
Golf Course 18-Holes	<u>\$16,885,734</u>
Grand Total	\$27,385,782
Per Hole (18 Holes)	\$1,521,432

The parcels containing the Golf Maintenance Building (6.225 acres) and Clubhouse (10.082 acres) total 16.307 acres resulting in a net 263.42 acres for the remainder of the golf course. The Golf Club House is under construction.

The range of sales is generally between \$300,000 and \$1,900,000 per hole. The total costs equate to \$2,006,038 per hole with the golf clubhouse which is under construction (\$7,790,101 cost to date) and budgeted at approximately \$19,000,000. If the full \$19,000,000 is spent, the total costs increases to \$47,318,578 or \$2,628,810 per hole.

After reviewing the data and the expenditures already made at the subject property, an overall value of \$1,500,000 per hole or \$27,000,000 (\$92,999 per acre inclusive of the buildings) was considered reasonable for the golf course given the prestige of the location the quality of the improvements and the synergy in a successful planned community. The value is divided between "developed" property (buildings) at \$10,500,048 and "undeveloped" (golf holes) at \$7,777,055.

**Church Sites**

There are two church sites. One of 5.643 acres (4.20 net acres) near the main project entrance and one of 5.916 acres (5.70 acres net) in the Town Center. The following is a summary of comparable church site sales and, generally, church sites are also valued as secondary commercial sites when there is a lack of church site data available:

**SUMMARY OF COMPARABLE CHURCH LAND SALES**

NO.	BUYER-PROJECT/LOCATION/APN	DATE	CASH EQUIVALENT SALE PRICE	NET ACRES (SQ. FT.)	SALE PRICE PSF - COSTS	ZONING
1	In Negotiation Southeast corner of Via Fiesta and Via Inez San Diego 269-241-11 thru 14	9/03 in negotiation	\$6,098,400	10.000 (435,600)	\$14.00	San Diego
2	Egyptian - Greek Orthodox Church Sout side of Camino Ruiz north of Carmel Valley Road San Diego 303-070-42	6/03 in escrow 5/02	\$2,550,000	4.200 (182,952)	\$13.94	San Diego
3	Church of Jesus Christ Latter Day Saints Southeast corner of Camino Ruiz and Carmel Valley Road San Diego 306-020-39	5/02 in escrow 11/01	\$3,300,000	5.500 (239,580)	\$13.77 \$1.67 \$15.44	A1-10 San Diego
4	Twin Cities Christian Church Northeast corner of Mesa Drive and College Boulevard Oceanside 158-130-50; 161-511-18	N/A in escrow 9/01	\$1,800,000	11.000 (479,160)	\$3.76	C Oceanside
5	Redeemer By The Sea Lutheran Church West side of Black Rail Road west of West Ambrosia Lane Carlsbad 215-080-22	3/00 in escrow 10/99	\$2,200,000	10.110 (440,392)	\$5.00	PC Carlsbad
6	Taiwanese Lutheran Church South side of Azuaga west of Caminito Ciera San Diego (Rancho Penasquitos) 315-570-05	1/00 in escrow 1/99	\$930,000	3.780 (164,657)	\$5.65	CA-CP San Diego
7	Roman Catholic Church Southeast corner of Cannon Road and Melrose Drive Oceanside 169-011-46	7/98 in escrow 5/98	\$1,315,000	9.870 (429,937)	\$3.06	C-G-PBD Oceanside
8	Roman Catholic Church Future intersection of Camino Ruiz and Ted Williams Parkway (State 56); current terminus of Carmel Mountain Road San Diego (Subarea IV) 306-050-16, 19, 28	1/99 in escrow 8/98	\$2,750,000	8.320 (362,419)	\$7.59 \$3.00 \$10.59	Subarea IV Plan (comm. ltd.) San Diego

Comparable 1 is the Town Center Church site combined with the Daycare Center, Senior Center and Recreation Center sites totaling 10.346 gross acres and 10.0 net acres. This property is in negotiation pursuant to being marketed to one user.

Comparable 2 is the subject property church site near the main entrance to the project on Camino del Sur (Camino Ruiz) just northwest of Carmel Valley Road. The transaction closed in June, 2003 after a long escrow period (May, 2002).

Comparable 3 is located at the southeast corner of Camino del Sur (Camino Ruiz) and Carmel Valley Road just south of the main intersection entrance to the subject property. It was purchased by the Church of Jesus Christ Latter Day Saints who went under contract in November, 2001. The broker reports the list price was \$3,200,000 but the price was overpaid so that this buyer could gain control of the site quickly. The closing was May, 2002 subject to a Conditional Use Permit being approved (anticipated by Summer, 2002). Finishing costs are estimated to be \$400,000 or \$1.67 per square foot. This property is part of City of San Diego CFD No. 2 but located in Improvement Area 3 (the subject being Improvement Area 1).

Comparable 4 is a large site located in Oceanside purchased by the Twin Cities Christian Church from a related corporate entity. Although not disclosed, the property requires significant grading and site work.

Comparable 5 is located in Carlsbad. The property was purchased for construction of Lutheran Church with a 4% down payment and a first trust deed from the Lutheran Church Extension Fund at a variable interest rate beginning at 7.625%. The property consists of raw land with one farm building requiring site development costs that are significant but were not disclosed.

Comparable 6 was purchased for a Lutheran Church after a long escrow/contract period. The sale was all cash with the seller being San Diego Gas & Electric Company.

Comparable 7 was purchased for a Catholic Church in Oceanside. It was an all cash purchase of raw land with some loss from gross to net due to a natural habitat issue involving coastal sage scrub. The finished lot cost was not reported; however, the buyer will share the cost of a road with a neighboring property owner.

Comparable 8 is located in the Future Urbanizing Area (Sub-Area IV) and consists of a raw land parcel sold to the Catholic Church. The finishing costs are at least \$3.00 per square foot, if not higher as this property is raw land with rolling terrain. The existing zoning is very specific allowing churches, veterinarians, growing nurseries, storage space and trade schools. The location will be at a future major intersection when State Route 56 and Camino del Sur (Camino Ruiz) are completed. The general location is comparable to the subject but the specific location is slightly superior due to superior access and visibility.

Church Site 2 (Town Center) is being marketed with the Day Care Center site and Seniors Center site, 1.1 and 1.0 acres, respectively, for a total of 10.0 net acres. The marketing plan is to combine the Church, Day Care Center and Seniors Center sites and have the church operator develop all three uses. However, since they are individual lots, they are being appraised separately. Thus, the Church Site 2 is being valued as 5.7 net acres.

**Adjustments**

**Financing:**

All comparables were purchased all cash or on cash equivalent terms except Comparable 2 for which the seller financing terms appear to be at a market interest rate but the loan to value ratio was extremely high. Thus, a downward adjustment was made.

**Site Condition:**

The subject properties are being appraised as finished lots. Upward adjustments are required to all comparables except Comparables 1, 2 and 3 (which are "finished lots") for which the finishing cost estimate was reported for Comparable 3.

**Conditions of Sale:**

There were no unusual conditions of sale affecting any of the comparables requiring an adjustment.

**Time:**

Similar to the residential sales, upward adjustments were indicated for all the comparables depending upon when they were negotiated.

**Size:**

The two church sites are 4.20 net acres and 5.70 net acres, respectively. Generally, larger sites sell for a lower unit cost per square foot and the size range of the subject properties is well within the size range of the comparables. The comparables significantly outside 4 acres and 7 acres were adjusted based on appraiser's judgement.

**Zoning:**

All of the comparables have compatible zoning or readily processable entitlements for church use. Therefore, no adjustments were made.

**Specific Location:**

The subject church sites are well located with Church Site 1 being prominently situated at the main entrance to the project at Camino del Sur (Camino Ruiz) and Carmel Valley Road. Church Site 2 is situated in the Town Center which will no doubt be a future center of influence for the project. Thus, between the two sites, they were rated equal to each other. Comparable 1 is Church site 2 at the subject property and Comparable 2 is Church site 1 at the subject property. Comparable 3 is located catty corner from subject Church Site 1. Thus, it was considered equal. Comparables 4, 5 and 6 were considered slightly inferior relative to specific location. Comparable 7 was considered equal and Comparable 8 slight superior.



**General Location:**

Comparable 1 is Church site 2 at the subject property and Comparable 2 is Church site 1 at the subject property. Comparable 3 is considered equal as it is located catty corner to subject Church Site 1. Comparable 4 is considered slightly inferior as it is located in Oceanside.

Comparable 5 is located north of the Aviara planned community is a good location considered equal to the subject. Comparable 6 is located near Rancho Penasquitos Boulevard, Carmel Mountain Road and Ted Williams Parkway (State Route 56) also considered a good location but slightly inferior to the subject. Comparable 7 is located in the easterly portion of Oceanside very near the Shadowridge Community of Vista and portion of unincorporated county area. It is a developing location considered inferior to the subject. Comparable 8 is located southwest of the subject property considered equal to slightly superior to the subject and general location.

**Mello-Roos District:**

Comparables 1 and 2 are located in the subject property and within CFD No. 2, Improvement Area 1.

Comparable 3 is located in CFD No. 2 but in Improvement Area 3. Its Mello Roos special tax obligation is the same as the subject church sites.

Comparable 5 has an assessment district obligation of \$2.00 per square foot. These amounts were taken into consideration during the adjustment process.

**Development Impact Fees (DIF's):**

Similar to the analyses previously shown, adjustments were made based on differentials in fees.

**Adjustment Grid**

The following is a summary of the adjustments made on a qualitative basis in a similar manner to those presented earlier for the production builder residential lots:



The comparables span a wide range of time from the initial escrow on Comparable 5 (May, 1998) and the current negotiations for Comparable 1. Comparables 1 through 3 are the best indicators. The wide range of prices is indicative of the superiority of the subject location and that many of these sites are proposed with additional finishing costs to be paid by the buyer. The comparable retail land data shown in the following section was also considered as supplemental data in this valuation.

After reviewing the comparable data, both church sites at the subject property were valued at \$14.00 per square foot as finished lots.

The valuation was summarized as follows:

<u>Portion of Project</u>	<u>Net Acreage</u>	<u>Estimated Value Per Sq.Ft.</u>	<u>Estimated Value</u>
Church Site 1 - Main Entrance	4.2	\$14.00	\$2,561,328
Rounded to			\$2,560,000
Church Site 2 - Town Center	5.7	\$14.00	\$3,476,088
Rounded to			\$3,480,000

#### Day Care Center

In the Town Center portion of the subject, there is a 1.10 acre site for a day care center. These sites often sell and/or space is leased and there are national companies that operate preschool and day care centers in a very efficient manner (Kinder Kare, La Petite Academy, Children's World, etc.). There are also local operators with good track records, some with multiple locations.

Past experience appraising these sites indicates that they sell for value ranges best classified as secondary commercial sites which are generally lower than convenient and strip retail center sites and equal to or slightly above church sites. The two church sites were appraised at \$14.00 per square foot. The following is a summary of commercial-retail land data to assist in valuing the day care center site:

**SUMMARY OF COMPARABLE RETAIL LAND DATA**

No.	Project/Lot/Location/Apn.	Date	Sale Price	Net Acres (Sq. Ft.)	Sale Price PSF	Zoning
1	<b>OFFICE-RETAIL SITE</b> North side of Vista Way west of Snead Drive Oceanside 165-350-36	7/03	\$1,300,000	1.820 (79,279)	\$16.40	CSHO Oceanside
2	<b>COMMERCIAL ZONED ACREAGE</b> 100-199 S. Bent Avenue San Marcos 219-180-54, 55, 56; 219-180-37	6/03	\$650,000	1.260 (54,886)	\$11.84	M San Marcos
3	<b>OFFICE BUILDING SITE</b> West side of La Tortuga at Breeze Hill Road Vista 166-150-73	6/03	\$1,042,000	1.940 (84,506)	\$12.33	C Vista
4	<b>COMMERCIAL ZONED ACREAGE</b> 2800-2823 Cedar Road Vista 166-630-05, 12	2/03	\$630,000	1.239 (53,971)	\$11.67	C3 Vista
5	<b>CORPORATE OFFICE/SHOWROOM SITE</b> West side of Centre City Parkway south of Brotherton Road Escondido 238-130-35, 36	12/02	\$706,000	1.440 (62,726)	\$11.26	CG Escondido
6	<b>OFFICE BUILDING SITE</b> 1784 South Escondido Boulevard Escondido 236-260-05	11/02	\$285,000	0.600 (26,136)	\$10.90	CG Escondido
7	<b>FAST FOOD RESTAURANT SITE</b> Northwest corner of Canyon Drive and Mission Avenue Oceanside 145-180-12 (portion)	9/02	\$1,499,000	3.350 (145,926)	\$10.27	C Oceanside

Comparable 1 is a slightly larger site with freeway exposure in Oceanside.

Comparable 2 is a slightly larger site with freeway exposure in San Marcos.

Comparable 3 is a larger site in an older portion of Vista south of State Route 78.

Comparable 4 is a slightly larger site in northwesterly Vista north of State Route 78.

Comparable 5 is a slightly larger site in Escondido on Centre City Parkway.

Comparable 6 is a smaller site located in an older portion of Escondido on Escondido Boulevard.

Comparable 7 is a larger site located at the northwest corner of a major intersection in that area.

### **Adjustments**

#### **Financing:**

All comparables were purchased all cash or on cash equivalent terms.

#### **Site Condition:**

The subject property is being appraised as a finished lot. Upward adjustments were required to all the comparables as they all require some finishing costs.

#### **Conditions of Sale:**

There were no unusual conditions of sale affecting any of the comparables requiring an adjustment.

#### **Time:**

Similar to the residential sales, upward and downward adjustments were indicated for all the comparables depending upon when they were negotiated.

#### **Size:**

The day care center site is 1.10 net acres . Generally, larger sties sell for a lower unit cost per square foot and the size range of the subject properties is well within the size range of the comparables. The comparables significantly outside this size range were adjusted based on appraiser's judgement.

#### **Zoning:**

All of the comparables have compatible zoning or readily processable entitlements for commercial use. Therefore, no adjustments were made.

**Specific Location:**

The subject day care center site is situated in the Town Center which will no doubt be a future center of influence for the project. Upward and downward adjustments were made on a subjective basis for access, exposure and proximity to demand generators (i.e., other commercial uses and residential uses).

**General Location:**

All the comparables are located in communities considered slightly inferior to the subject.

**Mello-Roos District:**

All of the comparables do not have Mello Roos Special Tax obligations. Therefore, downward adjustments were made accordingly.

**Development Impact Fees (DIF's):**

Similar to the analyses previously shown, adjustments were made based on differentials in fees.

**Adjustment Grid**

The following is a summary of the adjustments made on a qualitative basis in a similar manner to those presented earlier for the production builder residential lots and church sites:



After considering the data, a value of \$14.00 per square foot was also considered reasonable for the subject property day care center site.

<u>Portion of Project</u>	<u>Net Acreage</u>	<u>Estimated Value Per Sq.Ft.</u>	<u>Estimated Value</u>
Day Care Center Site - Town Center	1.1	\$14.00	\$670,824
Rounded to			\$671,000

**Recreation Center Site**

The Recreation Center site has the same attributes as the Day Care Center site and the Senior Center site and it is being marketed with the Town Center Church site. The valuation is basically a repeat of the Day Care Center site and Senior Center site with a conclusion of \$14.00 per square foot as follows:

<u>Portion of Project</u>	<u>Net Acreage</u>	<u>Estimated Value Per Sq.Ft.</u>	<u>Estimated Value</u>
Recreation Center Site - Town Center	2.29	\$14.00	\$1,396,534
Rounded to			\$1,400,000



**Discounted Cash Flow Analysis**

The discounted cash flow analysis is being conducted for property owned by the Santaluz, LLC classified as "undeveloped". Following that, will be a valuation summary of the entire subject property separately listing both "developed" and "undeveloped" property.

The analysis begins with a projection of revenue using the property values developed in the previous sections of this report. An estimate of when these properties will sell is made in order to project the income stream from the sales that would be generated from such a program. All items of expense must then be deducted from these sale proceeds to arrive at a net income stream. Deductions include site development costs, property taxes, sales commissions, selling expenses, taxes, overhead and administration, and an allowance for profit (included in the discount rate) since no one would undertake such a task without an anticipated rate of return for entrepreneurial efforts. The net income flows from these sales after expenses must then be discounted for time back to a current value indication which forms the current market value estimate.

Market data for the trending utilized in this analysis was derived through numerous conversations with developers and financial joint venture partners regarding land development, finished lot sales projects and building construction. Much of the information provided was considered confidential and is summarized in terms of a consensus of opinion rather than naming each entity and their specific requirements for a project of this type.

**Page 1: Revenue Summary**

**Absorption:** Absorption of all production builder residential lots has been completed with the exception of the second phase take down of the Warmington Court Homes lots (expected in August, 2004). The absorption for the custom-estate lots was altered slightly from the projection from the Reeb Development Consulting Market Study due to the straddling of the dates of the analysis (August, 2003 for Reeb vs. September 1, 2003 date of value). Some small groups of estate lots will likely continue to be absorbed in merchant-builder transactions. However, in the last year of the projection period, this will likely not be the case and absorption will take place in a more traditional pattern to individual owners or single home builders.

The absorption projections used in the valuation were consistent with Reeb's conclusions for the custom lots, but average lot pricing was adjusted slightly downward in the appraisal. For the production builder lots, absorption in the valuation is concluded within the first year of the analysis.

For the non-residential properties, the golf course is projected to be absorbed in Year 1. The Town Center church site is absorbed in Year 1 as sufficient residential development has accrued to create demand and the recent sale of the church site across Carmel Valley Road to the south and the sale of subject Church Site 1 demonstrate demand. The day care center site is projected to be absorbed in Year 2.

- Revenue:** The first page of the discounted cash flow analysis consists of the revenue summary. This summary projects revenue based upon the future timing of sales of each neighborhood/site considering market conditions.
- Inflation:** Because the values estimated for each neighborhood/site were based on current values (as of the date of value), an inflation factor is also included based upon expectations of future increases in value.
- Annual compounded inflation was projected at 3%.
- Page 2: Project Construction Costs and Valuation**
- Master Direct Construction:** These costs total \$15,359,000 as shown on the developer's business plan dated as of September 1, 2003 (going forward). The timing of these costs was also taken from the developer's projection which was held in the appraiser's file pursuant to the confidentiality agreement. These costs consist of grading; storm drains; sewer, water systems, street improvements; capital water improvements/reservoir; affordable housing; dry utilities; landscaping installation and maintenance; amenities (parks and open space); creating the new custom lots; field engineering and contingency. Also included are the costs of carrying the home owner's association maintenance responsibilities until sufficient lots are sold so that the owner's association may take over required maintenance. This would include initial subsidies required to keep the fees at \$382.75 per lot per month.
- Master Indirect Construction:** Remaining costs, totaling \$3,622,000, consist of plan check/permit/fees; design/engineering/ supervision; creating the new custom lots; legal and insurance costs pursuant to the developer's business plan dated January 1, 2002 (going forward).
- Cost Inflation:** Consistent with inflation in revenue, annual cost inflation of 3% was projected through the analysis beginning in the third year.
- Total Revenues:** The totals are carried forward from the first page after the inflation factor is applied.
- Direct and Indirect Construction Costs:** The totals are carried forward from the second page after the inflation factor is applied.
- Indirect Project Costs:** The following items represent indirect costs of the project.

**Real Estate Taxes:** Initial taxes are calculated on the final estimate of value multiplied by the tax rate. Taxes are then reduced in proportion to the property sold. The fixed amount of special assessments is also reduced as inventory declines.

**Mello-Roos Assessments:** In addition to the underlying basic property taxes above, the master developer will have to pay the Mello-Roos special taxes for the improvements that are assumed to be in place as of the date of valuation. As inventory is sold, the amount of these special taxes decreases. Also, when special taxes are shifted to improved properties, the amount for which the developer is liable on unimproved property decreases. The calculations were completed by David Taussig & Associates, Inc. and are assumed at the request of the client.

**Overhead and Administration:  
Sales Marketing,  
Closing Costs:** An allowance estimated to be 3% of direct and indirect costs.  
The following percentages were applied to revenue:

<u>Category</u>	<u>Percentage</u>
Custom Lot Sales	8%
Town Center Church Site	5%
Golf Course	1%
Production Builder Lots	1%

**Contingency:** A nominal forecast of .5% of net indirect costs was utilized as a nominal contingency factor.

**Mello-Roos Acquisition Proceeds:** The calculations for construction funds for bond financed facilities available for releases were prepared by David Taussig & Associates, Inc. and are assumed at the request of the client.

**Master Reimbursements:** The developer's proforma indicates reimbursements (\$12,914,000) for a water participation agreement; reclaimed water; builders reimbursements; cable television; the city of San Diego reservoir; and park and recreation fees. Some reimbursements are projected beyond the, fiscal year, so the present last value of the future reimbursements (\$1,663,000) was added on a separate line in the fifth year.

**Discount Rate**

The discounted cash flow analysis is presented with a no line-item profit valuation scenario utilizing a discount rate of 20.0%.

On a large land development project which includes the risks of construction, political approvals and/or economic changes, the appropriate discount rate would be built-up similar to a loan rate except that a larger buffer would be added for increased risk to the equity position which would be subordinate to the loan.

The current market is recessionary, and although there is little remaining construction risk, conservatism is warranted. Most of the production builder lots are sold resulting in 77% of the projected revenue (before inflation) coming from custom lot sales. This is the riskiest portion of the revenue stream. Furthermore, the appraisal methodology assumes ultimate approval of an additional Substantial Conformance Review that consolidates lots and is not yet finalized.

In analyzing the discount rate, the 20.0% rate was considered appropriate as only one of the three principal elements of risk are present, the three being: political risk (entitlements), construction risk (grading, onsites and offsites), and economic risk (marketing and sales). Approval of the lot consolidation plan is being assumed in this appraisal based upon conversations with Robert J. Mannis, Community Program Manager of the City of San Diego and the reasonableness of the reduction in the total number of estate lots proposed. The construction risk is significantly reduced as construction is nearly complete. Thus, the majority of the risk emanates from potential changes in economic conditions during the sales and marketing period. Included in this risk analysis is developer's profit. In building up this rate, the appropriate thresholds for each element of risk were subjectively estimated as follows:

	<u>Range</u>	<u>Conclusion</u>
Political Risk	0-5%	.0%
Construction Risk	0-10%	.0%
Economic Risk	<u>15-20%</u>	<u>20.0%</u>
Total	15-35%	20.0%

The average discount rates summarized in the National Development Land Market section of the Peter F. Korpacz & Associates - Real Estate Investors Survey are lower than the conclusions above. Although informative, Korpacz focuses on institutional-grade real estate primarily targeting retail, office, industrial and apartment properties. Although informative, large planned community projects such as the subject property are not the primary focus of the Korpacz survey. Therefore, appraiser's judgement was used in estimating the above discount rate based upon experience with other properties and discussions with knowledgeable market participants.

The discounted cash flow analysis follows.

**VALUE AS IF  
CFD  
IMPRVMTS.  
COMPLETED**

**Community Facilities District No. 2 (Santaluz)  
Development Method  
Discounted Cash Flow Analysis - Impr. Area 1**

REVENUE	No. of Lots	Beginning Value	Period (Annually)					Totals
			Sep-03 Thru Aug-04	Sep-04 Thru Aug-05	Sep-05 Thru Aug-06	Sep-06 Thru Aug-07	Sep-07 Thru Aug-08	
<b>Non-Residential</b>		(lump sums)						
Golf Course		7,777,055	7,777,055	0	0	0	0	
Church Site 2		3,480,000	3,480,000	0	0	0	0	
<b>Subtotal Non-Residential Lots</b>		11,257,055	11,257,055	0	0	0	0	
<b>Residential</b>		(per lot/unit)						
Custom Lots - Northern Lights (yearly absorption)	82	661,280	19,838,415	17,854,573	16,532,012	0	0	
Custom Lots - Village Green (yearly absorption)	126	913,968	58,493,968	41,128,571	15,537,460	0	0	
Production - Country Homes (Warmington) (yearly absorption)	30	312,524	9,375,720	0	0	0	0	
Del Norte Villas - Taylor Woodrow (yearly absorption)	46	132,609	6,100,000	0	0	0	0	
<b>Subtotal Residential Lots Remaining</b>	284		93,808,103	58,983,145	32,069,473	0	0	
<b>Total Sales Revenue</b>			105,065,158	58,983,145	32,069,473	0	0	
<b>Annual Inflation Rate</b>			0.0%	3.0%	3.0%	3.0%	3.0%	
<b>Multiplier</b>			1.000	1.030	1.061	1.093	1.126	
<b>Total Revenues</b>			105,065,158	60,752,639	34,022,503	0	0	



**FINAL ESTIMATE OF VALUE**

On the previous pages, the market value of the fee simple interest of the subject property, as of September 1, 2003, subject to the aforementioned assumptions and limiting conditions, was estimated as follows:

Portion of Project	Legal Owner	Builder	No. of Residential Lots	Estimated Value Per Lot	Estimated Value	Undeveloped	Developed
Various (see DCF—Golf Course, Church Site 2, Custom Lots, Country Homes Phase 2, Market Rate Detached Condos)	Santaluz, LLC	Santaluz	284	N/A	\$132,000,000	\$132,000,000	
Golf Course Maintenance Building	Santaluz, LLC	Santaluz			\$2,709,947		\$2,709,947
Golf Course Club House	Santaluz, LLC	Santaluz			\$7,790,101		\$7,790,101
Santaluz House	Santaluz, LLC	Santaluz	1		\$4,000,000		\$4,000,000
Church Site 1	Bl. Demania Coptic Orthodox Church	Bl. Demania Coptic Orthodox Church		\$2,660,000	\$2,660,000	\$2,660,000	
Custom Lots—Closed Escrows	Various	Various	98	\$741,250	\$72,643,373	\$67,295,400	\$5,347,973
<b>Sub—Total</b>			<b>383</b>		<b>\$578,660</b>	<b>\$221,703,421</b>	<b>\$201,855,409</b>
<b>For Sale Production Builder Lots</b>							
<b>Serfinas</b>	<b>Baywood Homes (and individual homeowners)</b>	<b>Baywood Homes</b>	<b>80</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			32	\$300,000	\$9,600,000		\$9,600,000
Improvements					\$7,644,000		\$7,644,000
Completed Homes			48	\$767,987	\$36,863,378		\$36,863,378
<b>Total</b>			<b>80</b>	<b>\$678,342</b>	<b>\$54,107,378</b>	<b>\$0</b>	<b>\$54,107,378</b>
<b>Haciendas Sur</b>	<b>(individual homeowners)</b>	<b>Centex</b>	<b>50</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			0	\$0	\$0	\$0	\$0
Improvements					\$0		\$0
Completed Homes			50	\$907,148	\$45,357,408		\$45,357,408
<b>Total</b>			<b>50</b>	<b>\$907,148</b>	<b>\$45,357,408</b>	<b>\$0</b>	<b>\$45,357,408</b>
<b>Spanish Bungalows</b>	<b>(individual homeowners)</b>	<b>Christopher Homes</b>	<b>64</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			0	\$0	\$0	\$0	\$0
Improvements					\$0		\$0
Completed Homes			64	\$677,772	\$43,377,403		\$43,377,403
<b>Total</b>			<b>64</b>	<b>\$677,772</b>	<b>\$43,377,403</b>	<b>\$0</b>	<b>\$43,377,403</b>
<b>Garden Homes</b>	<b>D.R. Horton and (and individual homeowners)</b>	<b>D.R. Horton</b>	<b>63</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			19	\$320,000	\$6,080,000		\$6,080,000
Improvements					\$3,587,600		\$3,587,600
Completed Homes			44	\$747,123	\$32,873,417		\$32,873,417
<b>Total</b>			<b>63</b>	<b>\$675,253</b>	<b>\$42,540,917</b>	<b>\$0</b>	<b>\$42,540,917</b>
<b>Casitas</b>	<b>(individual homeowners)</b>	<b>Taylor Woodrow</b>	<b>80</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			0	\$0	\$0	\$0	\$0
Improvements					\$0		\$0
Completed Homes			80	\$698,436	\$55,874,886		\$55,874,886
<b>Total</b>			<b>80</b>	<b>\$698,436</b>	<b>\$55,874,886</b>	<b>\$0</b>	<b>\$55,874,886</b>
<b>Pasados</b>	<b>Taylor Woodrow (and individual homeowners)</b>	<b>Taylor Woodrow</b>	<b>58</b>				
Undeveloped Lots			0	\$0	\$0	\$0	\$0
Developed Lots			17	\$800,000	\$13,600,000		\$13,600,000
Improvements					\$6,433,118		\$6,433,118
Completed Homes			39	\$1,619,808	\$63,176,422		\$63,176,422
<b>Total</b>			<b>58</b>	<b>\$1,485,885</b>	<b>\$83,209,540</b>	<b>\$0</b>	<b>\$83,209,540</b>



**CFD NO. 2  
IMPROVEMENT AREA 1  
VALUATION SUMMARY**

As of  
0/1/03

Portion of Project	Legal Owner	Builder	No. of Residential Lots	Estimated Value Per Lot	Estimated Value	Undeveloped	Developed
<b>Court Homes</b>	Davidson Communities	Davidson Communities	<b>71</b>				
Undeveloped Lots			55	\$330,000	\$18,150,000	\$18,150,000	
Developed Lots			16	\$330,000	\$5,280,000		\$5,280,000
Improvements					\$1,195,000		\$1,195,000
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>71</b>	<b>\$346,831</b>	<b>\$24,625,000</b>	<b>\$18,150,000</b>	<b>\$6,475,000</b>
<b>Country Homes</b>	Warmington Homes	Warmington Homes	<b>35</b>				
Undeveloped Lots			35	\$312,524	\$10,938,340	\$10,938,340	
Developed Lots			0	\$0	\$0		\$0
Improvements					\$0		\$0
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>35</b>	<b>\$312,524</b>	<b>\$10,938,340</b>	<b>\$10,938,340</b>	<b>\$0</b>
<b>Sycamore Walk</b>	The Olson Company	The Olson Company	<b>50</b>				
Undeveloped Lots			0	\$0	\$0	\$0	
Developed Lots			50	\$150,000	\$7,500,000		\$7,500,000
Improvements					\$705,554		\$705,554
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>50</b>	<b>\$164,131</b>	<b>\$8,205,554</b>	<b>\$0</b>	<b>\$8,205,554</b>
<b>Total For Sale Production Builder Lots</b>			<b>549</b>	<b>\$670,742</b>	<b>\$368,237,426</b>	<b>\$29,088,340</b>	<b>\$330,140,088</b>
<b>Affordable Units:</b>							
<b>Sycamore Walk</b>	The Olson Company	The Olson Company	<b>70</b>				
Undeveloped Lots			0	\$0	\$0	\$0	
Developed Lots			70	\$0	\$0		\$0
Improvements					\$348,385		\$348,385
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>70</b>	<b>\$4,977</b>	<b>\$348,385</b>	<b>\$0</b>	<b>\$348,385</b>
<b>Santaluz Family Apartments—Chelsea</b>	Santaluz, LLC	Chelsea Investment Corp.	<b>119</b>				
Undeveloped Lots			119	\$0	\$0	\$0	
Developed Lots			0	\$0	\$0		\$0
Improvements					\$0		\$0
Completed Homes			0	\$0	\$0		\$0
<b>Total</b>			<b>119</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total For Sale Production Builder And Affordable Lots</b>			<b>738</b>	<b>\$499,430</b>	<b>\$368,585,811</b>	<b>\$29,088,340</b>	<b>\$330,487,471</b>
<b>Project Grand Total</b>			<b>1,121</b>		<b>\$590,280,232</b>	<b>\$230,943,740</b>	<b>\$350,345,483</b>
<b>Rounded To The Nearest \$1,000</b>					<b>\$590,280,000</b>	<b>\$230,944,000</b>	<b>\$350,345,000</b>

This is not the "As Is" value as the above value is based on the property in its present condition assuming CFD improvements are complete

# **APPRAISAL REPORT**

## **ADDENDUM**

# **EXHIBIT B**

“Value of Developed Property” means for all parcels of Developed Property which are subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing (i) the fair market value, as of the date of the appraisal provided for below, of such parcels of Developed Property, including with respect to such parcels the value of the then existing improvements thereon, as estimated by an appraiser, who shall be a State of California certified general real estate appraiser selected and employed by the District, in an appraisal performed within ninety (90) days preceding the date of such determination based upon a methodology of valuation consistent with the City’s policy for appraisals, provided that a mass appraisal methodology may be applied when valuing Developed Property; or (ii) the full cash value of any or all of such parcels of Developed Property, including with respect to such parcels the value of the improvements thereon as set forth on the last equalized assessment roll of the County Assessor of the County of San Diego.

“Value of District Property” means for all parcels of property in the District which are subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, (i) the fair market value, as of the date of the appraisal provided for below of such parcels, including with respect to such parcels the value of the then existing improvements thereon, as estimated by an appraiser, who shall be a State of California certified general real estate appraiser selected and employed by the District, in an appraisal performed within ninety (90) days preceding the date of such determination based upon a methodology of valuation consistent with the City’s policy for appraisals, provided that a mass appraisal methodology may be applied when valuing Developed Property; or (ii) the full cash value of any or all of such parcels, including with respect to such parcels the value of the improvements thereon as set forth on the last equalized assessment roll of the County Assessor of the County of San Diego.

“Value of Undeveloped Property” means for all parcels of Undeveloped Property which are subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, (i) the fair market value, as of the date of the appraisal provided for below of such parcels of Undeveloped Property, including with respect to such non-delinquent parcels the value of the then existing improvements thereon, as estimated by an appraiser, who shall be a State of California certified general real estate appraiser selected and employed by the District, in an appraisal performed within ninety (90) days preceding the date of such determination based upon a methodology of valuation consistent with the City’s policy for appraisals, or (ii) the full cash value of any or all of such parcels of Undeveloped Property, including with respect to such parcels the value of the improvements thereon as set forth on the last equalized assessment roll of the County Assessor of the County of San Diego.

# **EXHIBIT D**

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takdown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
28921132	14064/14307	13	Santaluz	Village Green	Homeowner		custom lot	13			0.71	\$590,000		\$590,000
28921132	14064/14307	14	See Lot Above	See Lot Above	Homeowner		custom lot	13	9/24/03	9,428	0.77	\$575,000		\$575,000
28921226	14064/14307	15	Newbury	Village Green	Homeowner		custom lot	13			0.74	\$680,000	\$680,000	
28921325	14064/14307	16	See Lot Above	See Lot Above	Homeowner		custom lot	13	4/26/02	9,428	0.98	\$595,000		\$595,000
28921325	14064/14307	25	Webb	Village Green	Homeowner	Artisan	custom lot	13	4/23/02	9,428	1.27	\$745,000		\$745,000
28921326	14064/14307	26	See Lot Above	See Lot Above	Homeowner		custom lot	13	1/18/02	9,428	1.46	\$750,000		\$750,000
28921326	14064/14307	27	Welsberg	Village Green	Homeowner		custom lot	13	2/12/02	9,428	0.97	\$725,000		\$725,000
28921327	14064/14307	28	See Lot Above	See Lot Above	Homeowner		custom lot	13	8/20/03	9,428	0.97	\$725,000		\$725,000
28921327	14064/14307	29	Lee	Village Green	Homeowner		custom lot	13			1.89	\$760,000		\$760,000
28921328	14064/14307	30	See Lot Above	See Lot Above	Homeowner		custom lot	13			1.04	\$680,000		\$680,000
28921328	14064/14307	31	Duclos	Village Green	Homeowner		custom lot	13	7/15/02	9,428	1.04	\$680,000		\$680,000
28921329	14064/14307	32	See Lot Above	See Lot Above	Homeowner		custom lot	13			0.90	\$1,380,000		\$1,380,000
28921329	14064/14307	33	Yeager	Village Green	Homeowner		custom lot	13	8/20/03	9,428	0.27	\$1,380,000		\$1,380,000
28921330	14064/14307	34	See Lot Above	See Lot Above	Homeowner		custom lot	13			1.24	\$1,135,000		\$1,135,000
28921330	14064/14307	35	Santaluz	Village Green	Homeowner		custom lot	13			1.18	\$1,090,000		\$1,090,000
28921331	14064/14307	36	See Lot Above	See Lot Above	Homeowner		custom lot	13	6/21/02	9,428	1.67	\$1,210,000		\$1,210,000
28921331	14064/14307	37	Georgakalis	Village Green	Homeowner	Artisan	custom lot	13			1.05	\$808,645		\$808,645
28921332	14064/14307	38	See Lot Above	See Lot Above	Homeowner		custom lot	13	4/19/02	9,428	1.95	\$615,000		\$615,000
28921332	14064/14307	39	Buehler	Village Green	Homeowner	Artisan	custom lot	13			1.23	\$540,000		\$540,000
28921333	14064/14307	40	Property Owner Association	Property Owner Association	Homeowner		custom lot	13			1.50	\$908,658		\$908,658
28921229	14064/14307	45	Santaluz	Village Green	Homeowner		custom lot	13			1.64	\$565,000		\$565,000
28921230	14064/14307	46	See Lot Above	See Lot Above	Homeowner		custom lot	13			1.55	\$620,000		\$620,000
28921230	14064/14307	47	Santaluz	Village Green	Homeowner		custom lot	13			1.10	\$645,000		\$645,000
28921230	14064/14307	48	See Lot Above	See Lot Above	Homeowner		custom lot	13	12/12/01	9,428	1.10	\$645,000		\$645,000
28921334	14064/14307	41	Mulvey	Village Green	Homeowner		custom lot	13			1.10	\$645,000		\$645,000
28921334	14064/14307	42	See Lot Above	See Lot Above	Homeowner		custom lot	13			1.10	\$645,000		\$645,000
28921334	14064/14307	43	See Lot Above	See Lot Above	Homeowner		custom lot	13			1.10	\$645,000		\$645,000
28922050	14064/14307	44	See Lot Above	See Lot Above	Homeowner		custom lot	13			1.05	\$808,645		\$808,645
28922050	14064/14307	51	Donoghue	Village Green	Homeowner		custom lot	13	4/19/02	9,428	1.05	\$808,645		\$808,645
28922051	14064/14307	92	See Lot Above	See Lot Above	Homeowner		custom lot	13			1.95	\$615,000		\$615,000
28922051	14064/14307	93	Sutton	Village Green	Homeowner	Artisan	custom lot	13	8/21/02	9,428	1.95	\$615,000		\$615,000
28922052	14064/14307	94	See Lot Above	See Lot Above	Homeowner		custom lot	13			1.23	\$540,000		\$540,000
28922052	14064/14307	95	Goodin	Village Green	Homeowner	Artisan	custom lot	13	2/4/02	9,428	1.23	\$540,000		\$540,000
28922053	14064/14307	96	See Lot Above	See Lot Above	Homeowner		custom lot	13			1.50	\$908,658		\$908,658
28922053	14064/14307	97	Lymbury	Village Green	Homeowner	Artisan	custom lot	13	3/11/02	9,428	1.50	\$908,658		\$908,658
28922054	14064/14307	98	See Lot Above	See Lot Above	Homeowner		custom lot	13			1.64	\$565,000		\$565,000
28922054	14064/14307	119	Goodin	Village Green	Homeowner	Artisan	custom lot	13	2/4/02	9,428	1.64	\$565,000		\$565,000
28922152	14064/14307	120	See Lot Above	See Lot Above	Homeowner		custom lot	13			1.55	\$620,000		\$620,000
28922152	14064/14307	121	Dale	Village Green	Homeowner		custom lot	13	12/31/01	9,428	1.55	\$620,000		\$620,000
28922153	14064/14307	122	See Lot Above	See Lot Above	Homeowner		custom lot	13			1.10	\$645,000		\$645,000
28922153	14064/14307	123	Kunzman	Village Green	Homeowner		custom lot	13	12/12/01	9,428	1.10	\$645,000		\$645,000

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/17/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Talkedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
26922154	14064/14307	124	Genuardi	See Lot Above	Homeowner	Artisan	custom lot	13	3/5/02	9,428	1.17	\$615,000		\$615,000
26923023	14064/14307	125	Taylor Woodrow 1	Village Green	Homeowner		5,400	9	3/22/01	7,631	1.06	\$2,044,899	\$2,044,899	
26923024	14064/14307	126	Taylor Woodrow 1	See Lot Above	Homeowner		5,254	9	3/22/01	7,631	0.85	\$2,232,486	\$2,232,486	
26923025	14064/14307	188	Taylor Woodrow 1	Posadas	Homeowner		5,534	10	3/22/01	8,363	0.91	\$2,390,000	\$2,390,000	
26923026	14064/14307	189	Taylor Woodrow 1	Posadas	Homeowner		5,565	10	2/1/02	8,363	1.08	\$1,707,416	\$1,707,416	
26923027	14064/14307	190	Taylor Woodrow 1	Posadas	Homeowner		5,253	9	2/1/02	7,631	0.87	\$1,558,879	\$1,558,879	
26923028	14064/14307	191	Taylor Woodrow 1	Posadas	Homeowner		5,253	9	2/1/02	7,631	1.28	\$2,106,891	\$2,106,891	
26923029	14064/14307	208	Taylor Woodrow 1	Posadas	Homeowner		5,254	9	2/1/02	7,631	1.14	\$1,454,334	\$1,454,334	
26923030	14064/14307	209	Taylor Woodrow 1	Posadas	Homeowner		5,565	10	2/1/02	8,363	1.16	\$1,564,506	\$1,564,506	
26923031	14064/14307	210	Taylor Woodrow 1	Posadas	Homeowner		4,861	8	2/25/03	6,119	0.99	\$924,146	\$924,146	
26923032	14064/14307	211	Taylor Woodrow 1	Posadas	Homeowner		5,534	10	2/25/03	8,363	1.61	\$941,248	\$941,248	
26923033	14064/14307	216	Taylor Woodrow 1	Posadas	Homeowner		5,565	10	5/15/01	8,363	1.46	\$1,202,651	\$1,202,651	
26923034	14064/14307	217	Taylor Woodrow 1	Posadas	Homeowner		5,254	9	5/15/01	7,631	2.11	\$1,203,200	\$1,203,200	
26923035	14064/14307	218	Taylor Woodrow 1	Village Green	Homeowner		custom lot	13	10/4/02	9,428	1.06	\$570,000	\$570,000	\$570,000
26921018	14064/14307	1	Pozzulli	Village Green	Homeowner		custom lot	13	6/5/03	9,428	1.06	\$495,000	\$495,000	\$495,000
26921019	14064/14307	2	Shih	Village Green	Homeowner		custom lot	13	10/1/03	9,428	0.84	\$480,000	\$480,000	\$480,000
26921020	14064/14307	3	Santaluz	Village Green	Homeowner		custom lot	13	10/1/03	9,428	1.19	\$535,000	\$535,000	\$535,000
26921021	14064/14307	4	Mirkham	Village Green	Homeowner		custom lot	13	10/1/03	9,428	1.16	\$765,000	\$765,000	\$765,000
26921006	14064/14307	63	Santaluz	Village Green	Homeowner		custom lot	13	10/4/02	9,428	0.92	\$710,000	\$710,000	\$710,000
26921007	14064/14307	64	Pozzulli	Village Green	Homeowner		custom lot	13	5/8/02	9,428	1.17	\$732,920	\$732,920	\$732,920
26921008	14064/14307	65	Reggia	Village Green	Homeowner	Artisan	custom lot	13	7/2/02	9,428	1.45	\$705,000	\$705,000	\$705,000
26921009	14064/14307	66	Webb	Village Green	Homeowner	Artisan	custom lot	13	9/26/02	9,428	1.54	\$665,000	\$665,000	\$665,000
26921130	14064/14307	5	Barnett	Village Green	Homeowner		custom lot	13						
26921131	14064/14307	6	See Lot Above	See Lot Above										
26921132	14064/14307	7	See Lot Above	See Lot Above										
26921133	14064/14307	8	See Lot Above	See Lot Above										
26921134	14064/14307	9	Hope	Village Green	Homeowner		custom lot	13	7/31/02	9,428	0.97	\$590,000	\$590,000	\$590,000
26921227	14064/14307	10	See Lot Above	See Lot Above										
26921228	14064/14307	11	See Lot Above	See Lot Above										
26921229	14064/14307	12	See Lot Above	See Lot Above										
26921230	14064/14307	17	Blair	Village Green	Homeowner		custom lot	13	7/17/02	9,428	1.19	\$650,000	\$650,000	\$650,000
26921231	14064/14307	18	See Lot Above	See Lot Above										
26921232	14064/14307	19	See Lot Above	See Lot Above										
26921233	14064/14307	20	See Lot Above	See Lot Above										
26921234	14064/14307	21	Bedell	Village Green	Homeowner		custom lot	13	6/3/02	9,428	1.56	\$710,000	\$710,000	\$710,000
26921235	14064/14307	22	See Lot Above	See Lot Above										
26921236	14064/14307	23	See Lot Above	See Lot Above										
26921237	14064/14307	24	See Lot Above	See Lot Above										
26921238	14064/14307	49	Rhyme	Village Green	Homeowner		custom lot	13	9/19/02	9,428	1.36	\$1,035,000	\$1,035,000	\$1,035,000

SANTALUZ SUMMARY OF LOT ACRESAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/11/2003 September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Take-down)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
14064/14307		50		See Lot Above										
14064/14307		51		See Lot Above										
14064/14307		52		See Lot Above										
26921133	14064/14307	53	Santaluz	Village Green	Homeowner		custom lot	13			1.43	\$810,000		\$810,000
14064/14307		54		See Lot Above										
14064/14307		55		See Lot Above										
14064/14307		56		See Lot Above										
26921115	14064/14307	57	Centex 1	Hacienda Sur	Homeowner		3217	5	8/16/02	4,353	0.63	\$889,412	\$889,412	
26921116	14064/14307	58	Centex 1	Hacienda Sur	Homeowner		3552	5	7/20/01	4,353	0.45	\$1,036,515	\$1,036,515	
26921117	14064/14307	59	Centex 1	Hacienda Sur	Homeowner		3703	5	8/16/02	4,353	0.53	\$950,450	\$950,450	
26921118	14064/14307	60	Centex 1	Hacienda Sur	Homeowner		3552	5	8/16/02	4,353	0.42	\$982,462	\$982,462	
26921119	14064/14307	61	Centex 1	Hacienda Sur	Homeowner		3703	5	8/16/02	4,353	0.55	\$964,047	\$964,047	
26921120	14064/14307	62	Centex 1	Hacienda Sur	Homeowner		3552	5	8/16/02	4,353	0.34	\$1,059,687	\$1,059,687	
26922216	14064/14307	163	Baywood 1	Sentinel	Homeowner		2799	4	6/1/01	3,674	0.15	\$694,000	\$694,000	
26922217	14064/14307	164	Baywood 1	Sentinel	Homeowner		2179	2	8/15/01	2,426	0.17	\$600,000	\$600,000	
26922218	14064/14307	165	Baywood 1	Sentinel	Homeowner		2888	4	6/1/01	3,674	0.17	\$714,000	\$714,000	
26922219	14064/14307	166	Baywood 1	Sentinel	Homeowner		2714	3	8/15/01	2,933	0.15	\$684,500	\$684,500	
26922220	14064/14307	167	Baywood 1	Sentinel	Homeowner		2799	4	6/1/01	3,674	0.15	\$809,000	\$809,000	
26922221	14064/14307	168	Baywood 1	Sentinel	Homeowner		2888	4	6/1/01	3,674	0.17	\$840,000	\$840,000	
26922222	14064/14307	169	Baywood 1	Sentinel	Homeowner		2546	3	6/1/01	2,933	0.17	\$740,000	\$740,000	
26922223	14064/14307	170	Baywood 1	Sentinel	Homeowner		2714	3	8/15/01	2,933	0.15	\$678,626	\$678,626	
26922224	14064/14307	171	Baywood 1	Sentinel	Homeowner		2799	4	6/1/01	3,674	0.15	\$639,500	\$639,500	
26922225	14064/14307	172	Baywood 1	Sentinel	Homeowner		2179	2	8/15/01	2,426	0.17	\$627,800	\$627,800	
26922226	14064/14307	173	Baywood 1	Sentinel	Homeowner		2888	4	6/1/01	3,674	0.17	\$907,274	\$907,274	
26922227	14064/14307	174	Baywood 1	Sentinel	Homeowner		2714	3	8/15/01	2,933	0.15	\$789,205	\$789,205	
26922228	14064/14307	175	Baywood 1	Sentinel	Homeowner		2799	4	6/1/01	3,674	0.15	\$950,997	\$950,997	
26922229	14064/14307	176	Baywood 1	Sentinel	Homeowner		2888	4	6/1/01	3,674	0.17	\$804,945	\$804,945	
26922230	14064/14307	177	Baywood 1	Sentinel	Homeowner		2546	3	6/1/01	2,933	0.17	\$707,000	\$707,000	
26922231	14064/14307	178	Baywood 1	Sentinel	Homeowner		2714	3	8/15/01	2,933	0.15	\$574,000	\$574,000	
26922232	14064/14307	179	Baywood 1	Sentinel	Homeowner		2649	3	4/25/01	2,933	0.15	\$734,500	\$734,500	
26922233	14064/14307	180	Baywood 1	Sentinel	Homeowner		2179	2	4/25/01	2,426	0.17	\$645,000	\$645,000	
26922234	14064/14307	181	Baywood 1	Sentinel	Homeowner		2888	4	4/25/01	3,674	0.17	\$970,000	\$970,000	
26922235	14064/14307	182	Baywood 1	Sentinel	Homeowner		2626	3	4/25/01	2,933	0.15	\$751,720	\$751,720	
26922236	14064/14307	183	Baywood 1	Sentinel	Homeowner		2799	4	4/25/01	3,674	0.15	\$926,000	\$926,000	
26922237	14064/14307	184	Baywood 1	Sentinel	Homeowner		2888	4	4/25/01	3,674	0.17	\$853,000	\$853,000	
26922238	14064/14307	185	Baywood 1	Sentinel	Homeowner		2546	3	4/25/01	2,933	0.17	\$794,000	\$794,000	
26922001	14064/14307	67	Taylor Woodrow 1	Casita	Homeowner		2714	3	4/25/01	2,933	0.15	\$608,190	\$608,190	
26922002	14064/14307	68	Taylor Woodrow 1	Casita	Homeowner		2327	3	6/6/01	2,933	0.16	\$768,512	\$768,512	
26922056	14064/14307	69	Taylor Woodrow 1	Casita	Homeowner		2180	2	6/6/01	2,426	0.15	\$733,110	\$733,110	
26922004	14064/14307	70	Taylor Woodrow 1	Casita	Homeowner		2248	2	6/6/01	2,426	0.15	\$717,135	\$717,135	
26922004	14064/14307	70	Taylor Woodrow 1	Casita	Homeowner		2180	2	6/6/01	2,426	0.16	\$711,000	\$711,000	



SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003														
SANTALUZ														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Take-down)	Product	Homeowner	Artisan Lot	Square Foot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
26922005	14064/14307	71	Taylor Woodrow 1	Casita	Homeowner		2327	3	6/6/01	2,933	0.15	\$678,000	\$678,000	
26922037	14064/14307	72	Taylor Woodrow 1	Casita	Homeowner		2180	2	6/6/01	2,426	0.15	\$760,128	\$760,128	
26922038	14064/14307	73	Taylor Woodrow 1	Casita	Homeowner		2248	2	6/6/01	2,426	0.16	\$711,460	\$711,460	
26922038	14064/14307	74	Taylor Woodrow 1	Casita	Homeowner		2327	3	6/6/01	2,933	0.17	\$734,402	\$734,402	
26922009	14064/14307	75	Taylor Woodrow 1	Casita	Homeowner		2248	2	6/6/01	2,426	0.13	\$599,000	\$599,000	
26922010	14064/14307	76	Taylor Woodrow 1	Casita	Homeowner		2180	2	6/6/01	2,426	0.14	\$613,891	\$613,891	
26922011	14064/14307	77	Taylor Woodrow 1	Casita	Homeowner		2327	3	6/6/01	2,933	0.17	\$595,202	\$595,202	
26922075	14064/14307	78	Taylor Woodrow 1	Casita	Homeowner		2180	2	6/6/01	2,426	0.16	\$552,928	\$552,928	
26922060	14064/14307	79	Taylor Woodrow 1	Casita	Homeowner		2344	3	12/3/01	2,933	0.16	\$599,496	\$599,496	
26922061	14064/14307	80	Taylor Woodrow 1	Casita	Homeowner		2242	2	12/3/01	2,426	0.14	\$569,371	\$569,371	
26922052	14064/14307	81	Taylor Woodrow 1	Casita	Homeowner		2333	3	12/3/01	2,933	0.18	\$750,629	\$750,629	
26922069	14064/14307	82	Taylor Woodrow 1	Casita	Homeowner		2242	2	12/3/01	2,426	0.15	\$641,494	\$641,494	
26922017	14064/14307	83	Taylor Woodrow 1	Casita	Homeowner		2180	2	12/3/01	2,426	0.15	\$722,499	\$722,499	
26922018	14064/14307	84	Taylor Woodrow 1	Casita	Homeowner		2327	3	2/13/02	2,933	0.16	\$732,661	\$732,661	
26922019	14064/14307	85	Taylor Woodrow 1	Casita	Homeowner		2180	2	2/13/02	2,426	0.16	\$776,022	\$776,022	
26922063	14064/14307	86	Taylor Woodrow 1	Casita	Homeowner		2242	2	2/13/02	2,426	0.18	\$721,077	\$721,077	
26922021	14064/14307	87	Taylor Woodrow 1	Casita	Homeowner		2180	2	2/13/02	2,426	0.15	\$586,801	\$586,801	
26922064	14064/14307	88	Taylor Woodrow 1	Casita	Homeowner		2340	3	2/13/02	2,933	0.16	\$610,631	\$610,631	
26922023	14064/14307	89	Taylor Woodrow 1	Casita	Homeowner		2180	2	2/13/02	2,426	0.16	\$630,042	\$630,042	
26922065	14064/14307	90	Taylor Woodrow 1	Casita	Homeowner		2248	2	12/3/01	2,426	0.16	\$645,384	\$645,384	
26922167	14064/14307	99	Taylor Woodrow 2	Casita	Homeowner		2340	3	12/3/02	2,933	0.17	\$636,536	\$636,536	
26922168	14064/14307	100	Taylor Woodrow 2	Casita	Homeowner		2248	2	12/3/02	2,426	0.15	\$630,747	\$630,747	
26922103	14064/14307	101	Taylor Woodrow 2	Casita	Homeowner		2242	2	12/3/02	2,426	0.18	\$681,108	\$681,108	
26922104	14064/14307	102	Taylor Woodrow 2	Casita	Homeowner		2327	3	12/3/02	2,933	0.18	\$817,180	\$817,180	
26922105	14064/14307	103	Taylor Woodrow 2	Casita	Homeowner		2180	2	12/3/02	2,426	0.15	\$727,508	\$727,508	
26922106	14064/14307	104	Taylor Woodrow 2	Casita	Homeowner		2248	2	12/3/02	2,426	0.15	\$769,355	\$769,355	
26922169	14064/14307	105	Taylor Woodrow 2	Casita	Homeowner		2340	3	375/11	2932.8876	0.17	\$737,851	\$737,851	
26922170	14064/14307	106	Taylor Woodrow 2	Casita	Homeowner		2248	2	375/11	2426.2128	0.15	\$689,103	\$689,103	
26922171	14064/14307	107	Taylor Woodrow 2	Casita	Homeowner		2327	3	375/11	2932.8876	0.17	\$764,601	\$764,601	
26922172	14064/14307	108	Taylor Woodrow 2	Casita	Homeowner		2251	3	375/11	2932.8876	0.16	\$712,640	\$712,640	
26922173	14064/14307	109	Taylor Woodrow 2	Casita	Homeowner		2340	3	374/35	2932.8876	0.15	\$740,700	\$740,700	

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/11/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Take-down)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
26922174	14064/14307	110	Taylor Woodrow 2	Casita	Homeowner		2248	2	06/28/02	2,426	0.15	\$677,905	\$677,905	
26922175	14064/14307	111	Taylor Woodrow 2	Casita	Homeowner		2327	3	06/28/02	2,932,8876	0.17	\$731,201	\$731,201	
26922176	14064/14307	112	Taylor Woodrow 2	Casita	Homeowner		2180	2	06/28/02	2,426,2128	0.16	\$604,040	\$604,040	
26922177	14064/14307	113	Taylor Woodrow 2	Casita	Homeowner		2327	3	06/28/02	2,932,8876	0.16	\$730,589	\$730,589	
26922178	14064/14307	114	Taylor Woodrow 2	Casita	Homeowner		2180	2	06/28/02	2,426,2128	0.15	\$624,484	\$624,484	
26922179	14064/14307	115	Taylor Woodrow 2	Casita	Homeowner		2180	2	09/12/02	2,426,2128	0.14	\$669,820	\$669,820	
26922180	14064/14307	116	Taylor Woodrow 2	Casita	Homeowner		2327	3	09/12/02	2,932,8876	0.16	\$665,782	\$665,782	
26922181	14064/14307	117	Taylor Woodrow 2	Casita	Homeowner		2180	2	09/12/02	2,426,2128	0.14	\$614,611	\$614,611	
26922182	14064/14307	118	Taylor Woodrow 2	Casita	Homeowner		2248	2	09/12/02	2,426,2128	0.15	\$673,765	\$673,765	
26922183	14064/14307	119	Taylor Woodrow 2	Casita	Homeowner		2327	3	05/09/02	2,932,8876	0.16	\$625,007	\$625,007	
26922184	14064/14307	120	Taylor Woodrow 2	Casita	Homeowner		2422	3	05/09/02	2,932,8876	0.16	\$599,610	\$599,610	
26922185	14064/14307	121	Taylor Woodrow 1	Casita	Homeowner		2327	3	05/09/02	2,933	0.15	\$694,921	\$694,921	
26922186	14064/14307	122	Taylor Woodrow 1	Casita	Homeowner		2180	2	05/09/02	2,426	0.19	\$637,222	\$637,222	
26922187	14064/14307	123	Taylor Woodrow 1	Casita	Homeowner		2422	3	05/09/02	2,933	0.16	\$669,284	\$669,284	
26922188	14064/14307	124	Taylor Woodrow 1	Casita	Homeowner		2327	3	05/09/02	2,933	0.18	\$718,339	\$718,339	
26922189	14064/14307	125	Taylor Woodrow 1	Casita	Homeowner		2248	2	05/09/02	2,426	0.15	\$674,857	\$674,857	
26922190	14064/14307	126	Taylor Woodrow 1	Casita	Homeowner		2327	3	05/09/02	2,933	0.17	\$747,556	\$747,556	
26922191	14064/14307	127	Taylor Woodrow 1	Casita	Homeowner		2180	2	05/09/02	2,426	0.19	\$699,163	\$699,163	
26922192	14064/14307	128	Taylor Woodrow 1	Casita	Homeowner		2422	3	05/09/02	2,933	0.15	\$690,342	\$690,342	
26922193	14064/14307	129	Taylor Woodrow 1	Casita	Homeowner		2327	3	05/09/02	2,933	0.16	\$767,335	\$767,335	
26922194	14064/14307	130	Taylor Woodrow 1	Casita	Homeowner		2180	2	05/09/02	2,426	0.16	\$703,922	\$703,922	
26922195	14064/14307	131	Taylor Woodrow 1	Casita	Homeowner		2340	3	05/09/02	2,933	0.15	\$705,870	\$705,870	
26922196	14064/14307	132	Taylor Woodrow 1	Casita	Homeowner		2180	2	05/09/02	2,426	0.19	\$665,026	\$665,026	
26922197	14064/14307	133	Taylor Woodrow 1	Casita	Homeowner		2327	3	21/30/02	2,933	0.17	\$774,325	\$774,325	
26922198	14064/14307	134	Taylor Woodrow 1	Casita	Homeowner		2180	2	21/30/02	2,426	0.17	\$670,389	\$670,389	
26922199	14064/14307	135	Taylor Woodrow 1	Casita	Homeowner		2327	3	12/30/01	2,933	0.17	\$721,616	\$721,616	
26922200	14064/14307	136	Taylor Woodrow 1	Casita	Homeowner		2180	2	12/30/01	2,426	0.16	\$714,657	\$714,657	
26922201	14064/14307	137	Taylor Woodrow 1	Casita	Homeowner		2248	2	12/30/01	2,426	0.16	\$717,878	\$717,878	
26922202	14064/14307	138	Taylor Woodrow 1	Casita	Homeowner		2180	2	12/30/01	2,426	0.16	\$781,138	\$781,138	
26922203	14064/14307	139	Taylor Woodrow 1	Casita	Homeowner		2180	2	12/30/01	2,426	0.14	\$695,731	\$695,731	
26922204	14064/14307	140	Taylor Woodrow 1	Casita	Homeowner		2340	3	06/28/02	2,933	0.16	\$736,858	\$736,858	
26922205	14064/14307	141	Taylor Woodrow 1	Casita	Homeowner		2248	2	06/28/02	2,426	0.18	\$685,748	\$685,748	
26922206	14064/14307	142	Taylor Woodrow 1	Casita	Homeowner		2251	3	06/28/02	2,933	0.16	\$649,001	\$649,001	
26922207	14064/14307	143	Taylor Woodrow 1	Casita	Homeowner		2327	3	9/12/02	2,933	0.17	\$788,282	\$788,282	
26922208	14064/14307	144	Taylor Woodrow 1	Casita	Homeowner		2180	2	9/12/02	2,426	0.18	\$695,071	\$695,071	
26922209	14064/14307	145	Taylor Woodrow 1	Casita	Homeowner		2340	3	9/12/02	2,933	0.19	\$727,969	\$727,969	
26922210	14064/14307	146	Taylor Woodrow 1	Casita	Homeowner		2180	2	9/12/02	2,426	0.15	\$729,550	\$729,550	
26922211	14064/14307	147	Taylor Woodrow 1	Casita	Homeowner		2251	3	12/30/02	2,933	0.16	\$686,046	\$686,046	
26922212	14064/14307	148	Taylor Woodrow 1	Casita	Homeowner		2180	2	12/30/02	2,426	0.17	\$745,804	\$745,804	
26922213	14064/14307	149	Taylor Woodrow 1	Casita	Homeowner		2340	3	12/30/02	2,933	0.15	\$771,232	\$771,232	
26922214	14064/14307	150	Taylor Woodrow 1	Casita	Homeowner		2327	3	2/22/01	2,933	0.18	\$887,300	\$887,300	
26922215	14064/14307	151	Taylor Woodrow 1	Casita	Homeowner		2180	2	2/22/01	2,426	0.18	\$696,500	\$696,500	
26922216	14064/14307	152	Taylor Woodrow 1	Casita	Homeowner		2248	2	2/22/01	2,426	0.16	\$687,500	\$687,500	
26922217	14064/14307	153	Harris	Village Green	Homeowner	Artisan	custom lot	13	1/2/02	9,428	0.98	\$940,000	\$940,000	
26922218	14064/14307	154	Georgakis	Village Green	Homeowner	Artisan	custom lot	13	7/15/02	9,428	0.72	\$1,035,000	\$1,035,000	

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/17/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
				See Lot Above										
26923128	14064/14307	195	Cho-Mulvey	Village Green	Homeowner	Artisan	custom lot	13	12/28/01	9,428	1.54	\$1,779,814	\$1,779,814	
	14064/14307	196		See Lot Above										
	14064/14307	197	Waluk	Village Green	Homeowner		custom lot	13	2/22/02	9,428	1.34	\$1,040,000		\$1,040,000
26923129	14064/14307	198		See Lot Above										
	14064/14307	199	Baldwin	Village Green	Homeowner	Artisan	custom lot	13	2/5/02	9,428	1.02	\$990,000		\$990,000
26923130	14064/14307	200		See Lot Above										
	14064/14307	201	Baldwin	Village Green	Homeowner	Artisan	custom lot	13	2/5/02	9,428	1.17	\$830,000		\$830,000
26923131	14064/14307	202		See Lot Above										
	14064/14307	203	Schmidt	Village Green	Homeowner	Artisan	custom lot	13	1/1/02	9,428	0.90	\$645,000		\$645,000
26923132	14064/14307	204		See Lot Above										
	14064/14307	205	Schmidt	Village Green	Homeowner	Artisan	custom lot	13	2/5/02	9,428	1.29	\$580,000		\$580,000
26923133	14064/14307	206		See Lot Above										
	14064/14307	207	Schmidt	Village Green	Homeowner	Artisan	custom lot	13	2/25/02	9,428	1.18	\$750,000		\$750,000
26923021	14064/14307	212	Martin	See Lot Above										
	14064/14307	213	Lombrozo	Village Green	Homeowner		custom lot	13	3/4/02	9,428	0.70	\$750,000		\$750,000
26923022	14064/14307	214		See Lot Above										
	14064/14307	215		Property Owner Association										
26921009	14064/14307	220		Property Owner Association										
26921022	14064/14307	221		Property Owner Association										
26921011	14064/14307	222		Property Owner Association										
26921232	14064/14307	229		Property Owner Association										
26922066	14064/14307	236		Property Owner Association										

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/12/2003														
September 30, 2003														
Per Final Map														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Take-down)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
26922182	14064/14307	237		Property Owner Association							0.25			
26922185	14064/14307	238		Property Owner Association							0.77			
26922183	14064/14307	239		Property Owner Association							0.21			
26922166	14064/14307	241		Property Owner Association							3.30			
92101226921	14064/14307	242		Property Owner Association							3.05			
26922146	14064/14307	243		Property Owner Association							0.49			
92330126923	14064/14307	244		Property Owner Association							10.85			
26922251	14064/14307	245		Property Owner Association							1.44			
26923013	14064/14307	246N	Santaluz	Village Green	Homeowner		custom lot				0.68	\$1,135,000		\$1,135,000
26923025	14064/14307	247		Property Owner Association							0.67			
26922240	14064/14307	250		Property Owner Association							0.26			
26922241	14064/14307	251		Property Owner Association							7.37			
26923303	14064/14307	254		Property Owner Association							2.33			
26923304	14064/14307	255		Property Owner Association							0.87			
26923305	14064/14307	256		Golf							5.30			
26923017	14064/14307	257		Property Owner Association							2.28			
26923306	14064/14307	258	Santaluz	Golf Maintenance Facility							6.23	\$2,709,947	\$2,709,947	
92330726923	14064/14307	259		Golf							22.29			
26923309	14064/14307	260		Golf							12.89			
26923310	14064/14307	261		Golf							19.88			
26923311	14064/14307	262		Golf							37.69			
26923312	14064/14308	262U	Santaluz	Village Green	Homeowner		custom lot				0.60	\$1,135,000		\$1,135,000
26923313	14064/14307	263	Santaluz	Golf Clubhouse							10.08	\$7,790,101	\$7,790,101	
26923314	14064/14307	264	Santaluz	Community Center							5.28	\$8,722,897	\$8,722,897	
26923205	14064/14307	265		Golf							7.61			
92331526923	14064/14307	266		Golf							22.84			
26921014	14064/14307	267		Property Owner Association							3.54			
26921015	14064/14307	268		Property Owner Association							0.51			
26921016	14064/14307	269		Property Owner Association							3.42			
26921017	14064/14307	270		Property Owner Association							0.18			
26922242	14064/14307	271		Property Owner Association							1.30			
26922147	14064/14307	272		Property Owner Association							3.20			
26922243	14064/14307	273		Property Owner Association							1.38			
26922148	14064/14307	274		Property Owner Association							2.19			
26923018	14064/14307	275		Property Owner Association							0.89			
26923019	14064/14307	276		Property Owner Association							1.81			
26923121	14064/14307	277		Property Owner Association							0.77			
26922244	14064/14307	283		Property Owner Association							0.68			
26922245	14064/14307	284		Property Owner Association							0.43			
26922044	14064/14307	285		Property Owner Association							0.34			
26922067	14064/14307	286		Property Owner Association							0.36			

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/17/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Talkedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
Per Final Map														
28922088	14064/14307	287		Property Owner Association	Homeowner						0.03			
28922194	14064/14307	280		Property Owner Association	Homeowner						0.62			
28922049	14064/14307	300		Property Owner Association	Homeowner						0.03			
	1 Total			Residential Lots							314.85			
30312101	14065/14308	91	Cohen	Village Green	Homeowner		custom lot	13	10/22/03		1.28	\$600,000		\$600,000
30312211	14065/14308	110	Schmid/Papandrea	Village Green	Homeowner		custom lot	13	6/20/03	9,428	0.81	\$760,000		\$760,000
30312212	14065/14308	111	McGuire	Village Green	Homeowner		custom lot	13	9/29/03	9,428	0.82	\$745,000		\$745,000
30312302	14065/14308	112	Gonuardi	Village Green	Homeowner	Artisan	custom lot	13	6/28/02	9,428	0.68	\$735,000		\$735,000
30312303	14065/14308	113	James	Village Green	Homeowner		custom lot	13	7/26/02	9,428	1.07	\$780,000		\$780,000
30312304	14065/14308	114	Elias	Village Green	Homeowner	Artisan	custom lot	13	7/30/02	9,428	1.77	\$710,000		\$710,000
30312305	14065/14308	115	Guzetta	Village Green	Homeowner		custom lot	13	11/25/02	9,428	1.48	\$850,000		\$850,000
30311111	14065/14308	33	Taylor Woodrow 1	Posadas	Homeowner		4,776	8	5/15/01	6,119	0.91	\$1,310,437	\$1,310,437	
30311112	14065/14308	34	Taylor Woodrow 1	Posadas	Homeowner		4,861	8	5/15/01	6,119	0.98	\$1,251,280	\$1,251,280	
30311113	14065/14308	35	Taylor Woodrow 1	Posadas	Homeowner		5,254	9	5/15/01	7,631	1.44	\$1,411,861	\$1,411,861	
30312201	14065/14308	36	Taylor Woodrow 1	Posadas	Homeowner		5,534	10	9/4/02	6,363	1.52	\$1,425,029	\$1,425,029	
30312202	14065/14308	37	Taylor Woodrow 1	Posadas	Homeowner		5,254	9	5/15/01	7,631	1.50	\$1,110,000	\$1,110,000	
30312203	14065/14308	38	Taylor Woodrow 1	Posadas	Homeowner		5,585	10	5/15/01	6,363	1.05	\$1,401,610	\$1,401,610	
30312204	14065/14308	39	Taylor Woodrow 1	Posadas	Homeowner		4,861	8	5/15/01	6,119	1.02	\$1,306,128	\$1,306,128	
30312205	14065/14308	40	Taylor Woodrow 1	Posadas	Homeowner		5,254	9	5/15/01	7,631	1.09	\$1,172,500	\$1,172,500	
30311201	14065/14308	41	Taylor Woodrow 2	Posadas	Homeowner		4,776	8	10/17/02	6,119	2.38	\$1,205,500	\$1,205,500	
30311202	14065/14308	42	Taylor Woodrow 2	Posadas	Homeowner		5,534	10	10/17/02	6,363	1.49	\$1,517,645	\$1,517,645	
30311203	14065/14308	43	Taylor Woodrow 2	Posadas	Homeowner		5,253	9	10/17/02	7,631	1.48	\$2,120,809	\$2,120,809	
30311204	14065/14308	44	Taylor Woodrow 2	Posadas	Homeowner		5,534	10	2/25/03	8,363	1.20	\$2,143,527	\$2,143,527	
30312111	14065/14308	45/1	Taylor Woodrow 2	Posadas	Homeowner		5,315	9	2/25/03	7,631	1.35	\$1,769,218	\$1,769,218	
30311440	14065/14308	46	Taylor Woodrow 2	Posadas	Homeowner		5,534	10	1/6/03	8,363	1.13	\$1,536,588	\$1,536,588	
30312006	14065/14308	97	Taylor Woodrow 2	Posadas	Homeowner		4,861	8	8/1/02	6,119	1.21	\$1,489,821	\$1,489,821	
30312102	14065/14308	98	Taylor Woodrow 2	Posadas	Homeowner		5,254	9	8/1/02	7,631	1.25	\$1,479,538	\$1,479,538	
30312103	14065/14308	99	Taylor Woodrow 2	Posadas	Homeowner		5,253	9	8/1/02	7,631	0.87	\$1,522,452	\$1,522,452	
30312104	14065/14308	100	Taylor Woodrow 2	Posadas	Homeowner		4,776	8	8/1/02	6,119	0.81	\$1,317,000	\$1,317,000	
30312105	14065/14308	101	Taylor Woodrow 2	Posadas	Homeowner		5,534	10	8/1/02	8,363	0.84	\$2,576,571	\$2,576,571	
30312106	14065/14308	102	Taylor Woodrow 2	Posadas	Homeowner		5,534	10	6/24/02	8,363	0.99	\$1,543,557	\$1,543,557	
30312107	14065/14308	103	Taylor Woodrow 2	Posadas	Homeowner		5,400	9	6/24/02	7,631	1.38	\$1,375,575	\$1,375,575	
30312206	14065/14308	104	Taylor Woodrow 2	Posadas	Homeowner		5,315	9	6/24/02	7,631	1.41	\$1,267,467	\$1,267,467	
30312001	14065/14308	92	Santaluz	Village Green	Homeowner		custom lot	13			0.84	\$675,000		\$675,000
30312002	14065/14308	93	Gardner	Village Green	Homeowner		custom lot	13	8/22/03	9,428	0.95	\$575,000		\$575,000
30312003	14065/14308	94	Santaluz	Village Green	Homeowner		custom lot	13			1.17	\$745,000		\$745,000
30312004	14065/14308	95	Santaluz	Village Green	Homeowner		custom lot	13			1.19	\$820,000		\$820,000
30312005	14065/14308	96	Santaluz	Village Green	Homeowner		custom lot	13			0.73	\$765,000		\$765,000
30312207	14065/14308	105	Santaluz	Village Green	Homeowner		custom lot	13			1.00	\$785,000		\$785,000
30312301	14065/14308	106	Gardner	Village Green	Homeowner		custom lot	13	12/27/02	9,428	1.49	\$800,000		\$800,000

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/17/2003														
September 30, 2003														
APN	Tract	Per Final Map	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30312208	14065514308	107	Santaluz	Village Green	Homeowner		custom lot	13			0.45	\$785,000		\$785,000
30312209	14065514308	108	Cresto	Village Green	Homeowner		custom lot	13	5/9/03	9,428	0.74	\$825,000		\$825,000
30312210	14065514308	109	Santaluz	Village Green	Homeowner		custom lot	13			0.56	\$830,000		\$830,000
30311011	14065514308	11	Santaluz	Village Green	Homeowner		custom lot	13			0.21	\$560,000		\$560,000
30311012	14065514308	12		See Lot Above	Homeowner		custom lot	13			0.20	\$535,000		\$535,000
30311013	14065514308	13	Santaluz	Village Green	Homeowner		custom lot	13			0.21	\$560,000		\$560,000
30311014	14065514308	14		See Lot Above	Homeowner		custom lot	13			0.20	\$535,000		\$535,000
30311015	14065514308	15	Santaluz	Village Green	Homeowner		custom lot	13			0.21	\$620,000		\$620,000
30311016	14065514308	16		See Lot Above	Homeowner		custom lot	13			0.20	\$600,000		\$600,000
30311017	14065514308	17	Santaluz	Village Green	Homeowner		custom lot	13			0.21	\$420,000		\$420,000
30311018	14065514308	18		See Lot Above	Homeowner		custom lot	13			0.20	\$445,000		\$445,000
30311019	14065514308	19	Santaluz	Village Green	Homeowner		custom lot	13			0.21	\$500,000		\$500,000
30311020	14065514308	20		See Lot Above	Homeowner		custom lot	13	5/20/03	9,428	0.20	\$500,000		\$500,000
30311021	14065514308	21	Santaluz	Village Green	Homeowner		custom lot	13			0.20	\$480,000		\$480,000
30311022	14065514308	22		See Lot Above	Homeowner		custom lot	13	7/18/03	9,428	0.20	\$480,000		\$480,000
30311323	14065514308	61	Santaluz	Village Green	Homeowner		custom lot	13			0.20	\$450,000		\$450,000
30311324	14065514308	63	Santaluz	Village Green	Homeowner		custom lot	13			0.20	\$445,000		\$445,000
30311325	14065514308	64		See Lot Above	Homeowner		custom lot	13	5/20/03	9,428	0.21	\$500,000		\$500,000
30311328	14065514308	66	Hawks/Ames	Village Green	Homeowner		custom lot	13			0.20	\$500,000		\$500,000
30311441	14065514308	67	Hawks/Ames	Village Green	Homeowner		custom lot	13	5/20/03	9,428	0.20	\$500,000		\$500,000
30311435	14065514308	69	Hawks/Ames	Village Green	Homeowner		custom lot	13	7/18/03	9,428	0.21	\$480,000		\$480,000
30311436	14065514308	70	Hawks/Ames	Village Green	Homeowner		custom lot	13	7/18/03	9,428	0.20	\$480,000		\$480,000
30311437	14065514308	71	Hawks/Ames	Village Green	Homeowner		custom lot	13			0.21	\$450,000		\$450,000
30311438	14065514308	72	Hawks/Ames	Village Green	Homeowner		custom lot	13	8/5/03	9,428	0.21	\$450,000		\$450,000
30311439	14065514308	74	Hawks/Ames	Village Green	Homeowner		custom lot	13			0.20	\$450,000		\$450,000
30311439	14065514308	75	Hawks/Ames	Village Green	Homeowner		custom lot	13	8/5/03	9,428	0.20	\$450,000		\$450,000
30311001	14065514308	76	Hawks/Ames	Village Green	Homeowner		custom lot	13			0.21	\$445,000		\$445,000
30311002	14065514308	77	Hawks/Ames	Village Green	Homeowner		custom lot	13	10/30/03		0.20	\$445,000		\$445,000
30311003	14065514308	78	Hawks/Ames	Village Green	Homeowner		custom lot	13	10/30/03		0.20	\$475,000		\$475,000
30311004	14065514308	79	Hawks/Ames	Village Green	Homeowner		custom lot	13	10/31/03		0.21	\$475,000		\$475,000
30311005	14065514308	80	Hawks/Ames	Village Green	Homeowner		custom lot	13			0.20	\$824,390	\$824,390	
30311006	14065514308	81	Centex 2	Hacienda Sur	Homeowner		3702	5	3/14/01	4,353	0.50	\$734,256	\$734,256	
30311007	14065514308	2	Centex 2	Hacienda Sur	Homeowner		3187	5	3/14/01	4,353	0.53	\$857,637	\$857,637	
30311008	14065514308	3	Centex 2	Hacienda Sur	Homeowner		3702	5	3/14/01	4,353	0.45	\$783,511	\$783,511	
30311009	14065514308	4	Centex 2	Hacienda Sur	Homeowner		3187	5	3/14/01	4,353	0.70	\$791,214	\$791,214	
30311010	14065514308	5	Centex 2	Hacienda Sur	Homeowner		3702	5	3/14/01	4,353	0.53	\$879,581	\$879,581	
30311011	14065514308	6	Centex 2	Hacienda Sur	Homeowner		3581	5	3/14/01	4,353	0.68	\$879,581	\$879,581	

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/17/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30311007	14065714308	7	Centex 2	Hacienda Sur	Homeowner		3581	5	3/14/01	4,353	0.45	\$847,950	\$847,950	
30311008	14065714308	8	Centex 2	Hacienda Sur	Homeowner		3187	5	3/14/01	4,353	0.40	\$842,913	\$842,913	
30311009	14065714308	9	Centex 2	Hacienda Sur	Homeowner		3702	5	3/14/01	4,353	0.36	\$924,522	\$924,522	
30311010	14065714308	10	Centex 2	Hacienda Sur	Homeowner		3581	5	3/14/01	4,353	0.43	\$985,784	\$985,784	
30311011	14065714308	23	Centex 1	Hacienda Sur	Homeowner		3552	5	11/7/02	4,353	0.58	\$929,224	\$929,224	
30311102	14065714308	24	Centex 1	Hacienda Sur	Homeowner		3217	5	11/7/02	4,353	0.82	\$973,187	\$973,187	
30311103	14065714308	25	Centex 1	Hacienda Sur	Homeowner		3703	5	11/7/02	4,353	0.79	\$1,040,886	\$1,040,886	
30311104	14065714308	26	Centex 1	Hacienda Sur	Homeowner		3217	5	11/7/02	4,353	0.67	\$900,427	\$900,427	
30311105	14065714308	27	Centex 1	Hacienda Sur	Homeowner		3552	5	11/7/02	4,353	0.68	\$1,052,366	\$1,052,366	
30311106	14065714308	28	Centex 1	Hacienda Sur	Homeowner		3703	5	11/7/02	4,353	0.89	\$1,020,355	\$1,020,355	
30311107	14065714308	29	Centex 1	Hacienda Sur	Homeowner		3552	5	11/7/02	4,353	0.41	\$1,076,243	\$1,076,243	
30311108	14065714308	30	Centex 1	Hacienda Sur	Homeowner		3187	5	3/14/01	4,353	0.84	\$1,330,000	\$1,330,000	
30311109	14065714308	31	Centex 1	Hacienda Sur	Homeowner		3702	5	3/14/01	4,353	0.40	\$1,251,857	\$1,251,857	
30311110	14065714308	32	Centex 1	Hacienda Sur	Homeowner		3702	5	3/14/01	4,353	0.45	\$1,240,000	\$1,240,000	
30311402	14065714308	47	Centex 1	Hacienda Sur	Homeowner		3217	5	7/20/01	4,353	0.55	\$806,414	\$806,414	
30311403	14065714308	48	Centex 1	Hacienda Sur	Homeowner		3703	5	7/20/01	4,353	0.53	\$946,871	\$946,871	
30311404	14065714308	49	Centex 1	Hacienda Sur	Homeowner		3703	5	7/20/01	4,353	0.50	\$900,419	\$900,419	
30311301	14065714308	50	Centex 1	Hacienda Sur	Homeowner		3187	5	7/20/01	4,353	0.49	\$858,082	\$858,082	
30311302	14065714308	51	Centex 1	Hacienda Sur	Homeowner		3181	5	7/20/01	4,353	0.56	\$864,444	\$864,444	
30311303	14065714308	52	Centex 1	Hacienda Sur	Homeowner		3702	5	7/20/01	4,353	0.59	\$953,769	\$953,769	
30311304	14065714308	53	Centex 1	Hacienda Sur	Homeowner		3702	5	7/20/01	4,353	0.54	\$888,583	\$888,583	
30311305	14065714308	54	Centex 1	Hacienda Sur	Homeowner		3181	5	7/20/01	4,353	0.44	\$872,906	\$872,906	
30311306	14065714308	55	Centex 1	Hacienda Sur	Homeowner		3187	5	7/20/01	4,353	0.61	\$787,198	\$787,198	
30311307	14065714308	56	Centex 1	Hacienda Sur	Homeowner		3181	5	7/20/01	4,353	0.43	\$850,939	\$850,939	
30311308	14065714308	57	Centex 1	Hacienda Sur	Homeowner		3702	5	7/20/01	4,353	0.69	\$864,431	\$864,431	
30311309	14065714308	58	Centex 1	Hacienda Sur	Homeowner		3552	5	3/29/02	4,353	0.45	\$820,858	\$820,858	
30311310	14065714308	59	Centex 1	Hacienda Sur	Homeowner		3702	5	7/20/01	4,353	0.66	\$816,250	\$816,250	
30311311	14065714308	60	Centex 1	Hacienda Sur	Homeowner		3181	5	7/20/01	4,353	0.66	\$910,955	\$910,955	
30311408	14065714308	73	Centex 1	Hacienda Sur	Homeowner		3187	5	7/20/01	4,353	0.37	\$887,077	\$887,077	
30311418	14065714308	82	Centex 1	Hacienda Sur	Homeowner		3702	5	7/20/01	4,353	0.60	\$882,603	\$882,603	
30311419	14065714308	83	Centex 1	Hacienda Sur	Homeowner		3187	5	7/20/01	4,353	0.63	\$768,976	\$768,976	
30311420	14065714308	84	Centex 1	Hacienda Sur	Homeowner		3702	5	7/20/01	4,353	0.86	\$790,540	\$790,540	
30311421	14065714308	85	Centex 1	Hacienda Sur	Homeowner		3187	5	9/25/01	4,353	0.39	\$738,287	\$738,287	
30311422	14065714308	86	Centex 1	Hacienda Sur	Homeowner		3702	5	9/25/01	4,353	0.39	\$754,295	\$754,295	
30311423	14065714308	87	Centex 1	Hacienda Sur	Homeowner		3187	5	9/25/01	4,353	0.51	\$749,565	\$749,565	
30311424	14065714308	88	Centex 1	Hacienda Sur	Homeowner		3702	5	9/25/01	4,353	0.52	\$815,000	\$815,000	
30311425	14065714308	89	Centex 1	Hacienda Sur	Homeowner		3187	5	9/25/01	4,353	0.43	\$816,670	\$816,670	
30311426	14065714308	90	Centex 1	Hacienda Sur	Homeowner		3187	5	9/25/01	4,353	0.40	\$821,360	\$821,360	
30312213	14065714308	116		Property Owner Association							1.03			
30311206	14065714308	117		Property Owner Association							0.11			
30311207	14065714308	118		Property Owner Association							1.11			

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/12/2003														
September 30, 2003														
Per Final Map														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30312214	14065714308	119		Property Owner Association							4.95			
30311023	14065714308	120		Property Owner Association							0.10			
30311024	14065714308	121		Property Owner Association							0.49			
30311025	14065714308	122		Property Owner Association							0.34			
30311026	14065714308	123		Property Owner Association							0.25			
30312409	14065714308	124		Property Owner Association							9.47			
30312402	14065714308	125		Property Owner Association							1.29			
30311327	14065714308	126		Property Owner Association							1.35			
30311429	14065714308	128		Property Owner Association							1.00			
30312403	14065714308	129		Property Owner Association							4.03			
30312404	14065714308	130		Property Owner Association							2.13			
30312405	14065714308	131		City Open Space							14.81			
30312406	14065714308	132		Golf Course							15.25			
30312407	14065714308	133		Property Owner Association							4.48			
30311208	14065714308	134		Property Owner Association							2.20			
30311209	14065714308	135		Property Owner Association							0.16			
30312007	14065714308	136		Property Owner Association							1.52			
30311027	14065714308	137		Property Owner Association							5.46			
30311430	14065714308	138		Property Owner Association							0.66			
30312306	14065714308	139		Property Owner Association							0.56			
30311028	14065714308	140		Property Owner Association							0.11			
30311029	14065714308	141		Property Owner Association							0.09			
30311030	14065714308	147		Property Owner Association							0.08			
30312008	14065714308	146		Property Owner Association							0.09			
30312009	14065714308	149		City Open Space							3.80			
30311210	14065714308	150		Property Owner Association							0.22			
30311322	14065714308	151		Property Owner Association							0.05			
30312408	14065714308	152		Property Owner Association							1.65			
		2 Total									153.80			
30317001	14223	1	Santaluz	Village Green	Homeowner		custom lot	13			0.84	\$1,275,000		\$1,275,000
30317002	14223	2	Colton	Village Green	Homeowner		custom lot	13	7/15/02	9,428	0.82	\$1,290,000		\$1,290,000
30317003	14223	3	Georgakalis	Village Green	Homeowner		custom lot	13	11/12/03		1.04	\$1,070,000		\$1,070,000
30317004	14223	4	Sider	Village Green	Homeowner		custom lot	13	12/9/02	9,428	1.13	\$875,000		\$875,000
30317005	14223	5	Santaluz	Village Green	Homeowner		custom lot	13			0.99	\$900,000		\$900,000
30317006	14223	6	Ganuardi	Village Green	Homeowner	Artisan	custom lot	13	6/28/02	9,428	1.15	\$850,000		\$850,000
30317007	14223	7	Arlano	Village Green	Homeowner		custom lot	13	7/19/02	9,428	1.55	\$730,000		\$730,000
30317008	14223	8	Jarvis	Village Green	Homeowner		custom lot	13	10/9/02	9,428	1.22	\$710,000		\$710,000
30317210	14223	36	Santaluz	Village Green	Homeowner		custom lot	13			0.67	\$635,000		\$635,000
30317212	14223	38	Santaluz	Village Green	Homeowner		custom lot	13			0.75	\$700,000		\$700,000



SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/18/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Filled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30317213	14223	39	Heltcock	Village Green	Homeowner		custom lot	13	11/5/03		0.76	\$775,000		\$775,000
30317214	14223	40	Hamilton	Village Green	Homeowner		custom lot	13	12/10/03	9,428	0.85	\$950,000		\$950,000
30317215	14223	41	Santaluz	Village Green	Homeowner		custom lot	13			1.39	\$985,000		\$985,000
30317212	14223	46	Bahae	Village Green	Homeowner		custom lot	13	10/31/03	9,428	0.78	\$985,000		\$985,000
30317123	14223	47	Singer	Village Green	Homeowner		custom lot	13	7/30/03	9,428	0.74	\$725,000		\$725,000
30317124	14223	48	Santaluz	Village Green	Homeowner		custom lot	13			1.92	\$745,000		\$745,000
30317010	14223	49	Santaluz	Village Green	Homeowner		custom lot	13	4/17/03	9,428	1.17	\$970,000		\$970,000
30317011	14223	50	Schmidt	Village Green	Homeowner		custom lot	13			0.28	\$795,000		\$795,000
30317311	14223	61	Santaluz	Village Green	Homeowner		custom lot	13			0.23	\$1,090,000		\$1,090,000
30317312	14223	62	Santaluz	See Lot Above	Homeowner		custom lot	13			0.23			
30317313	14223	63	Santaluz	Village Green	Homeowner		custom lot	13			0.28			
30317314	14223	64	Santaluz	See Lot Above	Homeowner		5,400	9	6/24/02	7,631	0.92	\$1,382,452	\$1,382,452	
30317211	14223	37	Taylor Woodrow 2	Posadas	Homeowner		5,534	10	6/24/02	8,363	0.96	\$1,517,645	\$1,517,645	
30317118	14223	42	Taylor Woodrow 3	Posadas	Homeowner		5,253	9	6/24/02	7,631	1.09	\$2,120,809	\$2,120,809	
30317119	14223	43	Taylor Woodrow 3	Posadas	Homeowner		5,565	10	6/24/02	8,363	1.07	\$2,143,527	\$2,143,527	
30317120	14223	44	Taylor Woodrow 3	Posadas	Homeowner		4,776	8	6/24/02	6,119	1.02	\$1,284,671	\$1,284,671	
30317121	14223	45	Taylor Woodrow 3	Posadas	Homeowner		custom lot	13			1.31	\$905,000		\$905,000
30317301	14223	51	Santaluz	Village Green	Homeowner		custom lot	13			1.59	\$990,000		\$990,000
30317302	14223	52	Santaluz	Village Green	Homeowner		custom lot	13			1.29	\$1,275,000		\$1,275,000
30317402	14223	66	Cho	Village Green	Homeowner		custom lot	13	10/7/03	9,428	1.07	\$1,275,000		\$1,275,000
30317403	14223	67	Santaluz	Village Green	Homeowner		custom lot	13			1.39	\$1,275,000		\$1,275,000
30317501	14223	68	Santaluz	Village Green	Homeowner		custom lot	13	10/22/03		1.45	\$1,275,000		\$1,275,000
30317502	14223	69	Boite	Village Green	Homeowner		custom lot	13	8/27/03	9,428	1.52	\$895,000		\$895,000
30317099	14223	9	Cox	Village Green	Homeowner		custom lot	13	11/7/03		0.92	\$795,000		\$795,000
30317101	14223	10	Riviere	Village Green	Homeowner		custom lot	13	9/3/03	9,428	0.97	\$850,000		\$850,000
30317102	14223	11	Long	Village Green	Homeowner		custom lot	13	4/1/03	9,428	0.54	\$755,000		\$755,000
30317103	14223	12	Linton	Village Green	Homeowner		custom lot	13	4/30/03	9,428	0.96	\$710,000		\$710,000
30317104	14223	13	Bellezzuoli	Village Green	Homeowner		custom lot	13	11/12/02	9,428	0.80	\$575,000		\$575,000
30317105	14223	14	Scargas	Village Green	Homeowner		custom lot	13	7/18/03	9,428	0.62	\$490,000		\$490,000
30317106	14223	15	Ezzel	Village Green	Homeowner		custom lot	13			0.80	\$635,000		\$635,000
30317107	14223	16	Santaluz	Village Green	Homeowner		custom lot	13			1.65	\$785,000		\$785,000
30317108	14223	17	Santaluz	Village Green	Homeowner		custom lot	13			0.74	\$550,000		\$550,000
30317109	14223	18	Santaluz	Village Green	Homeowner		custom lot	13			1.07	\$850,000		\$850,000
30317401	14223	65	Cox	Village Green	Homeowner		custom lot	13	9/25/02	9,428	1.24	\$1,230,000		\$1,230,000
30317503	14223	70	Glabman	Village Green	Homeowner		custom lot	13	9/19/02	9,428	0.93	\$665,000		\$665,000
30317504	14223	71	Peerbolle	Village Green	Homeowner		custom lot	13	9/22/03	9,428	1.33	\$640,000		\$640,000
30317505	14223	72	Schmidt	Village Green	Homeowner		custom lot	13	11/14/03		0.60	\$570,000		\$570,000
30317506	14223	73	Santaluz	Village Green	Homeowner		custom lot	13			1.96	\$680,000		\$680,000
30317507	14223	74	Santaluz	Village Green	Homeowner		custom lot	13			1.49	\$650,000		\$650,000
30317508	14223	75	Kestlan	Village Green	Homeowner		custom lot	13	5/1/03	9,428	0.51	\$570,000		\$570,000
30317509	14223	76	Santaluz	Village Green	Homeowner		custom lot	13						

SANTALUZ														
SUMMARY OF LOT ACRESAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/12/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30317315	14223	89	Santaluz	Village Green	Homeowner		custom lot	13			0.94	\$635,000		\$635,000
30317320	14223	94	Santaluz	Village Green	Homeowner		custom lot	13			1.62	\$725,000		\$725,000
30317321	14223	95	Santaluz	Village Green	Homeowner		custom lot	13			1.84	\$795,000		\$795,000
30317404	14223	77	Santaluz	Village Green	Homeowner		custom lot	13			0.71	\$645,000		\$645,000
30317405	14223	78		See Lot Above							0.35			
30317406	14223	79		See Lot Above							0.14			
30317407	14223	80		See Lot Above							0.23			
30317408	14223	81	Santaluz	Village Green	Homeowner		custom lot	13			0.44	\$640,000		\$640,000
30317409	14223	82		See Lot Above							0.38			
30317410	14223	83		See Lot Above							0.68			
30317411	14223	84		See Lot Above							1.86			
30317412	14223	85	Santaluz	Village Green	Homeowner		custom lot	13			1.94	\$810,000		\$810,000
30317413	14223	86		See Lot Above							2.78			
30317414	14223	87		See Lot Above							0.27			
30317415	14223	88		See Lot Above							1.86			
30317110	14223	19	Baywood 2	Sentinel	Homeowner		2799	4	5/3/02	3,674	0.15	\$728,009	\$728,009	
30317111	14223	20	Baywood 2	Sentinel	Homeowner		2546	3	5/3/02	2,933	0.17	\$995,414	\$995,414	
30317112	14223	21	Baywood 2	Sentinel	Homeowner		2888	4	5/3/02	3,674	0.17	\$804,000	\$804,000	
30317113	14223	22	Baywood 2	Sentinel	Homeowner		2799	4	5/3/02	3,674	0.15	\$731,380	\$731,380	
30317114	14223	23	Baywood 2	Sentinel	Homeowner		2799	4	5/3/02	3,674	0.15	\$809,000	\$809,000	
30317115	14223	24	Baywood 2	Sentinel	Homeowner		2888	4	5/3/02	3,674	0.17	\$851,425	\$851,425	
30317116	14223	25	Baywood 2	Sentinel	Homeowner		2546	3	5/3/02	2,933	0.17	\$704,020	\$704,020	
30317117	14223	26	Baywood 2	Sentinel	Homeowner		2799	4	5/3/02	3,674	0.15	\$830,000	\$830,000	
30317201	14223	27	Baywood 2	Sentinel	Homeowner		2799	4	5/3/02	3,674	0.15	\$651,000	\$651,000	
30317202	14223	28	Baywood 2	Sentinel	Homeowner		2546	3	5/3/02	2,933	0.17	\$722,374	\$722,374	
30317203	14223	29	Baywood 2	Sentinel	Homeowner		2888	4	5/3/02	3,674	0.17	\$774,579	\$774,579	
30317204	14223	30	Baywood 2	Sentinel	Homeowner		2799	4	5/3/02	3,674	0.15	\$802,462	\$802,462	
30317205	14223	31	Baywood 2	Sentinel	Homeowner		2799	4	5/3/02	3,674	0.15	\$723,000	\$723,000	
30317206	14223	32	Baywood 2	Sentinel	Homeowner		2888	4	5/3/02	3,674	0.17	\$934,983	\$934,983	
30317207	14223	33	Baywood 2	Sentinel	Homeowner		2546	3	5/3/02	2,933	0.17	\$649,600	\$649,600	
30317208	14223	34	Baywood 2	Sentinel	Homeowner		2799	4	5/3/02	3,674	0.15	\$680,700	\$680,700	
30317220	19077	Par. 1	Bahae	Village Green	Homeowner		custom lot	13	10/3/03			\$910,000	\$910,000	
30317303	14223	53		Village Green	Homeowner		custom lot	13			0.28	\$765,000	\$765,000	
30317304	14223	54		See Lot Above							0.31			
30317305	14223	55	Santaluz	Village Green	Homeowner		custom lot	13			0.23	\$815,000	\$815,000	
30317306	14223	56		See Lot Above							0.28			
30317307	14223	57	Santaluz	Village Green	Homeowner		custom lot	13			0.28	\$1,090,000	\$1,090,000	
30317308	14223	58		See Lot Above							0.23			
30317309	14223	59	Santaluz	Village Green	Homeowner		custom lot	13			0.23	\$965,000	\$965,000	
30317310	14223	60		See Lot Above							0.28			
30317316	14223	90	Santaluz	Village Green	Homeowner		custom lot	13			1.71	\$745,000	\$745,000	

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Foot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
			Per Final Map											
30317317	14223	91	See Lot Above		Homeowner		custom lot	13			1.05	\$725,000		\$725,000
30317318	14223	92	Village Green		Homeowner						0.68			
30317319	14223	93	See Lot Above								0.19			
30317325	14223	111	Property Owner Association								0.06			
30317417	14223	112	Property Owner Association								0.08			
30317418	14223	113	Property Owner Association								0.09			
30317419	14223	114	Property Owner Association								0.08			
30317326	14223	115	Property Owner Association								0.25			
30317327	14223	116	Property Owner Association								0.30			
30317219	14223	117	Property Owner Association								0.16			
30317322	14223	96	Property Owner Association								0.15			
30317323	14223	97	Property Owner Association								1.07			
30317416	14223	98	Property Owner Association								4.35			
30317324	14223	99	Property Owner Association								6.28			
30317216	14223	100	Property Owner Association								0.38			
30317125	14223	102	Property Owner Association								0.40			
30317602	14223	103	Golf Course								11.18			
30317603	14223	104	Golf Course								16.65			
30317604	14223	105	Golf Course								25.26			
30317605	14223	106	Golf Course								15.63			
30317605	14223	106T	Village Green		Homeowner		custom lot	13			1.20	\$1,050,000		\$1,050,000
30317012	14223	107	Streets								0.73			
30317013	14223	108	Streets								0.52			
30317217	14223	109	Streets								4.05			
30317608	14223	110	Streets								4.61			
30317126	14223	118	Property Owner Association								0.16			
30317328	14223	119	Property Owner Association								0.16			
30317607	14223	120	Property Owner Association								0.38			
30317608	14223	121	Property Owner Association								0.11			
30317601	14223	122	Property Owner Association											
	3 Total		98								170.16			
30318001	14276	1	Rippee	Village Green	Homeowner		custom lot	13	12/10/03	9,428	0.97	\$980,000		\$980,000
30318002	14276	2	Jarnett	Village Green	Homeowner		custom lot	13	7/9/03	9,428	1.79	\$1,360,000		\$1,360,000
30318003	14276	3	Rippee	Village Green	Homeowner	Artisan	custom lot	13	8/5/03	9,428	1.11	\$1,320,000		\$1,320,000
30318004	14276	4	Cuatrocasas	Village Green	Homeowner		custom lot	13	8/29/03	9,428	1.10	\$1,190,000		\$1,190,000
30318101	14276	5	Rippee	Village Green	Homeowner		custom lot	13	12/10/03	9,428	1.38	\$1,190,000		\$1,190,000
30318102	14276	6	Rippee	Village Green	Homeowner		custom lot	13	11/24/03		0.90	\$1,190,000		\$1,190,000
30318122	14276	104	Santaluz	Village Green	Homeowner		custom lot	13			0.63	\$815,000		\$815,000
30318123	14276	105	Santaluz	See Lot Above	Homeowner		custom lot	13			0.51			

SANTALUZ														
SUMMARY OF LOT ACRESAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30318120	14276	102	Santaluz	Village Green	Homeowner		custom lot	13			0.40	\$900,000		\$900,000
30318121	14276	103	Santaluz	See Lot Above	Homeowner		custom lot	13			0.31	\$1,065,000		\$1,065,000
30318119	14276	101	Santaluz	Village Green	Homeowner		custom lot	13			1.05	\$1,050,000		\$1,050,000
30318095	14276	114	Santaluz	Village Green	Homeowner		custom lot	13			1.22	\$1,065,000		\$1,065,000
30318086	14276	115	Schmidt	Village Green	Homeowner	Artisan	custom lot	13	11/14/02	9,428	1.56	\$1,065,000		\$1,065,000
30318405	14276	64	Penner	Village Green	Homeowner		custom lot	13	12/10/03	9,428	1.60	\$1,100,000		\$1,100,000
30318402	14276	61	Cox	Village Green	Homeowner		custom lot	13	11/26/03		0.65	\$1,000,000		\$1,000,000
30318403	14276	62	Cox	Village Green	Homeowner		custom lot	13	11/26/03		0.81	\$1,000,000		\$1,000,000
30318404	14276	63	Cox	Village Green	Homeowner		custom lot	13	11/26/03		0.97	\$1,000,000		\$1,000,000
30318201	14276	15	Guzzetta	Village Green	Homeowner		custom lot	13	9/16/03		0.81	\$1,000,000		\$1,000,000
30318202	14276	16	Santaluz	Village Green	Homeowner		custom lot	13			0.64	\$870,000		\$870,000
30318203	14276	17	Baufelkan	Village Green	Homeowner		custom lot	13	11/19/03		0.65	\$1,025,000		\$1,025,000
30318204	14276	18	Santaluz	Village Green	Homeowner		custom lot	13			0.58	\$1,170,000		\$1,170,000
30318227	14276	92	Cox	Village Green	Homeowner		custom lot	13	8/27/03	9,428	0.77	\$980,000		\$980,000
30318226	14276	91	Santaluz	Village Green	Homeowner		custom lot	13			0.59	\$1,020,000		\$1,020,000
30318225	14276	90	St. John	Village Green	Homeowner		custom lot	13	9/11/03		1.02	\$1,030,000		\$1,030,000
30318224	14276	89	Johnson	Village Green	Homeowner		custom lot	13	12/1/03	9,428	1.20	\$1,020,000		\$1,020,000
30318220	14276	85	Santaluz	Village Green	Homeowner		custom lot	13			0.72	\$1,000,000		\$1,000,000
30318221	14276	86	Santaluz	See Lot Above	Homeowner		custom lot	13			0.50	\$1,050,000		\$1,050,000
30318218	14276	83	Santaluz	Village Green	Homeowner		custom lot	13			0.57	\$1,065,000		\$1,065,000
30318219	14276	84	Santaluz	Village Green	Homeowner		custom lot	13			1.28	\$1,000,000		\$1,000,000
30318217	14276	82	Santaluz	Village Green	Homeowner		custom lot	13			0.28	\$1,000,000		\$1,000,000
30318211	14276	25	Santaluz	Village Green	Homeowner		custom lot	13			0.42	\$1,000,000		\$1,000,000
30318212	14276	26	Santaluz	See Lot Above	Homeowner		custom lot	13			0.69	\$1,000,000		\$1,000,000
30318213	14276	27	Santaluz	Village Green	Homeowner		custom lot	13	6/30/03	9,428	1.45	\$1,275,000		\$1,275,000
30318205	14276	19	Hambarian	Village Green	Homeowner		custom lot	13	10/17/03	9,428	0.89	\$1,275,000		\$1,275,000
30318206	14276	20	Corrigan	Village Green	Homeowner		custom lot	13	10/17/03	9,428	1.12	\$1,275,000		\$1,275,000
30318207	14276	21	Corrigan	Village Green	Homeowner		custom lot	13	10/17/03	9,428	1.72	\$1,275,000		\$1,275,000
30318208	14276	22	Santaluz	Village Green	Homeowner		custom lot	13			1.80	\$2,090,658	\$2,090,658	
30318209	14276	23	Taylor Woodrow 4	Posadas	Homeowner		5,534	10	10/17/02	8,363	1.04	\$1,505,393	\$1,505,393	
30318210	14276	24	Taylor Woodrow 4	Posadas	Homeowner		5,253	9	10/17/02	7,631	1.04	\$1,505,393	\$1,505,393	
30318215	14276	29	Taylor Woodrow 4	Posadas	Homeowner		4,861	8	2/25/03	6,119	1.37	\$1,269,793	\$1,269,793	
30318216	14276	30	Taylor Woodrow 4	Posadas	Homeowner		5,253	9	2/25/03	7,631	0.82	\$1,292,867	\$1,292,867	
30318301	14276	31	Taylor Woodrow 4	Posadas	Homeowner		5,534	10	2/25/03	8,363	0.98	\$1,300,823	\$1,300,823	
30318401	14276	60	Taylor Woodrow 3	Posadas	Homeowner		5,534	10	2/25/03	8,363	1.77	\$899,897	\$899,897	
30318406	14276	65	Taylor Woodrow 3	Posadas	Homeowner		5,534	10	2/25/03	8,363	2.13	\$1,133,707	\$1,133,707	
30318407	14276	66	Taylor Woodrow 3	Posadas	Homeowner		5,254	9	2/25/03	7,631	1.39	\$1,101,023	\$1,101,023	
30318408	14276	67	Taylor Woodrow 3	Posadas	Homeowner		5,534	10	2/25/03	8,363	1.54	\$1,130,129	\$1,130,129	
30318222	14276	87	Taylor Woodrow 4	Posadas	Homeowner		4,776	8	10/17/02	6,119	1.42	\$1,538,346	\$1,538,346	
30318223	14276	88	Taylor Woodrow 4	Posadas	Homeowner		5,254	9	10/17/02	7,631	1.30	\$1,802,866	\$1,802,866	
30318302	14276	32	Santaluz	Village Green	Homeowner		custom lot	13			0.21	\$1,360,000		\$1,360,000

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/12/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Talkedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Puled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30318303	14276	33	See Lot Above	See Lot Above							0.20			
30318304	14276	34	See Lot Above	See Lot Above							0.20			
30318305	14276	35	See Lot Above	See Lot Above							0.21			
30318306	14276	36	Santaluz	Village Green	Homeowner		custom lot	13			0.21	\$1,275,000		\$1,275,000
30318307	14276	37	See Lot Above	See Lot Above							0.20			
30318308	14276	38	See Lot Above	See Lot Above							0.20			
30318309	14276	39	See Lot Above	See Lot Above							0.21			
30318310	14276	40	Santaluz	Village Green	Homeowner		custom lot	13			0.21	\$975,000		\$975,000
30318311	14276	41	See Lot Above	See Lot Above							0.20			
30318312	14276	42	See Lot Above	See Lot Above							0.20			
30318313	14276	43	See Lot Above	See Lot Above							0.21			
30318103	14276	7	Baywood 2	Sentinel			2789	4	7/30/02	3,674	0.15	\$670,500	\$670,500	
30318104	14276	8	Baywood 2	Sentinel			2546	3	7/30/02	2,933	0.17	\$670,500	\$670,500	
30318105	14276	9	Baywood 2	Sentinel			2888	4	7/30/02	3,674	0.17	\$670,500	\$670,500	
30318106	14276	10	Baywood 2	Sentinel			2789	4	7/30/02	3,674	0.15	\$670,500	\$670,500	
30318107	14276	11	Baywood 2	Sentinel			2888	4	7/30/02	3,674	0.15	\$670,500	\$670,500	
30318108	14276	12	Baywood 2	Sentinel			2546	3	7/30/02	2,933	0.17	\$670,500	\$670,500	
30318109	14276	13	Baywood 2	Sentinel			2789	4	7/30/02	3,674	0.15	\$670,500	\$670,500	
30318314	14276	44	Baywood 2	Sentinel			2789	4	12/19/02	3,674	0.15	\$534,000	\$534,000	
30318315	14276	45	Baywood 2	Sentinel			2546	3	12/19/02	2,933	0.17	\$534,000	\$534,000	
30318316	14276	46	Baywood 2	Sentinel			2888	4	12/19/02	3,674	0.17	\$534,000	\$534,000	
30318317	14276	47	Baywood 2	Sentinel			2789	4	12/19/02	3,674	0.15	\$534,000	\$534,000	
30318318	14276	48	Baywood 2	Sentinel			2888	4	12/19/02	3,674	0.17	\$534,000	\$534,000	
30318319	14276	49	Baywood 2	Sentinel			2546	3	12/19/02	2,933	0.17	\$534,000	\$534,000	
30318320	14276	50	Baywood 2	Sentinel			2789	4	12/19/02	3,674	0.15	\$534,000	\$534,000	
30318321	14276	51	Baywood 2	Sentinel			2789	4	12/19/02	3,674	0.15	\$358,500	\$358,500	
30318322	14276	52	Baywood 2	Sentinel			2546	3	12/19/02	2,933	0.17	\$358,500	\$358,500	
30318323	14276	53	Baywood 2	Sentinel			2888	4	12/19/02	3,674	0.17	\$358,500	\$358,500	
30318324	14276	54	Baywood 2	Sentinel			2789	4	12/19/02	3,674	0.15	\$358,500	\$358,500	
30318325	14276	55	Baywood 2	Sentinel			2888	4	12/19/02	3,674	0.15	\$358,500	\$358,500	
30318326	14276	56	Baywood 2	Sentinel			2789	4	12/19/02	3,674	0.15	\$358,500	\$358,500	
30318327	14276	57	Baywood 2	Sentinel			2888	4	12/19/02	3,674	0.17	\$358,500	\$358,500	
30318328	14276	58	Baywood 2	Sentinel			2546	3	12/19/02	2,933	0.17	\$358,500	\$358,500	
30318329	14276	59	Baywood 2	Sentinel			2789	4	12/19/02	3,674	0.15	\$358,500	\$358,500	
30318111	14276	93	Baywood 2	Sentinel			2789	4	12/19/02	3,674	0.15	\$592,500	\$592,500	
30318112	14276	94	Baywood 2	Sentinel			2546	3	12/19/02	2,933	0.17	\$592,500	\$592,500	
30318113	14276	95	Baywood 2	Sentinel			2888	4	12/19/02	3,674	0.17	\$592,500	\$592,500	
30318114	14276	96	Baywood 2	Sentinel			2789	4	12/19/02	3,674	0.15	\$592,500	\$592,500	
30318115	14276	97	Baywood 2	Sentinel			2789	4	12/19/02	3,674	0.15	\$592,500	\$592,500	
30318116	14276	98	Baywood 2	Sentinel			2888	4	12/19/02	3,674	0.17	\$592,500	\$592,500	

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003														
September 30, 2003														
Per Final Map														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Take-down)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30318117	14276	99	Baywood 2	Sentinel			2546	3	12/19/02	2,933	0.17	\$592,500	\$592,500	
30318118	14276	100	Baywood 2	Sentinel			2799	4	12/19/02	3,674	0.15	\$592,500	\$592,500	
30318124	14276	106	Baywood 2	Sentinel	Homeowner		2799	4	7/30/02	3,674	0.15	\$658,000	\$658,000	
30318125	14276	107	Baywood 2	Sentinel	Homeowner		2546	3	7/30/02	2,933	0.17	\$810,000	\$810,000	
30318126	14276	108	Baywood 2	Sentinel	Homeowner		2888	4	7/30/02	3,674	0.17	\$904,828	\$904,828	
30318127	14276	109	Baywood 2	Sentinel	Homeowner		2799	4	7/30/02	3,674	0.15	\$833,250	\$833,250	
30318128	14276	110	Baywood 2	Sentinel	Homeowner		2799	4	7/30/02	3,674	0.15	\$777,000	\$777,000	
30318129	14276	111	Baywood 2	Sentinel	Homeowner		2868	4	7/30/02	3,674	0.17	\$856,000	\$856,000	
30318130	14276	112	Baywood 2	Sentinel	Homeowner		2546	3	7/30/02	2,933	0.17	\$856,000	\$856,000	
30318131	14276	113	Baywood 2	Sentinel	Homeowner		2799	4	7/30/02	3,674	0.15	\$812,000	\$812,000	
30318007	14276	116		Property Owner Association							0.51			
30318135	14276	117		Property Owner Association							0.36			
30318133	14276	118		Property Owner Association							0.32			
30318330	14276	119		Property Owner Association							0.49			
30318331	14276	120		Property Owner Association							0.62			
30318332	14276	121		Property Owner Association							0.51			
30318333	14276	122		Property Owner Association							0.52			
30318334	14276	123		Property Owner Association							1.56			
30318228	14276	124		Property Owner Association							0.71			
30318229	14276	125		Property Owner Association							0.09			
30318230	14276	126		Property Owner Association							1.00			
30318231	14276	127		Property Owner Association							0.55			
30318134	14276	128		Property Owner Association							1.30			
30318135	14276	129		Property Owner Association							1.04			
30318136	14276	130		Property Owner Association							0.18			
30318409	14276	131		Property Owner Association							4.15			
30318008	14276	133		Golf Course							38.58			
			Santaluz	Village Green	Homeowner		custom lot				1.28	\$1,100,000	\$1,100,000	
30318009	14276	1330		Golf Course							14.44			
30318335	14276	134		Property Owner Association							0.20			
30318336	14276	136		Property Owner Association							0.29			
30318337	14276	137		Property Owner Association							0.06			
30318338	14276	138		Property Owner Association							0.06			
30318339	14276	139		Property Owner Association							0.06			
30318137	14276	140		Property Owner Association							0.15			
30318138	14276	141		Property Owner Association							0.16			
30318139	14276	142		Property Owner Association							0.14			
30318140	14276	143		Property Owner Association							6.17			
30318141	14276	144		Property Owner Association							0.46			
30318232	14276	145		Property Owner Association							0.75			
30318233	14276	146		Property Owner Association							0.13			

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/12/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
			Per Final Map											
30318234	14276	147	Property Owner Association	Property Owner Association	Homeowner						1.37			
30318410	14276	148	Property Owner Association	Property Owner Association	Homeowner						1.84			
30318235	14276	149	Property Owner Association	Property Owner Association	Homeowner						0.20			
	4 Total		527								138.37			
26929310	14358	32	Santaluz	Village Green	Homeowner		custom lot	13			0.98	\$800,000		\$800,000
26929112	14358	36	Santaluz	Village Green	Homeowner		custom lot	13			0.79	\$1,140,000		\$1,140,000
26929113	14358	37	Santaluz	Village Green	Homeowner		custom lot	13			1.09	\$765,000		\$765,000
26929114	14358	38	Santaluz	Village Green	Homeowner		custom lot	13			1.14	\$765,000		\$765,000
26929206	14358	22		see lot below							0.47			
26929205	14358	21	Santaluz	Village Green	Homeowner		custom lot	13			0.30	\$1,130,000		\$1,130,000
26929101	14358	7	Santaluz	Village Green	Homeowner		custom lot	13			0.70	\$860,000		\$860,000
26929102	14358	8	Santaluz	See Lot Above	Homeowner						0.30			
26929005	14358	5	Santaluz	Village Green	Homeowner		custom lot	13			0.36	\$1,050,000		\$1,050,000
26929006	14358	6	Santaluz	See Lot Above	Homeowner						0.42			
26929003	14358	3	Santaluz	Village Green	Homeowner		custom lot	13			0.73	\$1,135,000		\$1,135,000
26929004	14358	4	Santaluz	See Lot Above	Homeowner						0.59			
26929001	14358	1	Santaluz	Village Green	Homeowner		custom lot	13			0.54	\$1,300,000		\$1,300,000
26929002	14358	2	Santaluz	See Lot Above	Homeowner						0.58			
26929115	14358	39	Santaluz	Village Green	Homeowner		custom lot	13			1.51	\$1,220,000		\$1,220,000
26929103	14358	9	Santaluz	Village Green	Homeowner		custom lot	13			0.28	\$1,645,000		\$1,645,000
26929104	14358	10	Santaluz	See Lot Above	Homeowner						0.23			
26929105	14358	11	Santaluz	See Lot Above	Homeowner						0.23			
26929106	14358	12	Santaluz	See Lot Above	Homeowner						0.28			
26929107	14358	13	Santaluz	Village Green	Homeowner		custom lot	13			0.28	\$1,590,000		\$1,590,000
26929108	14358	14	Santaluz	See Lot Above	Homeowner						0.23			
26929109	14358	15	Santaluz	See Lot Above	Homeowner						0.23			
26929110	14358	16	Santaluz	See Lot Above	Homeowner						0.28			
26929201	14358	17	Santaluz	Village Green	Homeowner		custom lot	13			0.28	\$1,590,000		\$1,590,000
26929202	14358	18	Santaluz	See Lot Above	Homeowner						0.23			
26929203	14358	19	Santaluz	See Lot Above	Homeowner						0.23			
26929204	14358	20	Santaluz	See Lot Above	Homeowner						0.28			
26929301	14358	23	Santaluz	Village Green	Homeowner		custom lot	13			0.28	\$1,675,000		\$1,675,000
26929302	14358	24	Santaluz	See Lot Above	Homeowner						0.23			
26929303	14358	25	Santaluz	See Lot Above	Homeowner						0.23			
26929304	14358	26	Santaluz	See Lot Above	Homeowner						0.28			
26929305	14358	27	Santaluz	Village Green	Homeowner		custom lot	13			0.28	\$1,740,000		\$1,740,000
26929306	14358	28	Santaluz	See Lot Above	Homeowner						0.23			
26929307	14358	29	Santaluz	See Lot Above	Homeowner						0.23			
26929308	14358	30	Santaluz	See Lot Above	Homeowner						0.28			
26929309	14358	31	Taylor Woodrow 3	Posadas			6,534	10	2/25/03	8,363	2.05	\$1,113,576	\$1,113,576	

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/17/2003														
September 30, 2003														
Per Final Map														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takeover)	Product	Homeowner	Artisan Lot	Square Foot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
26929311	14358	33	Taylor Woodrow 3	Posadas			5,253	9	2/25/03	7,631	1.83	\$1,004,517	\$1,004,517	
26929207	14358	34	Taylor Woodrow 3	Posadas			5,565	9	2/25/03	7,631	2.04	\$1,134,452	\$1,134,452	
26929111	14358	35	Taylor Woodrow 3	Posadas			5,534	10	2/25/03	8,363	2.16	\$1,123,873	\$1,123,873	
26929007	14358	52		Golf Course							1.59			
26929116	14358	40		Property Owner Association							1.91			
26929117	14358	41		Property Owner Association							2.56			
26929208	14358	42		Property Owner Association							2.21			
26929312	14358	43		Property Owner Association							0.12			
26929313	14358	44		Property Owner Association							0.09			
26929314	14358	45		Property Owner Association							0.34			
26929315	14358	46		Property Owner Association							3.61			
26929316	14358	47		Property Owner Association							0.11			
26929317	14358	48		Property Owner Association							0.05			
26929318	14358	49		Property Owner Association							1.43			
26929118	14358	50		Property Owner Association							5.15			
26929119	14358	51		Property Owner Association							0.05			
26929120	14358	53		Property Owner Association							0.72			
26929121	14358	54		Property Owner Association							2.42			
26929008	14358	55		Property Owner Association							0.48			
26929122	14358	56		Property Owner Association							0.46			
26929209	14358	57		Property Owner Association							0.33			
26929319	14358	58		Property Owner Association							0.21			
26929320	14358	59		Property Owner Association							0.06			
26929321	14358	60		Property Owner Association							0.22			
26929009	14358	61		Property Owner Association							0.26			
	5 Total		38								48.05			
26929001	14255	1	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.50	\$750,000	\$750,000	\$750,000
26929002	14255	2	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.77	\$700,000	\$700,000	\$700,000
26929003	14255	3	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.72	\$675,000	\$675,000	\$675,000
26929004	14255	4	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.43	\$640,000	\$640,000	\$640,000
26929005	14255	5	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.35	\$615,000	\$615,000	\$615,000
26929101	14255	6	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.34	\$600,000	\$600,000	\$600,000
26929102	14255	7	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.49	\$570,000	\$570,000	\$570,000
26929103	14255	8	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.55	\$570,000	\$570,000	\$570,000
26929104	14255	9	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.22	\$550,000	\$550,000	\$550,000
26929105	14255	10	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.56	\$570,000	\$570,000	\$570,000
26929106	14255	11	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.89	\$595,000	\$595,000	\$595,000
26929107	14255	12	Kirkgaard	Custom Northern Lights	Homeowner		custom lot	13	12/5/01	9,428	1.56	\$585,000	\$585,000	\$585,000
26929108	14255	13	McBride	Custom Northern Lights	Homeowner		custom lot	13	7/23/03	9,428	1.86	\$681,027	\$681,027	\$681,027
26929109	14255	14	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.05	\$560,000	\$560,000	\$560,000



SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Foot	Tax Class	Building Permit Pulted or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
26925110	14255	15	Hight	Custom Northern Lights	Homeowner		custom lot	13	6/1/03	9,428	1.08	\$602,759	\$602,759	
26925111	14255	16	Sharkey	Custom Northern Lights	Homeowner		custom lot	13	7/15/02	9,428	1.47	\$595,000	\$595,000	\$595,000
26925006	14255	17	Schulze	Custom Northern Lights	Homeowner		custom lot	13	7/16/03	9,428	1.58	\$871,444	\$871,444	
26925007	14255	18	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.77	\$700,000	\$700,000	\$700,000
26925008	14255	19	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.81	\$750,000	\$750,000	\$750,000
26925009	14255	20	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.99	\$1,000,000	\$1,000,000	\$1,000,000
26925010	14255	21	Santaluz	Custom Northern Lights	Homeowner		custom lot	13	9/1/00	9,428	1.93	\$4,000,000	\$4,000,000	
26925011	14255	22	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.88	\$595,000	\$595,000	\$595,000
26925012	14255	23	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.35	\$590,000	\$590,000	\$590,000
26925013	14255	24	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.05	\$615,000	\$615,000	\$615,000
26925014	14255	25	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.94	\$655,000	\$655,000	\$655,000
26925015	14255	26	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			0.99	\$655,000	\$655,000	\$655,000
26925016	14255	27	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			0.75	\$695,000	\$695,000	\$695,000
26925017	14255	28	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			0.84	\$595,000	\$595,000	\$595,000
26925018	14255	29	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			0.94	\$575,000	\$575,000	\$575,000
26925019	14255	30		Property Owner Association							3.19			
26925020	14255	31		Property Owner Association							2.95			
26925021	14255	32		Property Owner Association							0.92			
26925022	14255	33		Property Owner Association							5.65			
26925023	14255	34		Property Owner Association							0.24			
26925024	14255	35		Property Owner Association							0.04			
26925025	14255	36		Property Owner Association							1.09			
26925113	14255	37		Property Owner Association							0.11			
26925026	14255	39		Property Owner Association							0.17			
26925114	14255	40		Sewer pump station							1.44			
26925027	14255	41		Open Space							24.35			
26925028	14255	42		Property Owner Association							6.20			
26925115	14255	43		Property Owner Association							0.32			
26925024	14255	35		Property Owner Association							1.63			
6 Total			Santaluz	Custom Northern Lights	Homeowner		custom lot				1.24	\$745,000	\$745,000	\$745,000
			30								91.95			
26926001	14296	1	Coons	Custom Northern Lights	Homeowner		custom lot	13	7/30/02	9,428	1.52	\$610,000	\$610,000	\$610,000
26926002	14296	2	Gallin	Custom Northern Lights	Homeowner	Artisan	custom lot	13	7/17/02	9,428	1.20	\$565,000	\$565,000	\$565,000
26926003	14296	3	Gallin	Custom Northern Lights	Homeowner	Artisan	custom lot	13	7/17/02	9,428	1.25	\$540,000	\$540,000	\$540,000
26926004	14296	4	Gallin	Custom Northern Lights	Homeowner	Artisan	custom lot	13	7/17/02	9,428	1.50	\$475,000	\$475,000	\$475,000
26926005	14296	5	Gallin	Custom Northern Lights	Homeowner	Artisan	custom lot	13	7/17/02	9,428	1.38	\$495,000	\$495,000	\$495,000
26926006	14296	6	Ludwig	Custom Northern Lights	Homeowner		custom lot	13	9/25/02	9,428	1.37	\$495,000	\$495,000	\$495,000
26926007	14296	7	Cabiling	Custom Northern Lights	Homeowner		custom lot	13	3/7/03	9,428	1.74	\$480,000	\$480,000	\$480,000
26926008	14296	8	Santos	Custom Northern Lights	Homeowner		custom lot	13	10/4/02	9,428	1.64	\$480,000	\$480,000	\$480,000
26926009	14296	9	Walanabe	Custom Northern Lights	Homeowner		custom lot	13	8/20/02	9,428	1.16	\$520,000	\$520,000	\$520,000

SANTALUZ														
SUMMARY OF LOT ACRESAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/12/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
26926010	14296	10	Rosswom	Custom Northern Lights	Homeowner	Artisan	custom lot	13	12/9/02	9,428	1.77	\$693,108		\$693,108
26926011	14296	11	Barrack	Custom Northern Lights	Homeowner	Artisan	custom lot	13	9/11/02	9,428	1.19	\$620,000		\$620,000
26926012	14296	12	Rippe	Custom Northern Lights	Homeowner	Artisan	custom lot	13	9/25/02	9,428	1.31	\$670,000		\$670,000
26926013	14296	13	Smith	Custom Northern Lights	Homeowner		custom lot	13	5/2/03	9,428	1.18	\$730,000		\$730,000
26926014	14296	14	Torino	Custom Northern Lights	Homeowner		custom lot	13	6/11/03	9,428	1.09	\$660,000		\$660,000
26926101	14296	16	Piñca	Custom Northern Lights	Homeowner	Artisan	custom lot	13	1/15/03	9,428	1.80	\$615,000		\$615,000
26926103	14296	17	Santaluz	Custom Northern Lights	Homeowner		custom lot	13	3/31/03	9,428	1.28	\$590,000		\$590,000
26926104	14296	18	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.49	\$615,000		\$615,000
26926105	14296	19	Boehars	Custom Northern Lights	Homeowner		custom lot	13			1.33	\$615,000		\$615,000
26926106	14296	20	De La Fuente	Custom Northern Lights	Homeowner	Artisan	custom lot	13	1/10/03	9,428	1.81	\$575,000		\$575,000
26926107	14296	21	De La Fuente	Custom Northern Lights	Homeowner	Artisan	custom lot	13	12/10/02	9,428	2.58	\$475,000		\$475,000
26926108	14296	22	Soden	Custom Northern Lights	Homeowner	Artisan	custom lot	13	12/10/02	9,428	1.85	\$495,000		\$495,000
26926109	14296	23	Santaluz	Custom Northern Lights	Homeowner		custom lot	13	11/22/02	9,428	1.48	\$600,000		\$600,000
26926110	14296	24	Rippe	Custom Northern Lights	Homeowner	Artisan	custom lot	13	12/27/02	9,428	1.73	\$680,000		\$680,000
26926111	14296	25	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.56	\$640,000		\$640,000
26926112	14296	26	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.91	\$695,000		\$695,000
26926113	14296	27	De La Fuente	Custom Northern Lights	Homeowner	Artisan	custom lot	13	12/10/02	9,428	1.85	\$725,000		\$725,000
26926114	14296	28		Property Owner Association	Homeowner	Artisan	custom lot	13	12/10/02	9,428	1.83	\$710,000		\$710,000
26926015	14296	30		Property Owner Association							0.24			
26926016	14296	31		Property Owner Association							0.10			
26926017	14296	32		Open Space							0.06			
26926018	14296	33		Property Owner Association							6.33			
26926201	14296	34		Property Owner Association							1.18			
26926202	14296	35		Property Owner Association							0.14			
		E	Santaluz	Custom Northern Lights	Homeowner		custom lot				10.47			\$710,000
26926203	14296	35F	Santaluz	Custom Northern Lights	Homeowner		custom lot				1.90	\$800,000		\$800,000
26926204	14296	36		Property Owner Association							0.13			
26926116	14296	37		Property Owner Association							0.15			
26926117	14296	38		Open Space							22.25			
26926118	14296	39		Property Owner Association							0.12			
26926019	14296	40		Property Owner Association							2.64			
26926020	14296	41		Property Owner Association							0.12			
26926021	14296	42		Property Owner Association							6.16			
26926022	14296	43		Open Space							25.25			
26926023	14296	44		Property Owner Association							0.20			
26926024	14296	45		Property Owner Association							0.07			
26926024	14296	46		Property Owner Association							0.23			
		7 Total	29								119.51			
26927001	14297	1	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.38	\$575,000		\$575,000

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/17/2003														
September 30, 2003														
Per Final Map														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
26927002	14297	2	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.57	\$575,000		\$575,000
26927003	14297	3	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.49	\$575,000		\$575,000
26927004	14297	4	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.39	\$575,000		\$575,000
26927005	14297	5	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.39	\$575,000		\$575,000
26927006	14297	6	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.21	\$575,000		\$575,000
26927007	14297	7	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.24	\$575,000		\$575,000
26927008	14297	8	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.42	\$575,000		\$575,000
26927009	14297	9	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.63	\$575,000		\$575,000
26927010	14297	10	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.51	\$575,000		\$575,000
26927011	14297	11	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.35	\$575,000		\$575,000
26927012	14297	12	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.54	\$575,000		\$575,000
26927013	14297	13	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.69	\$575,000		\$575,000
26927014	14297	14	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.50	\$575,000		\$575,000
26927015	14297	15	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.26	\$575,000		\$575,000
26927016	14297	16	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.83	\$575,000		\$575,000
26927017	14297	17	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.55	\$640,000		\$640,000
26927018	14297	18	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.52	\$615,000		\$615,000
26927019	14297	19	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.74	\$710,000		\$710,000
26927020	14297	20	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.28	\$670,000		\$670,000
26927021	14297	21	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.39	\$670,000		\$670,000
26927022	14297	22	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.63	\$700,000		\$700,000
26927023	14297	23	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.37	\$635,000		\$635,000
26927024	14297	24	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.05	\$590,000		\$590,000
26927025	14297	25	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.37	\$635,000		\$635,000
26927026	14297	26		Open Space			custom lot				24.40			
26927027	14297	27		Property Owner Association							0.14			
26927028	14297	28		Property Owner Association							0.06			
26927029	14297	29		Property Owner Association							0.08			
26927030	14297	30		Property Owner Association							1.15			
26927031	14297	31		Property Owner Association							4.50			
26927032	14297	32		Property Owner Association							0.08			
26927033	14297	33		Open Space							0.21			
<b>8 Total</b>			<b>25</b>								<b>88.91</b>			
26928001	14339	1	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			4.50	\$1,300,000		\$1,300,000
26928002	14339	2	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			3.35	\$1,050,000		\$1,050,000
26928003	14339	3	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.93	\$725,000		\$725,000
26928004	14339	4	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			0.99	\$725,000		\$725,000
26928005	14339	5	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.18	\$725,000		\$725,000
26928006	14339	6	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.01	\$875,000		\$875,000

SANTALUZ														
SUMMARY OF LOT ACRESAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/17/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Take-down)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
26928007	14339	7	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			2.33	\$745,000		\$745,000
26928008	14339	8	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			0.83	\$615,000		\$615,000
26928009	14339	9	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.43	\$675,000		\$675,000
26928010	14339	10	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			0.72	\$635,000		\$635,000
26928011	14339	11	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			0.98	\$655,000		\$655,000
26928012	14339	12	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.03	\$655,000		\$655,000
26928013	14339	13	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.05	\$655,000		\$655,000
26928014	14339	14	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.50	\$655,000		\$655,000
26928015	14339	15	Santaluz	Property Owner Association	Homeowner		custom lot	13			2.44			
26928016	14339	16	Santaluz	Property Owner Association	Homeowner						9.59			
26928017	14339	16M	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.00	\$590,000		\$590,000
26928018	14339	17	Santaluz	Property Owner Association	Homeowner		custom lot	13			0.45			
26928019	14339	18	Santaluz	Property Owner Association	Homeowner						0.78			
26928020	14339	19	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			0.79	\$675,000		\$675,000
26928021	14339	20	Santaluz	Property Owner Association	Homeowner						0.04			
26928021A	14339	21	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			13.03	\$725,000		\$725,000
26928021B	14339	21A	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			0.70	\$655,000		\$655,000
26928021C	14339	21B	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.20	\$655,000		\$655,000
26928021D	14339	21C	Santaluz	Custom Northern Lights	Homeowner		custom lot	13			1.60	\$725,000		\$725,000
26928021E	14339	22	Santaluz	Property Owner Association	Homeowner						1.08			
26928021F	14339	23	Santaluz	Property Owner Association	Homeowner						0.06			
26928021G	14339	H	Santaluz	Custom Northern Lights	Homeowner		custom lot					\$725,000		\$725,000
26928021H	14339	J	Santaluz	Custom Northern Lights	Homeowner		custom lot					\$640,000		\$640,000
26928021I	14339	K	Santaluz	Custom Northern Lights	Homeowner		custom lot					\$640,000		\$640,000
26928021J	14339	V	Santaluz	Custom Northern Lights	Homeowner		custom lot					\$745,000		\$745,000
26928021K	14339	W	Santaluz	Custom Northern Lights	Homeowner		custom lot					\$900,000		\$900,000
26928021L	14339	84		110										
9 Total		27									56.59			
26924110	14497	3		POA Offices							1.98			
26924117	14497	b		Property Owner Association							0.49			
26924003	14179	a		Open Space							15.17			
26924109	14178	c		Property Owner Association							0.63			
26924004	14179	d		Property Owner Association							0.03			
26924111	14497	4		Recreation Center							2.29			
26924112	14497	5		Day Care Center							1.14			
26924113	14497	6		Seniors Center							1.00			
26924114	14497	7		Church							5.92			
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$13,035	\$13,035	

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/17/2003**  
 September 30, 2003

Par Final Map		Builder (Numbers Behind Builder Name Equal Takadown)		Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
APN	Tract	Lot												
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$7,061	\$7,061	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$8,454	\$8,454	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$9,544	\$9,544	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$9,544	\$9,544	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$6,708	\$6,708	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$6,708	\$6,708	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$5,952	\$5,952	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$4,986	\$4,986	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$9,131	\$9,131	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$9,226	\$9,226	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$5,027	\$5,027	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$5,027	\$5,027	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$6,772	\$6,772	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$6,772	\$6,772	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$6,772	\$6,772	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$6,005	\$6,005	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$5,027	\$5,027	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$9,226	\$9,226	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$6,708	\$6,708	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$6,708	\$6,708	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$4,328	\$4,328	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$3,639	\$3,639	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$6,595	\$6,595	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$4,867	\$4,867	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$4,867	\$4,867	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$4,328	\$4,328	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$3,639	\$3,639	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$6,595	\$6,595	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$6,673	\$6,673	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$3,660	\$3,660	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$3,660	\$3,660	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$4,923	\$4,923	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$4,923	\$4,923	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$4,923	\$4,923	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$4,923	\$4,923	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$4,377	\$4,377	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$3,660	\$3,660	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$6,673	\$6,673	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$6,673	\$6,673	
26924116	14497	9	Olson	Affordable Housing			affordables	14	4/1/03	108	0.08	\$3,660	\$3,660	





SANTALUZ														
SUMMARY OF LOT ACRESAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 8/18/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
10 Total											51.51			
30313001	14096	1	Christopher 1	Spanish Bungalows	Homeowner		2727	3	8/7/02	2,933	0.17	\$662,000	\$662,000	
30313002	14096	2	Christopher 1	Spanish Bungalows	Homeowner		2965	4	8/7/02	3,674	0.15	\$615,000	\$615,000	
30313003	14096	3	Christopher 1	Spanish Bungalows	Homeowner		3144	4	2/15/01	3,674	0.16	\$850,000	\$850,000	
30313004	14096	4	Christopher 1	Spanish Bungalows	Homeowner		3508	5	2/15/01	4,353	0.17	\$975,000	\$975,000	
30313005	14096	5	Christopher 1	Spanish Bungalows	Homeowner		2958	4	2/15/01	3,674	0.22	\$925,000	\$925,000	
30313006	14096	6	Christopher 1	Spanish Bungalows	Homeowner		3508	5	8/7/02	4,353	0.18	\$707,800	\$707,800	
30313007	14096	7	Christopher 1	Spanish Bungalows	Homeowner		2727	3	10/9/02	2,933	0.23	\$675,000	\$675,000	
30313008	14096	8	Christopher 1	Spanish Bungalows	Homeowner		2921	3	10/9/02	2,933	0.21	\$855,000	\$855,000	
30313009	14096	9	Christopher 2	Spanish Bungalows	Homeowner		2921	4	5/7/02	3,674	0.19	\$630,000	\$630,000	
30313010	14096	10	Christopher 2	Spanish Bungalows	Homeowner		2965	4	5/7/02	3,674	0.16	\$611,000	\$611,000	
30313011	14096	11	Christopher 2	Spanish Bungalows	Homeowner		2921	4	5/7/02	3,674	0.17	\$600,000	\$600,000	
30313012	14096	12	Christopher 2	Spanish Bungalows	Homeowner		2965	4	5/7/02	3,674	0.15	\$605,400	\$605,400	
30313013	14096	13	Christopher 2	Spanish Bungalows	Homeowner		2965	4	5/7/02	3,674	0.15	\$605,900	\$605,900	
30313014	14096	14	Christopher 2	Spanish Bungalows	Homeowner		3235	5	8/7/02	4,353	0.15	\$595,000	\$595,000	
30313015	14096	15	Christopher 2	Spanish Bungalows	Homeowner		2727	3	8/7/02	2,933	0.17	\$655,200	\$655,200	
30313016	14096	16	Christopher 2	Spanish Bungalows	Homeowner		2965	4	8/7/02	3,674	0.16	\$615,000	\$615,000	
30313017	14096	17	Christopher 2	Spanish Bungalows	Homeowner		2727	3	8/7/02	2,933	0.18	\$668,300	\$668,300	
30313018	14096	18	Christopher 2	Spanish Bungalows	Homeowner		2727	3	8/7/02	2,933	0.22	\$672,300	\$672,300	
30313019	14096	19	Christopher 2	Spanish Bungalows	Homeowner		3508	5	8/7/02	4,353	0.15	\$692,000	\$692,000	
30313101	14096	20	Christopher 2	Spanish Bungalows	Homeowner		2727	3	8/7/02	2,933	0.17	\$674,708	\$674,708	
30313111	14096	21	Christopher 2	Spanish Bungalows	Homeowner		2965	4	8/7/02	3,674	0.15	\$635,900	\$635,900	
30313112	14096	22	Christopher 2	Spanish Bungalows	Homeowner		2727	3	8/7/02	2,933	0.21	\$675,000	\$675,000	
30313113	14096	23	Christopher 2	Spanish Bungalows	Homeowner		3508	5	8/7/02	4,353	0.16	\$735,000	\$735,000	
30313114	14096	24	Christopher 2	Spanish Bungalows	Homeowner		3508	5	8/7/02	4,353	0.18	\$745,000	\$745,000	
30313115	14096	25	Christopher 2	Spanish Bungalows	Homeowner		2727	3	8/7/02	2,933	0.20	\$700,000	\$700,000	
30313116	14096	26	Christopher 2	Spanish Bungalows	Homeowner		2965	4	8/7/02	3,674	0.19	\$670,000	\$670,000	
30313117	14096	27	Christopher 2	Spanish Bungalows	Homeowner		3508	5	5/7/02	4,353	0.19	\$764,100	\$764,100	
30313118	14096	28	Christopher 2	Spanish Bungalows	Homeowner		2921	4	5/7/02	3,674	0.21	\$650,000	\$650,000	
30313119	14096	29	Christopher 2	Spanish Bungalows	Homeowner		2965	4	5/7/02	3,674	0.23	\$660,000	\$660,000	
30313120	14096	30	Christopher 2	Spanish Bungalows	Homeowner		3508	5	5/7/02	4,353	0.20	\$755,000	\$755,000	
30313121	14096	31	Christopher 2	Spanish Bungalows	Homeowner		3235	5	5/7/02	4,353	0.15	\$635,000	\$635,000	
30313122	14096	32	Christopher 2	Spanish Bungalows	Homeowner		2965	4	5/7/02	3,674	0.15	\$620,000	\$620,000	
30313123	14096	33	Christopher 2	Spanish Bungalows	Homeowner		3508	5	5/7/02	4,353	0.19	\$735,000	\$735,000	
30313011	14096	34	Christopher 1	Spanish Bungalows	Homeowner		2965	4	10/9/02	3,674	0.24	\$646,000	\$646,000	
30313012	14096	35	Christopher 1	Spanish Bungalows	Homeowner		2965	4	10/9/02	3,674	0.17	\$635,500	\$635,500	
30313013	14096	36	Christopher 1	Spanish Bungalows	Homeowner		3508	5	10/9/02	4,353	0.17	\$715,000	\$715,000	
30313014	14096	37	Christopher 1	Spanish Bungalows	Homeowner		2965	4	10/9/02	3,674	0.17	\$625,000	\$625,000	
30313015	14096	38	Christopher 1	Spanish Bungalows	Homeowner		3508	5	10/9/02	4,353	0.17	\$737,800	\$737,800	
30313016	14096	39	Christopher 1	Spanish Bungalows	Homeowner		2965	4	10/9/02	3,674	0.17	\$650,900	\$650,900	



SANTALUZ														
SUMMARY OF LOT ACRESAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/11/2003														
September 30, 2003														
Per Final Map														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Take-down)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30313017	14096	40	Christopher 1	Spanish Bungalows	Homeowner		2727	3	10/9/02	2,933	0.26	\$731,900	\$731,900	
30313018	14096	41	Christopher 1	Spanish Bungalows	Homeowner		2965	4	10/9/02	3,674	0.16	\$620,900	\$620,900	
30313019	14096	42	Christopher 1	Spanish Bungalows	Homeowner		2727	3	10/9/02	2,933	0.17	\$664,200	\$664,200	
30313020	14096	43	Christopher 1	Spanish Bungalows	Homeowner		3508	5	10/9/02	4,353	0.18	\$718,700	\$718,700	
30313021	14096	44	Christopher 1	Spanish Bungalows	Homeowner		2965	4	10/9/02	3,674	0.16	\$615,000	\$615,000	
30313022	14096	45	Christopher 2	Spanish Bungalows	Homeowner		2921	4	5/7/02	3,674	0.28	\$717,000	\$717,000	
30313023	14096	46	Christopher 2	Spanish Bungalows	Homeowner		2727	3	5/7/02	2,933	0.21	\$650,000	\$650,000	
30313024	14096	47	Christopher 2	Spanish Bungalows	Homeowner		2965	4	5/7/02	3,674	0.15	\$590,000	\$590,000	
30313025	14096	48	Christopher 1	Spanish Bungalows	Homeowner		2727	3	10/9/02	2,933	0.22	\$687,000	\$687,000	
30313026	14096	49	Christopher 1	Spanish Bungalows	Homeowner		2958	4	6/7/01	3,674	0.22	\$661,100	\$661,100	
30313027	14096	50	Christopher 1	Spanish Bungalows	Homeowner		3508	5	6/7/01	4,353	0.18	\$721,765	\$721,765	
30313028	14096	51	Christopher 1	Spanish Bungalows	Homeowner		3134	4	6/7/01	3,674	0.18	\$652,500	\$652,500	
30313029	14096	52	Christopher 1	Spanish Bungalows	Homeowner		3508	5	6/7/01	4,353	0.24	\$751,765	\$751,765	
30313030	14096	53	Christopher 1	Spanish Bungalows	Homeowner		2958	4	6/7/01	3,674	0.20	\$636,100	\$636,100	
30313031	14096	54	Christopher 1	Spanish Bungalows	Homeowner		3508	5	10/9/02	4,353	0.21	\$743,700	\$743,700	
30313032	14096	55	Christopher 1	Spanish Bungalows	Homeowner		2958	4	6/7/01	3,674	0.22	\$661,100	\$661,100	
30313033	14096	56	Christopher 1	Spanish Bungalows	Homeowner		3508	5	6/7/01	4,353	0.18	\$741,765	\$741,765	
30313034	14096	57	Christopher 1	Spanish Bungalows	Homeowner		3134	4	6/7/01	3,674	0.18	\$687,500	\$687,500	
30313035	14096	58	Christopher 1	Spanish Bungalows	Homeowner		3508	5	6/7/01	4,353	0.15	\$665,500	\$665,500	
30313036	14096	59	Christopher 1	Spanish Bungalows	Homeowner		3134	4	6/7/01	3,674	0.15	\$641,000	\$641,000	
30313037	14096	60	Christopher 1	Spanish Bungalows	Homeowner		3508	5	6/7/01	4,353	0.15	\$630,500	\$630,500	
30313038	14096	61	Christopher 1	Spanish Bungalows	Homeowner		3134	4	6/7/01	3,674	0.15	\$606,000	\$606,000	
30313039	14096	62	Christopher 1	Spanish Bungalows	Homeowner		3508	5	6/7/01	4,353	0.15	\$630,500	\$630,500	
30313040	14096	63	Christopher 1	Spanish Bungalows	Homeowner		3134	4	6/7/01	3,674	0.15	\$606,000	\$606,000	
30313041	14096	64	Christopher 1	Spanish Bungalows	Homeowner		2958	4	6/7/01	3,674	0.18	\$676,100	\$676,100	
30313042	14096	65		Property Owner Association							4.85			
30313043	14096	A		Open Space							0.43			
30313124	14096	B		Property Owner Association							5.86			
30313044	14096	C		Property Owner Association							0.20			
30313045	14096	D		Property Owner Association							1.04			
30313046	14096	E		Fire Station							1.07			
30313125	14096	F		Open Space							1.13			
11 Total			64								26.21			
30314001	14097	1	D.R. Horton	Garden Homes	Homeowner		3347	5	11/29/01	4,353	0.31	\$690,990	\$690,990	
30314002	14097	2	D.R. Horton	Garden Homes	Homeowner		3840	6	11/29/01	5,150	0.23	\$730,270	\$730,270	
30314003	14097	3	D.R. Horton	Garden Homes	Homeowner		3347	5	11/29/01	4,353	0.27	\$701,515	\$701,515	
30314004	14097	4	D.R. Horton	Garden Homes	Homeowner		3770	6	11/29/01	5,150	0.31	\$740,575	\$740,575	
30314005	14097	5	D.R. Horton	Garden Homes	Homeowner		4002	6	11/29/01	5,150	0.34	\$787,300	\$787,300	
30314006	14097	6	D.R. Horton	Garden Homes	Homeowner		3840	6	1/6/03	5,150	0.21	\$757,990	\$757,990	

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30314007	14097	7	D.R. Horton	Garden Homes	Homeowner		3370	5	1/6/03	4,353	0.27	\$734,990	\$734,990	
30314008	14097	8	D.R. Horton	Garden Homes	Homeowner		3347	5	1/6/03	4,353	0.23	\$764,990	\$764,990	
30314009	14097	9	D.R. Horton	Garden Homes	Homeowner		3347	5	11/29/01	4,353	0.21	\$678,990	\$678,990	
30314010	14097	10	D.R. Horton	Garden Homes	Homeowner		4002	6	11/29/01	5,150	0.28	\$777,990	\$777,990	
30314011	14097	11	D.R. Horton	Garden Homes	Homeowner		3370	5	11/29/01	4,353	0.17	\$715,990	\$715,990	
30314012	14097	12	D.R. Horton	Garden Homes	Homeowner		3840	6	11/29/01	5,150	0.17	\$748,990	\$748,990	
30314013	14097	13	D.R. Horton	Garden Homes	Homeowner		3347	5	11/29/01	4,353	0.39	\$699,990	\$699,990	
30314014	14097	14	D.R. Horton	Garden Homes	Homeowner		4002	6	11/29/01	5,150	0.24	\$811,745	\$811,745	
30314015	14097	15	D.R. Horton	Garden Homes	Homeowner		3840	6	11/29/01	5,150	0.17	\$708,990	\$708,990	
30314016	14097	16	D.R. Horton	Garden Homes	Homeowner		3840	6	11/29/01	5,150	0.17	\$710,000	\$710,000	
30314017	14097	17	D.R. Horton	Garden Homes	Homeowner		3770	6	11/29/01	5,150	0.19	\$689,990	\$689,990	
30314018	14097	18	D.R. Horton	Garden Homes	Homeowner		4002	6	11/29/01	5,150	0.19	\$714,025	\$714,025	
30314019	14097	19	D.R. Horton	Garden Homes	Homeowner		3840	6	11/29/01	5,150	0.21	\$698,990	\$698,990	
30314020	14097	20	D.R. Horton	Garden Homes	Homeowner		3347	5	11/29/01	4,353	0.21	\$669,990	\$669,990	
30314021	14097	21	D.R. Horton	Garden Homes	Homeowner		3840	6	1/6/03	5,150	0.21	\$407,500	\$407,500	
30314022	14097	22	D.R. Horton	Garden Homes	Homeowner		4002	6	1/6/03	5,150	0.21	\$407,500	\$407,500	
30314023	14097	23	D.R. Horton	Garden Homes	Homeowner		3840	6	1/6/03	5,150	0.17	\$407,500	\$407,500	
30314024	14097	24	D.R. Horton	Garden Homes	Homeowner		3370	5	1/6/03	4,353	0.20	\$407,500	\$407,500	
30314025	14097	25	D.R. Horton	Garden Homes	Homeowner		3347	5	1/6/03	4,353	0.19	\$407,500	\$407,500	
30314026	14097	26	D.R. Horton	Garden Homes	Homeowner		4002	6	1/6/03	5,150	0.32	\$407,500	\$407,500	
30314027	14097	27	D.R. Horton	Garden Homes	Homeowner		4002	6	1/6/03	5,150	0.38	\$407,500	\$407,500	
30314028	14097	28	D.R. Horton	Garden Homes	Homeowner		3347	5	10/2/01	4,353	0.27	\$839,000	\$839,000	
30314029	14097	29	D.R. Horton	Garden Homes	Homeowner		3770	6	10/2/01	5,150	0.19	\$849,000	\$849,000	
30314030	14097	30	D.R. Horton	Garden Homes	Homeowner		4002	6	10/2/01	5,150	0.19	\$929,000	\$929,000	
30314031	14097	31	D.R. Horton	Garden Homes	Homeowner		3840	6	10/2/01	5,150	0.19	\$869,000	\$869,000	
30314032	14097	32	D.R. Horton	Garden Homes	Homeowner		3370	5	1/6/03	4,353	0.26	\$407,500	\$407,500	
30314033	14097	33	D.R. Horton	Garden Homes	Homeowner		4002	6	11/29/01	5,150	0.25	\$848,990	\$848,990	
30314034	14097	34	D.R. Horton	Garden Homes	Homeowner		3770	6	11/29/01	5,150	0.25	\$760,701	\$760,701	
30314035	14097	35	D.R. Horton	Garden Homes	Homeowner		3347	5	11/29/01	4,353	0.25	\$681,883	\$681,883	
30314036	14097	36	D.R. Horton	Garden Homes	Homeowner		3840	6	11/29/01	5,150	0.17	\$778,048	\$778,048	
30314037	14097	37	D.R. Horton	Garden Homes	Homeowner		4002	6	11/29/01	5,150	0.19	\$789,990	\$789,990	
30314101	14097	38	D.R. Horton	Garden Homes	Homeowner		3347	5	6/28/02	4,353	0.21	\$701,775	\$701,775	
30314102	14097	39	D.R. Horton	Garden Homes	Homeowner		3445	5	6/28/02	4,353	0.21	\$695,990	\$695,990	
30314103	14097	40	D.R. Horton	Garden Homes	Homeowner		3347	5	6/28/02	4,353	0.23	\$728,775	\$728,775	
30314105	14097	42	D.R. Horton	Garden Homes	Homeowner		3770	6	6/28/02	5,150	0.23	\$728,775	\$728,775	
30314106	14097	43	D.R. Horton	Garden Homes	Homeowner		3840	6	6/28/02	5,150	0.27	\$728,990	\$728,990	
30314107	14097	44	D.R. Horton	Garden Homes	Homeowner		3347	5	6/28/02	4,353	0.33	\$691,048	\$691,048	
30314108	14097	45	D.R. Horton	Garden Homes	Homeowner		4002	6	6/28/02	5,150	0.30	\$834,512	\$834,512	
30314109	14097	46	D.R. Horton	Garden Homes	Homeowner		3840	6	6/28/02	5,150	0.23	\$733,990	\$733,990	
30314110	14097	47	D.R. Horton	Garden Homes	Homeowner		3770	6	6/28/02	5,150	0.34	\$741,901	\$741,901	
30314110	14097	47	D.R. Horton	Garden Homes	Homeowner		3840	6	6/28/02	5,150	0.30	\$765,521	\$765,521	

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/12/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Foot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30314111	14097	48	D.R. Horton	Garden Homes	Homeowner		3770	6	6/28/02	5,150	0.43	\$729,655	\$729,655	
30314112	14097	49	D.R. Horton	Garden Homes	Homeowner		3840	6	6/28/02	5,150	0.32	\$743,977	\$743,977	
30314113	14097	50	D.R. Horton	Garden Homes	Homeowner		3347	5	6/28/02	4,353	0.19	\$700,990	\$700,990	
30314114	14097	51	D.R. Horton	Garden Homes	Homeowner		4002	6	6/28/02	5,150	0.19	\$800,510	\$800,510	
30314115	14097	52	D.R. Horton	Garden Homes	Homeowner		3347	5	6/28/02	4,353	0.24	\$635,715	\$635,715	
30314201	14097	53	D.R. Horton	Garden Homes	Homeowner		4002	6	1/6/03	5,150	0.33	\$582,500	\$582,500	
30314202	14097	54	D.R. Horton	Garden Homes	Homeowner		3770	6	1/6/03	5,150	0.28	\$582,500	\$582,500	
30314203	14097	55	D.R. Horton	Garden Homes	Homeowner		3840	6	1/6/03	5,150	0.25	\$582,500	\$582,500	
30314204	14097	56	D.R. Horton	Garden Homes	Homeowner		4002	6	1/6/03	5,150	0.42	\$582,500	\$582,500	
30314205	14097	57	D.R. Horton	Garden Homes	Homeowner		3347	5	1/6/03	4,353	0.32	\$582,500	\$582,500	
30314206	14097	58	D.R. Horton	Garden Homes	Homeowner		3840	6	1/6/03	5,150	0.19	\$582,500	\$582,500	
30314207	14097	59	D.R. Horton	Garden Homes	Homeowner		4002	6	1/6/03	5,150	0.28	\$582,500	\$582,500	
30314208	14097	60	D.R. Horton	Garden Homes	Homeowner		4002	6	1/6/03	5,150	0.40	\$582,500	\$582,500	
30314209	14097	61	D.R. Horton	Garden Homes	Homeowner		3347	5	1/6/03	4,353	0.28	\$582,500	\$582,500	
30314215	14097	62	D.R. Horton	Garden Homes	Homeowner		3840	6	1/6/03	5,150	0.37	\$582,500	\$582,500	
30314216	14097	63	D.R. Horton	Garden Homes	Homeowner		4002	6	1/6/03	5,150	0.37	\$582,500	\$582,500	
30314212	14097	64		Streets							0.69			
30314116	14097	65		Property Owner Association							2.73			
30314038	14097	66		Property Owner Association							2.29			
30314039	14097	A		Property Owner Association							2.25			
30314117	14097	B		Open Space							5.57			
30314213	14097	C		Open Space							0.80			
30314214	14097	D		Property Owner Association							0.40			
30314118	14097	E		Open Space							0.08			
30314119	14097	F		Property Owner Association							0.04			
30314120	14097	G		Property Owner Association							0.18			
30314121	14097	H		Property Owner Association							1.24			
	12 Total		63								32.35			
30315147	14231	71	Davidson	Court Homes			4,731	8	10/13/03	6,119	0.30	\$330,000	\$330,000	\$330,000
30315146	14231	70	Davidson	Court Homes			3,802	6	10/13/03	5,150	0.26	\$330,000	\$330,000	\$330,000
30315145	14231	69	Davidson	Court Homes			4,731	8	10/13/03	6,119	0.26	\$330,000	\$330,000	\$330,000
30315144	14231	68	Davidson	Court Homes			3,802	6	10/13/03	5,150	0.24	\$330,000	\$330,000	\$330,000
30315143	14231	67	Davidson	Court Homes			4,731	8	10/13/03	6,119	0.26	\$330,000	\$330,000	\$330,000
30315142	14231	66	Davidson	Court Homes			3,802	6	10/13/03	5,150	0.24	\$330,000	\$330,000	\$330,000
30315141	14231	65	Davidson	Court Homes			3,500	5			0.24	\$330,000	\$330,000	\$330,000
30315140	14231	64	Davidson	Court Homes			3,700	5			0.26	\$330,000	\$330,000	\$330,000
30315139	14231	63	Davidson	Court Homes			3,900	6			0.30	\$330,000	\$330,000	\$330,000
30315138	14231	62	Davidson	Court Homes			3,500	5			0.33	\$330,000	\$330,000	\$330,000
30315137	14231	61	Davidson	Court Homes			3,700	5			0.41	\$330,000	\$330,000	\$330,000
30315136	14231	60	Davidson	Court Homes			3,500	5			0.37	\$330,000	\$330,000	\$330,000
30315135	14231	59	Davidson	Court Homes			3,700	5			0.33	\$330,000	\$330,000	\$330,000
30315134	14231	58	Davidson	Court Homes			3,900	6			0.27	\$330,000	\$330,000	\$330,000
30315133	14231	57	Davidson	Court Homes			3,500	5			0.21	\$330,000	\$330,000	\$330,000
30315132	14231	56	Davidson	Court Homes			3,700	5			0.25	\$330,000	\$330,000	\$330,000
30315131	14231	55	Davidson	Court Homes			3,900	6			0.23	\$330,000	\$330,000	\$330,000
30315130	14231	54	Davidson	Court Homes			3,500	5			0.22	\$330,000	\$330,000	\$330,000

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/17/2003**  
 September 30, 2003

Per Final Map		Builder (Numbers Behind Builder Name Equal Take-down)		Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
APN	Tract	Lot												
30315129	14231	53	Davidson	Court Homes			3,700	5			0.22	\$330,000		\$330,000
30315128	14231	52	Davidson	Court Homes			3,900	6			0.22	\$330,000		\$330,000
30315127	14231	51	Davidson	Court Homes			3,500	5			0.30	\$330,000		\$330,000
30315126	14231	50	Davidson	Court Homes			3,700	5			0.32	\$330,000		\$330,000
30315125	14231	49	Davidson	Court Homes			3,900	6			0.52	\$330,000		\$330,000
30315124	14231	48	Davidson	Court Homes			3,500	5			0.25	\$330,000		\$330,000
30315123	14231	47	Davidson	Court Homes			3,700	5			0.26	\$330,000		\$330,000
30315122	14231	46	Davidson	Court Homes			3,900	6			0.28	\$330,000		\$330,000
30315121	14231	45	Davidson	Court Homes			3,500	5			0.37	\$330,000		\$330,000
30315120	14231	44	Davidson	Court Homes			4,731	8	10/13/03	6,119	0.34	\$330,000		\$330,000
30315119	14231	43	Davidson	Court Homes			4,731	8	10/13/03	6,119	0.26	\$330,000		\$330,000
30315118	14231	42	Davidson	Court Homes			3,802	6	10/13/03	5,150	0.27	\$330,000		\$330,000
30315117	14231	41	Davidson	Court Homes			4,000	6	10/13/03	5,150	0.24	\$330,000		\$330,000
30315116	14231	40	Davidson	Court Homes			4,731	8	10/13/03	6,119	0.25	\$330,000		\$330,000
30315115	14231	39	Davidson	Court Homes			4,000	6	10/13/03	5,150	0.20	\$330,000		\$330,000
30315114	14231	38	Davidson	Court Homes			3,802	6	10/13/03	5,150	0.21	\$330,000		\$330,000
30315113	14231	37	Davidson	Court Homes			4,000	6	6/9/03	5,150	0.19	\$330,000	\$330,000	
30315112	14231	36	Davidson	Court Homes			4,731	8	6/9/03	6,119	0.24	\$330,000	\$330,000	
30315111	14231	28	Davidson	Court Homes			4,731	8	6/9/03	6,119	0.23	\$330,000	\$330,000	
30315110	14231	27	Davidson	Court Homes			3,802	6	6/9/03	5,150	0.21	\$330,000	\$330,000	
30315109	14231	26	Davidson	Court Homes			4,731	8	6/9/03	6,119	0.24	\$330,000	\$330,000	
30315108	14231	25	Davidson	Court Homes			4,000	6	6/9/03	5,150	0.26	\$330,000	\$330,000	
30315107	14231	35	Davidson	Court Homes			4,731	8	6/9/03	6,119	0.27	\$330,000	\$330,000	
30315106	14231	34	Davidson	Court Homes			3,802	6	6/9/03	5,150	0.21	\$330,000	\$330,000	
30315105	14231	33	Davidson	Court Homes			4,000	6	6/9/03	5,150	0.33	\$330,000	\$330,000	
30315104	14231	32	Davidson	Court Homes			3,802	6	6/9/03	5,150	0.23	\$330,000	\$330,000	
30315103	14231	31	Davidson	Court Homes			4,731	8	6/9/03	6,119	0.41	\$330,000	\$330,000	
30315102	14231	29	Davidson	Court Homes			3,802	6	6/9/03	5,150	0.23	\$330,000	\$330,000	
30315101	14231	24	Davidson	Court Homes			3,900	6	6/9/03	6,119	0.23	\$330,000	\$330,000	
30315023	14231	23	Davidson	Court Homes			3,500	5			0.51	\$330,000	\$330,000	
30315022	14231	22	Davidson	Court Homes			3,700	5			0.46	\$330,000	\$330,000	
30315021	14231	21	Davidson	Court Homes			4,731	8	7/15/03	6,119	0.43	\$728,333	\$728,333	
30315020	14231	20	Davidson	Court Homes			4,000	6	7/15/03	5,150	0.31	\$728,333	\$728,333	
30315019	14231	19	Davidson	Court Homes			3,802	6	7/15/03	5,150	0.24	\$728,333	\$728,333	
30315018	14231	18	Davidson	Court Homes			3,900	6			0.23	\$330,000	\$330,000	
30315017	14231	17	Davidson	Court Homes			3,500	5			0.21	\$330,000	\$330,000	
30315016	14231	16	Davidson	Court Homes			3,700	5			0.20	\$330,000	\$330,000	
30315015	14231	15	Davidson	Court Homes			3,900	6			0.24	\$330,000	\$330,000	
30315014	14231	14	Davidson	Court Homes			3,500	5			0.22	\$330,000	\$330,000	
30315013	14231	13	Davidson	Court Homes			3,700	5			0.26	\$330,000	\$330,000	
30315012	14231	12	Davidson	Court Homes			3,900	6			0.29	\$330,000	\$330,000	
30315011	14231	11	Davidson	Court Homes			3,500	5			0.24	\$330,000	\$330,000	
30315010	14231	10	Davidson	Court Homes			3,700	5			0.84	\$330,000	\$330,000	
30315009	14231	9	Davidson	Court Homes			3,900	6			0.22	\$330,000	\$330,000	
30315008	14231	8	Davidson	Court Homes			3,500	5			0.27	\$330,000	\$330,000	
30315007	14231	7	Davidson	Court Homes			3,700	5			0.25	\$330,000	\$330,000	
30315006	14231	6	Davidson	Court Homes			3,900	6			0.32	\$330,000	\$330,000	

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/17/2003														
September 30, 2003														
Per Final Map														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30315005	14231	5	Davidson	Court Homes			3,500	5			0.32	\$330,000		\$330,000
30315004	14231	4	Davidson	Court Homes			3,700	5			0.30	\$330,000		\$330,000
30315003	14231	3	Davidson	Court Homes			3,900	6			0.25	\$330,000		\$330,000
30315002	14231	2	Davidson	Court Homes			3,400	5			0.25	\$330,000		\$330,000
30315001	14231	1	Davidson	Court Homes			4,000	6			0.27	\$330,000		\$330,000
30315148	14231	A		Property Owner Association							1.68			
30315202	14231	B		Property Owner Association							14.17			
30315203	14231	C		Property Owner Association							0.81			
30315204	14231	D		Property Owner Association							3.38			
30315205	14231	E		Property Owner Association							1.88			
30315149	14231	F		Property Owner Association							1.38			
30315206	14231	G		Property Owner Association							1.05			
30315206	14231	H		Property Owner Association							0.14			
30315201	14231	72		Sewer Pump Station							1.63			
30315205	14231	73		Property Owner Association							6.75			
30315207	14231	I		Property Owner Association							0.07			
		13 Total									53.10			
30316119	14232	32	Santaluz	85 x 115			3,400	5			0.31	\$312,524		\$312,524
30316118	14232	31	Santaluz	85 x 115			4,000	6			0.26	\$312,524		\$312,524
30316117	14232	30	Santaluz	85 x 115			4,600	8			0.22	\$312,524		\$312,524
30316116	14232	29	Santaluz	85 x 115			3,400	5			0.22	\$312,524		\$312,524
30316115	14232	28	Santaluz	85 x 115			4,000	6			0.27	\$312,524		\$312,524
30316114	14232	27	Santaluz	85 x 115			4,600	8			0.29	\$312,524		\$312,524
30316113	14232	26	Santaluz	85 x 115			3,400	5			0.27	\$312,524		\$312,524
30316112	14232	25	Santaluz	85 x 115			4,000	6			0.26	\$312,524		\$312,524
30316111	14232	24	Santaluz	85 x 115			4,600	8			0.32	\$312,524		\$312,524
30316110	14232	23	Santaluz	85 x 115			3,400	5			0.27	\$312,524		\$312,524
30316109	14232	22	Santaluz	85 x 115			4,000	6			0.28	\$312,524		\$312,524
30316108	14232	21	Santaluz	85 x 115			4,600	8			0.31	\$312,524		\$312,524
30316107	14232	20	Santaluz	85 x 115			3,400	5			0.28	\$312,524		\$312,524
30316106	14232	19	Santaluz	85 x 115			4,000	6			0.26	\$312,524		\$312,524
30316105	14232	18	Santaluz	85 x 115			4,600	8			0.22	\$312,524		\$312,524
30316104	14232	17	Santaluz	85 x 115			3,400	5			0.24	\$312,524		\$312,524
30316103	14232	16	Santaluz	85 x 115			4,000	6			0.24	\$312,524		\$312,524
30316102	14232	15	Santaluz	85 x 115			4,600	8			0.25	\$312,524		\$312,524
30316101	14232	14	Santaluz	85 x 115			3,400	5			0.32	\$312,524		\$312,524
30316013	14232	13	Warrington	85 x 115			4,000	6			0.37	\$312,524		\$312,524
30316012	14232	12	Warrington	85 x 115			4,600	8			0.28	\$312,524		\$312,524
30316031	14232	50	Warrington	85 x 115			3,400	5			0.27	\$312,524		\$312,524
30316032	14232	51	Warrington	85 x 115			4,000	6			0.31	\$312,524		\$312,524
30316033	14232	52	Santaluz	85 x 115			4,600	8			0.30	\$312,524		\$312,524
30316034	14232	53	Santaluz	85 x 115			3,400	5			0.27	\$312,524		\$312,524
30316035	14232	54	Santaluz	85 x 115			4,000	6			0.32	\$312,524		\$312,524
30316036	14232	55	Santaluz	85 x 115			4,600	8			0.41	\$312,524		\$312,524
30316037	14232	56	Santaluz	85 x 115			3,400	5			0.38	\$312,524		\$312,524
30316038	14232	57	Santaluz	85 x 115			4,000	6			0.35	\$312,524		\$312,524
30316046	14232	65	Warrington	85 x 115			4,600	8			0.28	\$312,524		\$312,524

SUMMARY OF LOT ACRES BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/12/2003														
SANTALUZ														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Take-down)	Product	Homeowner	Antislan Lot	Square Feet	Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30316045	14232	64	Warrington	85 x 115			3,400	5			0.22	\$312,524		\$312,524
30316044	14232	63	Warrington	85 x 115			4,000	6			0.26	\$312,524		\$312,524
30316043	14232	62	Santaluz	85 x 115			4,600	8			0.41	\$312,524		\$312,524
30316042	14232	61	Santaluz	85 x 115			3,400	5			0.34	\$312,524		\$312,524
30316041	14232	60	Santaluz	85 x 115			4,000	6			0.34	\$312,524		\$312,524
30316040	14232	59	Santaluz	85 x 115			4,600	8			0.33	\$312,524		\$312,524
30316039	14232	58	Santaluz	85 x 115			3,400	5			0.45	\$312,524		\$312,524
30316030	14232	49	Warrington	85 x 115			4,000	6			0.27	\$312,524		\$312,524
30316029	14232	48	Warrington	85 x 115			4,600	8			0.26	\$312,524		\$312,524
30316028	14232	47	Warrington	85 x 115			3,400	5			0.25	\$312,524		\$312,524
30316027	14232	46	Warrington	85 x 115			4,000	6			0.25	\$312,524		\$312,524
30316026	14232	45	Warrington	85 x 115			4,600	8			0.31	\$312,524		\$312,524
30316025	14232	44	Warrington	85 x 115			3,400	5			0.24	\$312,524		\$312,524
30316024	14232	43	Warrington	85 x 115			4,000	6			0.35	\$312,524		\$312,524
30316023	14232	42	Warrington	85 x 115			4,600	8			0.27	\$312,524		\$312,524
30316022	14232	41	Warrington	85 x 115			3,400	5			0.23	\$312,524		\$312,524
30316021	14232	40	Warrington	85 x 115			4,000	6			0.24	\$312,524		\$312,524
30316020	14232	39	Warrington	85 x 115			4,600	8			0.26	\$312,524		\$312,524
30316019	14232	38	Warrington	85 x 115			3,400	5			0.49	\$312,524		\$312,524
30316018	14232	37	Warrington	85 x 115			4,000	6			0.30	\$312,524		\$312,524
30316017	14232	36	Warrington	85 x 115			4,600	8			0.29	\$312,524		\$312,524
30316016	14232	35	Warrington	85 x 115			3,400	5			0.31	\$312,524		\$312,524
30316015	14232	34	Warrington	85 x 115			4,000	6			0.26	\$312,524		\$312,524
30316014	14232	33	Warrington	85 x 115			4,600	8			0.32	\$312,524		\$312,524
30316001	14232	1	Warrington	85 x 115			3,400	5			0.28	\$312,524		\$312,524
30316002	14232	2	Warrington	85 x 115			4,000	6			0.26	\$312,524		\$312,524
30316003	14232	3	Warrington	85 x 115			4,600	8			0.36	\$312,524		\$312,524
30316004	14232	4	Warrington	85 x 115			3,400	5			0.30	\$312,524		\$312,524
30316005	14232	5	Warrington	85 x 115			4,000	6			0.23	\$312,524		\$312,524
30316006	14232	6	Warrington	85 x 115			4,600	8			0.23	\$312,524		\$312,524
30316007	14232	7	Warrington	85 x 115			3,400	5			0.25	\$312,524		\$312,524
30316008	14232	8	Warrington	85 x 115			4,000	6			0.26	\$312,524		\$312,524
30316009	14232	9	Warrington	85 x 115			4,600	8			0.25	\$312,524		\$312,524
30316010	14232	10	Warrington	85 x 115			3,400	5			0.24	\$312,524		\$312,524
30316011	14232	11	Warrington	85 x 115			4,000	6			0.23	\$312,524		\$312,524
30316049	14232	A	Property Owner Association	Property Owner Association							1.51			
30316050	14232	B	Property Owner Association	Property Owner Association							0.93			
30316051	14232	C	Property Owner Association	Property Owner Association							4.09			
30316047	14232	66	Property Owner Association	Property Owner Association							0.70			
30316048	14232	67	Property Owner Association	Property Owner Association							3.69			
14 Total											29.68			
5				Interim access drive										
20				Open Space										
16				Open Space										
26913106		1		Open Space							96.79			
26913112		2		Property Owner Association							0.39			



SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Fulfilled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
6782300700	98		Santaluz	Cluster SFD			2,000	2						
6782300700	98		Santaluz	Cluster SFD			2,000	2						
6782300700	98		Santaluz	Cluster SFD			2,000	2						
	98 Total		46								151.85			
	99	10		Future Development							10.03			
	99	11		Future Development							51.09			
	99			Golf Course							291.02			
	99			Clubhouse							7.59			
	99			Clubhouse							7.56			
	99			Sewer pump station							0.23			
	99			BMR LP Non-CFD							12.72			
	99			BMR LP Non-CFD							76.30			
	99			Hotel Site							19.52			
	99			BMR LP Non-CFD							34.56			
	99			BMR LP Non-CFD							9.91			
	99			BMR LP Non-CFD							203.77			
	99			BMR LP Non-CFD							31.80			
	99			BMR LP Non-CFD							19.43			
	99			BMR LP Non-CFD							740.80			
	99			Ownership retained by BMR LP							362.39			
	99			BMR LP Non-CFD							153.00			
	99			BMR LP Non-CFD							17.04			
	3			Middia School										
	18			Open Space										
	18			Open Space										
31201045/														
31201046/														
31201047	98	69	Santaluz	Village Green	Homeowner		custom lot	13			0.90	\$1,000,000		\$1,000,000
31201045/														
31201046/														
31201047	98	70	Santaluz	Village Green	Homeowner		custom lot	13			1.10	\$1,000,000		\$1,000,000
31201045/														
31201046/														
31201047	98	71	Santaluz	Village Green	Homeowner		custom lot	13			0.79	\$1,000,000		\$1,000,000
31201045/														
31201046/														
31201047	98	72	Santaluz	Village Green	Homeowner		custom lot	13			2.27	\$1,000,000		\$1,000,000
31201045/														
31201046/														
31201047	98	73	Santaluz	See Lot Above	Homeowner		custom lot	13						
31201045/														
31201046/														
31201047	98	74	Santaluz	Village Green	Homeowner		custom lot	13			1.19	\$700,000		\$700,000



SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 8/7/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder (Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
31201045/ 31201046/ 31201047	98	75		See Lot Above										

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003														
September 30, 2003														
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Square Feet	Tax Class	Building Permit Pulled or Special Tax Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
31201045/	98	76	Santaluz	Village Green	Homeowner		custom lot	13			1.09	\$700,000		\$700,000
31201046/														
31201047	98	77	See Lot Above											
31201045/	98	78	Santaluz	Village Green	Homeowner		custom lot	13			1.14	\$700,000		\$700,000
31201046/														
31201047	98	79	See Lot Above											
31201045/	98	80	Santaluz	Village Green	Homeowner		custom lot	13			1.12	\$700,000		\$700,000
31201046/														
31201047	98	81	See Lot Above											
31201045/	98	132	Property Owner Association								0.15			
30307042	18925	p1	Church		Homeowner						5.64	\$2,560,000		\$2,560,000
30307043	18925	p2	Open Space								14.73			
30307044	18925	p3	Open Space								0.11			
201047303076	19045	2	Santaluz	Village Green			TBD				0.84			
30307048	19045	2									0.28			
31201047	19045	2									0.28			
31201046	19045	1	Taylor Woodrow 4	Posadas			5,534	10	2/25/03	8,363	0.72	\$1,336,415	\$1,336,415	
30307047	19045	1									0.07			
31201048	19045	3									0.22			
		99 Total									2081.31			
31201045	17996	Por Par 7									253.88			
31214208	17996	Por 8									132.54			
67823007	17996	Par 1									11.44			
30307028	17996	Par 6									17.06			
31201044	17996	Por Par 7									12.79			
30307046	17996	Por Par 7									241.90			
26912010	17996	Por Par 7									179.59			
26912110	17996	Por Par 7									4.60			
30307038	17996	Por Par 8									32.43			
26913009	17996	Por Par 6									153.91			
26913110	17996	Por Par 6									24.92			
											1064.76			
											4650.94	\$645,772,849	\$388,086,380	\$277,704,469
											Total			

# **EXHIBIT E**

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003**  
 September 30, 2003

APN	Per Final Map		Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
	Tract	Lot											
30316001	14232	1	Warrington	85 x 115			5			0.282	\$312,524		\$312,524
30316002	14232	2	Warrington	85 x 115			6			0.259	\$312,524		\$312,524
30316003	14232	3	Warrington	85 x 115			6			0.358	\$312,524		\$312,524
30316004	14232	4	Warrington	85 x 115			5			0.300	\$312,524		\$312,524
30316005	14232	5	Warrington	85 x 115			6			0.231	\$312,524		\$312,524
30316006	14232	6	Warrington	85 x 115			6			0.226	\$312,524		\$312,524
30316007	14232	7	Warrington	85 x 115			5			0.246	\$312,524		\$312,524
30316008	14232	8	Warrington	85 x 115			5			0.261	\$312,524		\$312,524
30316009	14232	9	Warrington	85 x 115			8			0.249	\$312,524		\$312,524
30316010	14232	10	Warrington	85 x 115			5			0.237	\$312,524		\$312,524
30316011	14232	11	Warrington	85 x 115			6			0.234	\$312,524		\$312,524
30316012	14232	12	Warrington	85 x 115			6			0.261	\$312,524		\$312,524
30316013	14232	13	Warrington	85 x 115			6			0.365	\$312,524		\$312,524
30316101	14232	14	Santaluz	85 x 115			5			0.315	\$312,524		\$312,524
30316102	14232	15	Santaluz	85 x 115			8			0.245	\$312,524		\$312,524
30316103	14232	16	Santaluz	85 x 115			6			0.237	\$312,524		\$312,524
30316104	14232	17	Santaluz	85 x 115			5			0.241	\$312,524		\$312,524
30316105	14232	18	Santaluz	85 x 115			8			0.220	\$312,524		\$312,524
30316106	14232	19	Santaluz	85 x 115			6			0.255	\$312,524		\$312,524
30316107	14232	20	Santaluz	85 x 115			5			0.282	\$312,524		\$312,524
30316108	14232	21	Santaluz	85 x 115			5			0.307	\$312,524		\$312,524
30316109	14232	22	Santaluz	85 x 115			6			0.279	\$312,524		\$312,524
30316110	14232	23	Santaluz	85 x 115			5			0.269	\$312,524		\$312,524
30316111	14232	24	Santaluz	85 x 115			8			0.323	\$312,524		\$312,524
30316112	14232	25	Santaluz	85 x 115			6			0.258	\$312,524		\$312,524
30316113	14232	26	Santaluz	85 x 115			6			0.271	\$312,524		\$312,524
30316114	14232	27	Santaluz	85 x 115			8			0.291	\$312,524		\$312,524
30316115	14232	28	Santaluz	85 x 115			6			0.268	\$312,524		\$312,524
30316116	14232	29	Santaluz	85 x 115			5			0.222	\$312,524		\$312,524
30316117	14232	30	Santaluz	85 x 115			8			0.222	\$312,524		\$312,524
30316118	14232	31	Santaluz	85 x 115			6			0.262	\$312,524		\$312,524
30316119	14232	32	Santaluz	85 x 115			5			0.328	\$312,524		\$312,524
30316014	14232	33	Warrington	85 x 115			6			0.318	\$312,524		\$312,524
30316015	14232	34	Warrington	85 x 115			6			0.264	\$312,524		\$312,524
30316016	14232	35	Warrington	85 x 115			5			0.311	\$312,524		\$312,524
30316017	14232	36	Warrington	85 x 115			8			0.293	\$312,524		\$312,524
30316018	14232	37	Warrington	85 x 115			6			0.298	\$312,524		\$312,524
30316019	14232	38	Warrington	85 x 115			5			0.491	\$312,524		\$312,524
30316020	14232	39	Warrington	85 x 115			8			0.262	\$312,524		\$312,524
30316021	14232	40	Warrington	85 x 115			6			0.243	\$312,524		\$312,524
30316022	14232	41	Warrington	85 x 115			5			0.234	\$312,524		\$312,524

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/11/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Arvisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30316023	14232	42	Warrington	85 x 115			8			0.270	\$312,524		\$312,524
30316024	14232	43	Warrington	85 x 115			6			0.352	\$312,524		\$312,524
30316025	14232	44	Warrington	85 x 115			5			0.243	\$312,524		\$312,524
30316026	14232	45	Warrington	85 x 115			8			0.307	\$312,524		\$312,524
30316027	14232	46	Warrington	85 x 115			6			0.251	\$312,524		\$312,524
30316028	14232	47	Warrington	85 x 115			5			0.245	\$312,524		\$312,524
30316029	14232	48	Warrington	85 x 115			8			0.262	\$312,524		\$312,524
30316030	14232	49	Warrington	85 x 115			8			0.266	\$312,524		\$312,524
30316031	14232	50	Warrington	85 x 115			5			0.268	\$312,524		\$312,524
30316032	14232	51	Warrington	85 x 115			6			0.310	\$312,524		\$312,524
30316033	14232	52	Santaluz	85 x 115			8			0.301	\$312,524		\$312,524
30316034	14232	53	Santaluz	85 x 115			5			0.268	\$312,524		\$312,524
30316035	14232	54	Santaluz	85 x 115			6			0.318	\$312,524		\$312,524
30316036	14232	55	Santaluz	85 x 115			8			0.406	\$312,524		\$312,524
30316037	14232	56	Santaluz	85 x 115			5			0.383	\$312,524		\$312,524
30316038	14232	57	Santaluz	85 x 115			6			0.351	\$312,524		\$312,524
30316039	14232	58	Santaluz	85 x 115			5			0.445	\$312,524		\$312,524
30316040	14232	59	Santaluz	85 x 115			8			0.329	\$312,524		\$312,524
30316041	14232	60	Santaluz	85 x 115			6			0.336	\$312,524		\$312,524
30316042	14232	61	Santaluz	85 x 115			5			0.336	\$312,524		\$312,524
30316043	14232	62	Santaluz	85 x 115			8			0.406	\$312,524		\$312,524
30316044	14232	63	Warrington	85 x 115			6			0.262	\$312,524		\$312,524
30316045	14232	64	Warrington	85 x 115			5			0.223	\$312,524		\$312,524
30316046	14232	65	Warrington	85 x 115			8			0.292	\$312,524		\$312,524
			Count	65						18.752	\$20,314,060		\$20,314,060
			30										
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$13,035	\$13,035	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$7,081	\$7,081	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$8,454	\$8,454	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$9,544	\$9,544	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$9,544	\$9,544	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$6,708	\$6,708	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$6,708	\$6,708	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$5,952	\$5,952	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,986	\$4,986	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$9,131	\$9,131	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$9,226	\$9,226	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$5,027	\$5,027	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$5,027	\$5,027	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$6,772	\$6,772	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$6,772	\$6,772	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$6,772	\$6,772	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$6,772	\$6,772	

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003**  
 September 30, 2003

APN	Per Final Map		Builder (Numbers Behind Builder Name Equal Take-down)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
	Tract	Lot											
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$6,005	\$6,005	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$5,027	\$5,027	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$9,226	\$9,226	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$6,708	\$6,708	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$6,708	\$6,708	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,328	\$4,328	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$3,639	\$3,639	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$6,595	\$6,595	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,867	\$4,867	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,867	\$4,867	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,328	\$4,328	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$3,639	\$3,639	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$6,595	\$6,595	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$6,673	\$6,673	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$3,680	\$3,680	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$3,680	\$3,680	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,923	\$4,923	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,923	\$4,923	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,377	\$4,377	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$3,680	\$3,680	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$6,673	\$6,673	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$3,680	\$3,680	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,923	\$4,923	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,923	\$4,923	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,923	\$4,923	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,923	\$4,923	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,377	\$4,377	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$3,680	\$3,680	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$6,673	\$6,673	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$6,673	\$6,673	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$3,680	\$3,680	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,923	\$4,923	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,923	\$4,923	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,923	\$4,923	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,923	\$4,923	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,867	\$4,867	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,867	\$4,867	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$6,595	\$6,595	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$3,639	\$3,639	
26924116	14497	9	Olson	Affordable Housing	Homeowner		14	4/1/03	108	0.076	\$4,328	\$4,328	



**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/11/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Take-down)	Product	Homeowner	Arisean Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
26922011	14064/14307	77	Taylor Woodrow 1	Casita	Homeowner		3	6/6/01	2.933	0.167	\$595,292	\$595,292	
26922075	14064/14307	78	Taylor Woodrow 1	Casita	Homeowner		2	6/6/01	2.426	0.159	\$552,928	\$552,928	
26922060	14064/14307	79	Taylor Woodrow 1	Casita	Homeowner		3	12/3/01	2.933	0.159	\$599,496	\$599,496	
26922061	14064/14307	80	Taylor Woodrow 1	Casita	Homeowner		2	12/3/01	2.426	0.142	\$569,371	\$569,371	
26922062	14064/14307	81	Taylor Woodrow 1	Casita	Homeowner		3	12/3/01	2.933	0.176	\$750,629	\$750,629	
26922069	14064/14307	82	Taylor Woodrow 1	Casita	Homeowner		2	12/3/01	2.426	0.148	\$641,494	\$641,494	
26922017	14064/14307	83	Taylor Woodrow 1	Casita	Homeowner		2	12/3/01	2.426	0.150	\$722,499	\$722,499	
26922018	14064/14307	84	Taylor Woodrow 1	Casita	Homeowner		3	2/13/02	2.933	0.162	\$732,661	\$732,661	
26922019	14064/14307	85	Taylor Woodrow 1	Casita	Homeowner		2	2/13/02	2.426	0.158	\$776,022	\$776,022	
26922063	14064/14307	86	Taylor Woodrow 1	Casita	Homeowner		2	2/13/02	2.426	0.183	\$721,077	\$721,077	
26922021	14064/14307	87	Taylor Woodrow 1	Casita	Homeowner		2	2/13/02	2.426	0.145	\$586,801	\$586,801	
26922064	14064/14307	88	Taylor Woodrow 1	Casita	Homeowner		3	2/13/02	2.933	0.160	\$610,631	\$610,631	
26922023	14064/14307	89	Taylor Woodrow 1	Casita	Homeowner		2	2/13/02	2.426	0.157	\$630,042	\$630,042	
26922065	14064/14307	90	Taylor Woodrow 2	Casita	Homeowner		2	12/3/01	2.426	0.158	\$645,364	\$645,364	
26922167	14064/14307	99	Taylor Woodrow 2	Casita	Homeowner		3	12/3/02	2.933	0.166	\$636,536	\$636,536	
26922168	14064/14307	100	Taylor Woodrow 2	Casita	Homeowner		2	12/3/02	2.426	0.152	\$630,747	\$630,747	
26922103	14064/14307	101	Taylor Woodrow 2	Casita	Homeowner		2	12/3/02	2.426	0.183	\$681,108	\$681,108	
26922104	14064/14307	102	Taylor Woodrow 2	Casita	Homeowner		3	12/3/02	2.933	0.177	\$817,180	\$817,180	
26922105	14064/14307	103	Taylor Woodrow 2	Casita	Homeowner		2	12/3/02	2.426	0.145	\$727,508	\$727,508	
26922106	14064/14307	104	Taylor Woodrow 2	Casita	Homeowner		2	12/3/02	2.426	0.147	\$759,355	\$759,355	
26922169	14064/14307	105	Taylor Woodrow 2	Casita	Homeowner		3	9/12/02	2.933	0.167	\$737,851	\$737,851	
26922170	14064/14307	106	Taylor Woodrow 2	Casita	Homeowner		2	9/12/02	2.426	0.151	\$689,103	\$689,103	
26922171	14064/14307	107	Taylor Woodrow 2	Casita	Homeowner		3	9/12/02	2.933	0.169	\$764,601	\$764,601	
26922172	14064/14307	108	Taylor Woodrow 2	Casita	Homeowner		3	9/12/02	2.933	0.159	\$712,640	\$712,640	
26922173	14064/14307	109	Taylor Woodrow 2	Casita	Homeowner		3	6/28/02	2.933	0.151	\$740,700	\$740,700	
26922174	14064/14307	110	Taylor Woodrow 2	Casita	Homeowner		2	6/28/02	2.426	0.147	\$677,905	\$677,905	
26922113	14064/14307	111	Taylor Woodrow 2	Casita	Homeowner		3	6/28/02	2.933	0.169	\$731,201	\$731,201	
26922175	14064/14307	112	Taylor Woodrow 2	Casita	Homeowner		2	6/28/02	2.426	0.157	\$604,040	\$604,040	
26922176	14064/14307	113	Taylor Woodrow 2	Casita	Homeowner		3	6/28/02	2.933	0.156	\$730,589	\$730,589	
26922177	14064/14307	114	Taylor Woodrow 2	Casita	Homeowner		2	6/28/02	2.426	0.148	\$624,494	\$624,494	
26922178	14064/14307	115	Taylor Woodrow 2	Casita	Homeowner		2	6/12/02	2.426	0.145	\$669,820	\$669,820	
26922179	14064/14307	116	Taylor Woodrow 2	Casita	Homeowner		3	6/12/02	2.933	0.156	\$665,782	\$665,782	
26922180	14064/14307	117	Taylor Woodrow 2	Casita	Homeowner		2	6/12/02	2.426	0.143	\$614,611	\$614,611	
26922181	14064/14307	118	Taylor Woodrow 2	Casita	Homeowner		2	6/12/02	2.426	0.146	\$673,765	\$673,765	
26922129	14064/14307	127	Taylor Woodrow 1	Casita	Homeowner		3	05/09/02	2.933	0.156	\$625,007	\$625,007	
26922157	14064/14307	128	Taylor Woodrow 1	Casita	Homeowner		3	05/09/02	2.933	0.161	\$599,610	\$599,610	
26922158	14064/14307	129	Taylor Woodrow 1	Casita	Homeowner		3	05/09/02	2.933	0.154	\$634,921	\$634,921	
26922159	14064/14307	131	Taylor Woodrow 1	Casita	Homeowner		3	05/09/02	2.933	0.187	\$637,222	\$637,222	
26922160	14064/14307	131	Taylor Woodrow 1	Casita	Homeowner		3	05/09/02	2.933	0.162	\$669,294	\$669,294	
26922161	14064/14307	132	Taylor Woodrow 1	Casita	Homeowner		3	05/09/02	2.933	0.179	\$716,339	\$716,339	
26922162	14064/14307	133	Taylor Woodrow 1	Casita	Homeowner		2	05/09/02	2.426	0.148	\$674,857	\$674,857	
26922163	14064/14307	134	Taylor Woodrow 1	Casita	Homeowner		3	05/09/02	2.933	0.173	\$747,556	\$747,556	
26922137	14064/14307	135	Taylor Woodrow 1	Casita	Homeowner		2	05/09/02	2.426	0.190	\$699,163	\$699,163	
26922138	14064/14307	136	Taylor Woodrow 1	Casita	Homeowner		3	05/09/02	2.933	0.154	\$690,342	\$690,342	
26922139	14064/14307	137	Taylor Woodrow 1	Casita	Homeowner		3	05/09/02	2.933	0.156	\$767,335	\$767,335	
26922140	14064/14307	138	Taylor Woodrow 1	Casita	Homeowner		2	05/09/02	2.426	0.157	\$703,922	\$703,922	
26922164	14064/14307	139	Taylor Woodrow 1	Casita	Homeowner		3	05/09/02	2.933	0.150	\$705,870	\$705,870	
26922165	14064/14307	140	Taylor Woodrow 1	Casita	Homeowner		2	05/09/02	2.426	0.187	\$865,026	\$865,026	



**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE, APPROVAL AND REVISIONS THRU 9/11/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
26922070	14064/14307	141	Taylor Woodrow 1	Casita	Homeowner		3	2/13/02	2,933	0.168	\$774,325	\$774,325	
26922071	14064/14307	142	Taylor Woodrow 1	Casita	Homeowner		2	2/13/02	2,426	0.173	\$670,389	\$670,389	
26922035	14064/14307	143	Taylor Woodrow 1	Casita	Homeowner		3	12/3/01	2,933	0.165	\$721,616	\$721,616	
26922072	14064/14307	144	Taylor Woodrow 1	Casita	Homeowner		2	12/3/01	2,426	0.161	\$714,657	\$714,657	
26922037	14064/14307	145	Taylor Woodrow 1	Casita	Homeowner		2	12/3/01	2,426	0.155	\$717,878	\$717,878	
26922073	14064/14307	146	Taylor Woodrow 1	Casita	Homeowner		3	12/3/01	2,933	0.155	\$781,138	\$781,138	
26922039	14064/14307	147	Taylor Woodrow 1	Casita	Homeowner		2	12/3/01	2,426	0.144	\$695,731	\$695,731	
26922074	14064/14307	148	Taylor Woodrow 1	Casita	Homeowner		3	12/3/01	2,933	0.177	\$707,576	\$707,576	
26922201	14064/14307	149	Taylor Woodrow 1	Casita	Homeowner		3	06/28/02	2,933	0.162	\$736,858	\$736,858	
26922246	14064/14307	150	Taylor Woodrow 1	Casita	Homeowner		2	06/28/02	2,426	0.178	\$685,748	\$685,748	
26922203	14064/14307	151	Taylor Woodrow 1	Casita	Homeowner		3	06/28/02	2,933	0.157	\$649,001	\$649,001	
26922204	14064/14307	152	Taylor Woodrow 1	Casita	Homeowner		3	9/12/02	2,933	0.170	\$788,282	\$788,282	
26922205	14064/14307	153	Taylor Woodrow 1	Casita	Homeowner		2	9/12/02	2,426	0.181	\$695,071	\$695,071	
26922206	14064/14307	154	Taylor Woodrow 1	Casita	Homeowner		2	9/12/02	2,426	0.184	\$727,969	\$727,969	
26922247	14064/14307	155	Taylor Woodrow 1	Casita	Homeowner		2	9/12/02	2,426	0.152	\$729,550	\$729,550	
26922248	14064/14307	156	Taylor Woodrow 1	Casita	Homeowner		3	12/3/02	2,933	0.158	\$686,046	\$686,046	
26922209	14064/14307	157	Taylor Woodrow 1	Casita	Homeowner		3	12/3/02	2,933	0.167	\$745,804	\$745,804	
26922210	14064/14307	158	Taylor Woodrow 1	Casita	Homeowner		2	12/3/02	2,426	0.152	\$675,750	\$675,750	
26922211	14064/14307	159	Taylor Woodrow 1	Casita	Homeowner		3	12/3/02	2,933	0.154	\$771,232	\$771,232	
26922249	14064/14307	160	Taylor Woodrow 1	Casita	Homeowner		3	2/22/01	2,933	0.181	\$887,300	\$887,300	
26922250	14064/14307	161	Taylor Woodrow 1	Casita	Homeowner		2	2/22/01	2,426	0.175	\$856,500	\$856,500	
26922214	14064/14307	162	Taylor Woodrow 1	Casita	Homeowner		2	2/22/01	2,426	0.159	\$867,500	\$867,500	
			Count	80					Total	12.83	\$5,874,886	\$5,874,886	

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/17/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takodwm)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
26924114	14497	7		Church						5.916			
30307042	18925	P1		Church	Homeowner					5.643	\$2,560,000		\$2,560,000
30312405	14065/14308	131		City Open Space						14.807			
30312009	14065/14308	149		City Open Space						3.803			
	99			Clubhouse						7.500			
	99			Clubhouse						7.560			
									Total	45.23	2,560,000		\$2,560,000
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
6782300700	98		Santaluz	Cluster SFD			2						
26923314	14064/14307	204	Count 46	46									
			Santaluz	Community Center						5.275	\$8,722,897	\$8,722,897	
	98			Community park						40.400			
30315001	14231	1	Davidson	Court Homes			6			0.266	\$330,000		\$330,000
30315002	14231	2	Davidson	Court Homes			5			0.253	\$330,000		\$330,000
30315003	14231	3	Davidson	Court Homes			6			0.245	\$330,000		\$330,000
30315004	14231	4	Davidson	Court Homes			5			0.295	\$330,000		\$330,000
30315005	14231	5	Davidson	Court Homes			5			0.316	\$330,000		\$330,000
30315006	14231	6	Davidson	Court Homes			6			0.317	\$330,000		\$330,000
30315007	14231	7	Davidson	Court Homes			5			0.253	\$330,000		\$330,000
30315008	14231	8	Davidson	Court Homes			5			0.271	\$330,000		\$330,000
30315009	14231	9	Davidson	Court Homes			6			0.221	\$330,000		\$330,000
30315010	14231	10	Davidson	Court Homes			5			0.840	\$330,000		\$330,000
30315011	14231	11	Davidson	Court Homes			5			0.241	\$330,000		\$330,000
30315012	14231	12	Davidson	Court Homes			6			0.293	\$330,000		\$330,000
30315013	14231	13	Davidson	Court Homes			5			0.264	\$330,000		\$330,000
30315014	14231	14	Davidson	Court Homes			5			0.220	\$330,000		\$330,000
30315015	14231	15	Davidson	Court Homes			6			0.235	\$330,000		\$330,000
30315016	14231	16	Davidson	Court Homes			5			0.198	\$330,000		\$330,000
30315017	14231	17	Davidson	Court Homes			5			0.212	\$330,000		\$330,000
30315018	14231	18	Davidson	Court Homes			6			0.225	\$330,000		\$330,000
30315019	14231	19	Davidson	Court Homes			6	7/15/03	5,150	0.237	\$728,333	\$728,333	
30315020	14231	20	Davidson	Court Homes			6	7/15/03	5,150	0.314	\$728,333	\$728,333	
30315021	14231	21	Davidson	Court Homes			8	7/15/03	6,119	0.431	\$728,333	\$728,333	
30315022	14231	22	Davidson	Court Homes			5			0.455	\$330,000		\$330,000
30315023	14231	23	Davidson	Court Homes			5			0.512	\$330,000		\$330,000
30315024	14231	24	Davidson	Court Homes			6			0.229	\$330,000		\$330,000
30315101	14231	25	Davidson	Court Homes			6	6/9/03	5,150	0.215	\$330,000	\$330,000	
30315102	14231	26	Davidson	Court Homes			8	6/9/03	6,119	0.242	\$330,000	\$330,000	
30315103	14231	27	Davidson	Court Homes			6	6/9/03	5,150	0.211	\$330,000	\$330,000	
30315104	14231	28	Davidson	Court Homes			8	6/9/03	6,119	0.228	\$330,000	\$330,000	

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003**  
 September 30, 2003

APN	Per Final Map		Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
	Tract	Lot											
30315105	14231	29	Davidson	Court Homes			8	6/9/03	6,119	0.407	\$330,000	\$330,000	
30315106	14231	30	Davidson	Court Homes			6	6/9/03	5,150	0.231	\$330,000	\$330,000	
30315107	14231	31	Davidson	Court Homes			6	6/9/03	5,150	0.325	\$330,000	\$330,000	
30315108	14231	32	Davidson	Court Homes			6	6/9/03	5,150	0.207	\$330,000	\$330,000	
30315109	14231	33	Davidson	Court Homes			8	6/9/03	6,119	0.268	\$330,000	\$330,000	
30315110	14231	34	Davidson	Court Homes			6	6/9/03	5,150	0.259	\$330,000	\$330,000	
30315111	14231	35	Davidson	Court Homes			8	6/9/03	6,119	0.336	\$330,000	\$330,000	
30315112	14231	36	Davidson	Court Homes			8	6/9/03	6,119	0.238	\$330,000	\$330,000	
30315113	14231	37	Davidson	Court Homes			6	6/9/03	5,150	0.187	\$330,000	\$330,000	
30315114	14231	38	Davidson	Court Homes			6	10/13/03	5,150	0.208	\$330,000	\$330,000	
30315115	14231	39	Davidson	Court Homes			6	10/13/03	5,150	0.202	\$330,000	\$330,000	
30315116	14231	40	Davidson	Court Homes			8	10/13/03	6,119	0.247	\$330,000	\$330,000	
30315117	14231	41	Davidson	Court Homes			6	10/13/03	5,150	0.238	\$330,000	\$330,000	
30315118	14231	42	Davidson	Court Homes			6	10/13/03	5,150	0.268	\$330,000	\$330,000	
30315119	14231	43	Davidson	Court Homes			8	10/13/03	6,119	0.257	\$330,000	\$330,000	
30315120	14231	44	Davidson	Court Homes			8	10/13/03	6,119	0.257	\$330,000	\$330,000	
30315121	14231	45	Davidson	Court Homes			8	10/13/03	6,119	0.338	\$330,000	\$330,000	
30315122	14231	46	Davidson	Court Homes			5			0.369	\$330,000	\$330,000	
30315123	14231	47	Davidson	Court Homes			6			0.279	\$330,000	\$330,000	
30315124	14231	48	Davidson	Court Homes			5			0.257	\$330,000	\$330,000	
30315125	14231	49	Davidson	Court Homes			5			0.251	\$330,000	\$330,000	
30315126	14231	50	Davidson	Court Homes			6			0.623	\$330,000	\$330,000	
30315127	14231	51	Davidson	Court Homes			5			0.319	\$330,000	\$330,000	
30315128	14231	52	Davidson	Court Homes			5			0.300	\$330,000	\$330,000	
30315129	14231	53	Davidson	Court Homes			6			0.218	\$330,000	\$330,000	
30315130	14231	54	Davidson	Court Homes			5			0.219	\$330,000	\$330,000	
30315131	14231	55	Davidson	Court Homes			5			0.219	\$330,000	\$330,000	
30315132	14231	56	Davidson	Court Homes			5			0.225	\$330,000	\$330,000	
30315133	14231	57	Davidson	Court Homes			5			0.252	\$330,000	\$330,000	
30315134	14231	58	Davidson	Court Homes			6			0.272	\$330,000	\$330,000	
30315135	14231	59	Davidson	Court Homes			5			0.333	\$330,000	\$330,000	
30315136	14231	60	Davidson	Court Homes			5			0.370	\$330,000	\$330,000	
30315137	14231	61	Davidson	Court Homes			5			0.412	\$330,000	\$330,000	
30315138	14231	62	Davidson	Court Homes			5			0.327	\$330,000	\$330,000	
30315139	14231	63	Davidson	Court Homes			6			0.299	\$330,000	\$330,000	
30315140	14231	64	Davidson	Court Homes			5			0.262	\$330,000	\$330,000	
30315141	14231	65	Davidson	Court Homes			5			0.239	\$330,000	\$330,000	
30315142	14231	66	Davidson	Court Homes			6	10/13/03	5,150	0.240	\$330,000	\$330,000	
30315143	14231	67	Davidson	Court Homes			8	10/13/03	6,119	0.256	\$330,000	\$330,000	
30315144	14231	68	Davidson	Court Homes			6	10/13/03	5,150	0.240	\$330,000	\$330,000	
30315145	14231	69	Davidson	Court Homes			8	10/13/03	6,119	0.256	\$330,000	\$330,000	

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Take-down)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30315146	14231	70	Davidson	Court Homes			6	10/13/03	5,150	0.258	\$330,000		\$330,000
30315147	14231	71	Davidson	Court Homes			8	10/13/03	5,119	0.303	\$330,000		\$330,000
			Count	71					Total	20.16	\$24,825,000	\$6,475,000	\$16,150,000
26925001	14255	1	Santaluz	Custom Northern Lights	Homeowner		13			1.497	\$750,000		\$750,000
26925002	14255	2	Santaluz	Custom Northern Lights	Homeowner		13			1.766	\$700,000		\$700,000
26925003	14255	3	Santaluz	Custom Northern Lights	Homeowner		13			1.721	\$675,000		\$675,000
26925004	14255	4	Santaluz	Custom Northern Lights	Homeowner		13			1.432	\$640,000		\$640,000
26925005	14255	5	Santaluz	Custom Northern Lights	Homeowner		13			1.346	\$615,000		\$615,000
26925101	14255	6	Santaluz	Custom Northern Lights	Homeowner		13			1.343	\$600,000		\$600,000
26925102	14255	7	Santaluz	Custom Northern Lights	Homeowner		13			1.492	\$570,000		\$570,000
26925103	14255	8	Santaluz	Custom Northern Lights	Homeowner		13			1.546	\$570,000		\$570,000
26925104	14255	9	Santaluz	Custom Northern Lights	Homeowner		13			1.215	\$550,000		\$550,000
26925105	14255	10	Santaluz	Custom Northern Lights	Homeowner		13			1.561	\$570,000		\$570,000
26925106	14255	11	Santaluz	Custom Northern Lights	Homeowner		13			1.691	\$595,000		\$595,000
26925107	14255	12	Kirkegaard	Custom Northern Lights	Homeowner		13	12/5/01	9,428	1.562	\$685,000		\$685,000
26925108	14255	13	McBride	Custom Northern Lights	Homeowner		13	7/23/03	9,428	1.862	\$681,027	\$681,027	\$585,000
26925109	14255	14	Santaluz	Custom Northern Lights	Homeowner		13			1.052	\$560,000		\$560,000
26925110	14255	15	Santaluz	Custom Northern Lights	Homeowner		13			1.080	\$602,759	\$602,759	\$595,000
26925111	14255	16	Hight	Custom Northern Lights	Homeowner		13	6/4/03	9,428	1.473	\$595,000		\$595,000
26925006	14255	17	Sherkey	Custom Northern Lights	Homeowner		13	7/15/02	9,428	1.562	\$871,444	\$871,444	\$700,000
26925007	14255	18	Santaluz	Custom Northern Lights	Homeowner		13	7/16/03	9,428	1.770	\$700,000		\$700,000
26925008	14255	19	Santaluz	Custom Northern Lights	Homeowner		13			1.809	\$750,000		\$750,000
26925009	14255	20	Santaluz	Custom Northern Lights	Homeowner		13			1.985	\$1,000,000		\$1,000,000
26925010	14255	21	Santaluz	Custom Northern Lights	Homeowner		13	9/1/00	9,428	1.931	\$4,000,000	\$4,000,000	\$595,000
26925011	14255	22	Santaluz	Custom Northern Lights	Homeowner		13			1.879	\$595,000		\$595,000
26925012	14255	23	Santaluz	Custom Northern Lights	Homeowner		13			1.345	\$590,000		\$590,000
26925013	14255	24	Santaluz	Custom Northern Lights	Homeowner		13			1.047	\$615,000		\$615,000
26925014	14255	25	Santaluz	Custom Northern Lights	Homeowner		13			1.940	\$655,000		\$655,000
26925015	14255	26	Santaluz	Custom Northern Lights	Homeowner		13			0.988	\$655,000		\$655,000
26925016	14255	27	Santaluz	Custom Northern Lights	Homeowner		13			0.746	\$595,000		\$595,000
26925017	14255	28	Santaluz	Custom Northern Lights	Homeowner		13			0.836	\$595,000		\$595,000
26925018	14255	29	Santaluz	Custom Northern Lights	Homeowner		13			0.939	\$575,000		\$575,000
26926001	14296	1	Coons	Custom Northern Lights	Homeowner		13	7/30/02	9,428	1.241	\$745,000		\$745,000
26926002	14296	2	Gallin	Custom Northern Lights	Homeowner		13	7/30/02	9,428	1.518	\$610,000		\$610,000
26926003	14296	3	Gallin	Custom Northern Lights	Homeowner	Artisan	13	7/17/02	9,428	1.203	\$565,000		\$565,000
26926004	14296	4	Gallin	Custom Northern Lights	Homeowner	Artisan	13	7/17/02	9,428	1.247	\$540,000		\$540,000
26926005	14296	5	Gallin	Custom Northern Lights	Homeowner	Artisan	13	7/17/02	9,428	1.502	\$475,000		\$475,000
26926006	14296	6	Gallin	Custom Northern Lights	Homeowner	Artisan	13	7/17/02	9,428	1.382	\$495,000		\$495,000
26926007	14296	7	Luethig	Custom Northern Lights	Homeowner		13	9/25/02	9,428	1.374	\$495,000		\$495,000
26926008	14296	8	Santos	Custom Northern Lights	Homeowner		13	10/4/02	9,428	1.744	\$480,000		\$480,000
26926009	14296	9	Watanabe	Custom Northern Lights	Homeowner		13	8/20/02	9,428	1.640	\$460,000		\$460,000
										1.161	\$520,000		\$520,000

SANTALUZ													
SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/17/2003													
September 30, 2003													
APN	Per Final Map		Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artsian Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
	Tract	Lot											
26926010	14296	10	Rossworn	Custom Northern Lights	Homeowner	Artsian	13	12/9/02	9,428	1.766	\$693,106		\$693,106
26926011	14296	11	Barrack	Custom Northern Lights	Homeowner		13	9/11/02	9,428	1.186	\$620,000		\$620,000
26926012	14296	12	Rippe	Custom Northern Lights	Homeowner	Artsian	13	9/25/02	9,428	1.308	\$670,000		\$670,000
26926013	14296	13	Smith	Custom Northern Lights	Homeowner		13	5/2/03	9,428	1.176	\$730,000		\$730,000
26926014	14296	14	Torino	Custom Northern Lights	Homeowner		13	6/11/03	9,428	1.091	\$660,000		\$660,000
26926101	14296	15	Torino	Custom Northern Lights	Homeowner	Artsian	13	1/15/03	9,428	1.796	\$615,000		\$615,000
26926102	14296	16	Pierce	Custom Northern Lights	Homeowner		13	3/31/03	9,428	1.279	\$590,000		\$590,000
26926103	14296	17	Santaluz	Custom Northern Lights	Homeowner		13				\$615,000		\$615,000
26926104	14296	18	Santaluz	Custom Northern Lights	Homeowner		13				\$615,000		\$615,000
26926105	14296	19	Boshears	Custom Northern Lights	Homeowner		13				\$615,000		\$615,000
26926106	14296	20	De La Fuente	Custom Northern Lights	Homeowner		13	1/10/03	9,428	1.330	\$615,000		\$615,000
26926107	14296	21	De La Fuente	Custom Northern Lights	Homeowner	Artsian	13	12/10/02	9,428	1.810	\$75,000		\$75,000
26926108	14296	22	Sodal	Custom Northern Lights	Homeowner	Artsian	13	12/10/02	9,428	2.581	\$475,000		\$475,000
26926109	14296	23	Santaluz	Custom Northern Lights	Homeowner		13	11/22/02	9,428	1.851	\$495,000		\$495,000
26926110	14296	24	Rippe	Custom Northern Lights	Homeowner		13				\$600,000		\$600,000
26926111	14296	25	Santaluz	Custom Northern Lights	Homeowner		13				\$680,000		\$680,000
26926112	14296	26	Santaluz	Custom Northern Lights	Homeowner	Artsian	13	12/27/02	9,428	1.728	\$680,000		\$680,000
26926113	14296	27	De La Fuente	Custom Northern Lights	Homeowner	Artsian	13				\$840,000		\$840,000
	14296	35F	Santaluz	Custom Northern Lights	Homeowner		13				\$695,000		\$695,000
26927001	14297	1	Santaluz	Custom Northern Lights	Homeowner		13				\$725,000		\$725,000
26927002	14297	2	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927003	14297	3	Santaluz	Custom Northern Lights	Homeowner		13				\$900,000		\$900,000
26927004	14297	4	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927005	14297	5	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927006	14297	6	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927007	14297	7	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927008	14297	8	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927009	14297	9	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927010	14297	10	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927011	14297	11	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927012	14297	12	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927013	14297	13	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927014	14297	14	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927015	14297	15	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927016	14297	16	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927017	14297	17	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927018	14297	18	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927019	14297	19	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927020	14297	20	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000
26927021	14297	21	Santaluz	Custom Northern Lights	Homeowner		13				\$710,000		\$710,000

SANTALUZ													
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003													
September 30, 2003													
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
26927022	14297	22	Santaluz	Custom Northern Lights	Homeowner		13			1.625	\$700,000		\$700,000
26927023	14297	23	Santaluz	Custom Northern Lights	Homeowner		13			1.374	\$835,000		\$835,000
26927024	14297	24	Santaluz	Custom Northern Lights	Homeowner		13			1.052	\$590,000		\$590,000
26927025	14297	25	Santaluz	Custom Northern Lights	Homeowner		13			1.368	\$635,000		\$635,000
26928001	14339	1	Santaluz	Custom Northern Lights	Homeowner		13			4.504	\$1,300,000		\$1,300,000
26928002	14339	2	Santaluz	Custom Northern Lights	Homeowner		13			3.353	\$1,050,000		\$1,050,000
26928003	14339	3	Santaluz	Custom Northern Lights	Homeowner		13			1.929	\$725,000		\$725,000
26928004	14339	4	Santaluz	Custom Northern Lights	Homeowner		13			0.994	\$725,000		\$725,000
26928005	14339	5	Santaluz	Custom Northern Lights	Homeowner		13			1.181	\$725,000		\$725,000
26928006	14339	6	Santaluz	Custom Northern Lights	Homeowner		13			1.014	\$745,000		\$745,000
26928007	14339	7	Santaluz	Custom Northern Lights	Homeowner		13			2.330	\$745,000		\$745,000
26928008	14339	8	Santaluz	Custom Northern Lights	Homeowner		13			0.830	\$615,000		\$615,000
26928009	14339	9	Santaluz	Custom Northern Lights	Homeowner		13			1.434	\$675,000		\$675,000
26928010	14339	10	Santaluz	Custom Northern Lights	Homeowner		13			0.723	\$635,000		\$635,000
26928011	14339	11	Santaluz	Custom Northern Lights	Homeowner		13			0.983	\$655,000		\$655,000
26928012	14339	12	Santaluz	Custom Northern Lights	Homeowner		13			1.028	\$855,000		\$855,000
26928013	14339	13	Santaluz	Custom Northern Lights	Homeowner		13			1.046	\$655,000		\$655,000
26928014	14339	14	Santaluz	Custom Northern Lights	Homeowner		13			13.027	\$655,000		\$655,000
26928015	14339	15	Santaluz	Custom Northern Lights	Homeowner		13			1.503	\$655,000		\$655,000
26928016	14339	16	Santaluz	Custom Northern Lights	Homeowner		13			1.000	\$590,000		\$590,000
26928017	14339	17	Santaluz	Custom Northern Lights	Homeowner		13			0.768	\$675,000		\$675,000
26928018	14339	18	Santaluz	Custom Northern Lights	Homeowner		13			1.200	\$655,000		\$655,000
26928019	14339	19	Santaluz	Custom Northern Lights	Homeowner		13			1.600	\$725,000		\$725,000
26928020	14339	20	Santaluz	Custom Northern Lights	Homeowner		13				\$725,000		\$725,000
26928021	14339	21	Santaluz	Custom Northern Lights	Homeowner		13				\$640,000		\$640,000
26928022	14339	22	Santaluz	Custom Northern Lights	Homeowner		13				\$640,000		\$640,000
26928023	14339	23	Santaluz	Custom Northern Lights	Homeowner		13				\$745,000		\$745,000
26928024	14339	24	Santaluz	Custom Northern Lights	Homeowner		13				\$900,000		\$900,000
26928025	14339	25	Santaluz	Custom Northern Lights	Homeowner		13				\$900,000		\$900,000
26928026	14339	26	Santaluz	Custom Northern Lights	Homeowner		13				\$74,293,336	\$8,155,230	\$88,136,108
26924112	14497	5	83	Day Care Center				28					
26924005	14179	2		Elementary School									
30313046	14096	E		Fire Station									
30314001	14097	1	D.R. Horton	Garden Homes	Homeowner		5	11/29/01	4,353	0.313	\$690,950	\$690,950	
30314002	14097	2	D.R. Horton	Garden Homes	Homeowner		6	11/29/01	5,150	0.232	\$730,270	\$730,270	
30314003	14097	3	D.R. Horton	Garden Homes	Homeowner		5	11/29/01	4,353	0.268	\$701,515	\$701,515	
30314004	14097	4	D.R. Horton	Garden Homes	Homeowner		6	11/29/01	5,150	0.306	\$740,575	\$740,575	
<b>Total</b>											<b>\$74,293,336</b>	<b>\$8,155,230</b>	<b>\$88,136,108</b>

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003**  
 September 30, 2003

APN	Par Final Map		Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
	Tract	Lot											
30314005	14097	5	D.R. Horton	Garden Homes	Homeowner		6	11/29/01	5.150	0.340	\$787,300	\$787,300	
30314006	14097	6	D.R. Horton	Garden Homes	Homeowner		6	16/03	5.150	0.210	\$757,990	\$757,990	
30314007	14097	7	D.R. Horton	Garden Homes	Homeowner		5	16/03	4.353	0.271	\$734,990	\$734,990	
30314008	14097	8	D.R. Horton	Garden Homes	Homeowner		5	16/03	4.353	0.225	\$764,990	\$764,990	
30314009	14097	9	D.R. Horton	Garden Homes	Homeowner		5	11/29/01	4.353	0.212	\$678,990	\$678,990	
30314010	14097	10	D.R. Horton	Garden Homes	Homeowner		6	11/29/01	5.150	0.277	\$777,990	\$777,990	
30314011	14097	11	D.R. Horton	Garden Homes	Homeowner		5	11/29/01	4.353	0.171	\$715,990	\$715,990	
30314012	14097	12	D.R. Horton	Garden Homes	Homeowner		6	11/29/01	5.150	0.171	\$748,990	\$748,990	
30314013	14097	13	D.R. Horton	Garden Homes	Homeowner		5	11/29/01	4.353	0.388	\$699,990	\$699,990	
30314014	14097	14	D.R. Horton	Garden Homes	Homeowner		6	11/29/01	5.150	0.236	\$811,745	\$811,745	
30314015	14097	15	D.R. Horton	Garden Homes	Homeowner		6	11/29/01	5.150	0.168	\$708,990	\$708,990	
30314016	14097	16	D.R. Horton	Garden Homes	Homeowner		6	11/29/01	5.150	0.168	\$710,000	\$710,000	
30314017	14097	17	D.R. Horton	Garden Homes	Homeowner		6	11/29/01	5.150	0.185	\$689,990	\$689,990	
30314018	14097	18	D.R. Horton	Garden Homes	Homeowner		6	11/29/01	5.150	0.190	\$714,025	\$714,025	
30314019	14097	19	D.R. Horton	Garden Homes	Homeowner		6	11/29/01	5.150	0.166	\$698,990	\$698,990	
30314020	14097	20	D.R. Horton	Garden Homes	Homeowner		6	11/29/01	5.150	0.214	\$669,990	\$669,990	
30314021	14097	21	D.R. Horton	Garden Homes	Homeowner		5	11/29/01	4.353	0.205	\$407,500	\$407,500	
30314022	14097	22	D.R. Horton	Garden Homes	Homeowner		6	16/03	5.150	0.211	\$407,500	\$407,500	
30314023	14097	23	D.R. Horton	Garden Homes	Homeowner		6	16/03	5.150	0.168	\$407,500	\$407,500	
30314024	14097	24	D.R. Horton	Garden Homes	Homeowner		5	16/03	4.353	0.196	\$407,500	\$407,500	
30314025	14097	25	D.R. Horton	Garden Homes	Homeowner		5	16/03	4.353	0.191	\$407,500	\$407,500	
30314026	14097	26	D.R. Horton	Garden Homes	Homeowner		6	16/03	5.150	0.315	\$407,500	\$407,500	
30314027	14097	27	D.R. Horton	Garden Homes	Homeowner		6	16/03	5.150	0.375	\$407,500	\$407,500	
30314028	14097	28	D.R. Horton	Garden Homes	Homeowner		5	10/2/01	4.353	0.268	\$839,000	\$839,000	
30314029	14097	29	D.R. Horton	Garden Homes	Homeowner		6	10/2/01	5.150	0.192	\$849,000	\$849,000	
30314030	14097	30	D.R. Horton	Garden Homes	Homeowner		6	10/2/01	5.150	0.191	\$929,000	\$929,000	
30314031	14097	31	D.R. Horton	Garden Homes	Homeowner		6	10/2/01	5.150	0.185	\$869,000	\$869,000	
30314032	14097	32	D.R. Horton	Garden Homes	Homeowner		5	16/03	4.353	0.259	\$407,500	\$407,500	
30314033	14097	33	D.R. Horton	Garden Homes	Homeowner		6	11/29/01	5.150	0.247	\$848,890	\$848,890	
30314034	14097	34	D.R. Horton	Garden Homes	Homeowner		6	11/29/01	5.150	0.246	\$760,701	\$760,701	
30314035	14097	35	D.R. Horton	Garden Homes	Homeowner		5	11/29/01	4.353	0.246	\$681,883	\$681,883	
30314036	14097	36	D.R. Horton	Garden Homes	Homeowner		6	11/29/01	5.150	0.172	\$778,048	\$778,048	
30314037	14097	37	D.R. Horton	Garden Homes	Homeowner		6	11/29/01	5.150	0.192	\$789,890	\$789,890	
30314101	14097	38	D.R. Horton	Garden Homes	Homeowner		5	6/28/02	4.353	0.213	\$760,156	\$760,156	
30314102	14097	39	D.R. Horton	Garden Homes	Homeowner		5	6/28/02	4.353	0.214	\$701,775	\$701,775	
30314103	14097	40	D.R. Horton	Garden Homes	Homeowner		5	6/28/02	4.353	0.229	\$695,990	\$695,990	
30314104	14097	41	D.R. Horton	Garden Homes	Homeowner		6	6/28/02	5.150	0.232	\$728,775	\$728,775	
30314105	14097	42	D.R. Horton	Garden Homes	Homeowner		6	6/28/02	5.150	0.267	\$728,990	\$728,990	
30314106	14097	43	D.R. Horton	Garden Homes	Homeowner		5	6/28/02	4.353	0.329	\$691,048	\$691,048	
30314107	14097	44	D.R. Horton	Garden Homes	Homeowner		6	6/28/02	5.150	0.297	\$834,512	\$834,512	
30314108	14097	45	D.R. Horton	Garden Homes	Homeowner		6	6/28/02	5.150	0.232	\$733,990	\$733,990	



**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Airlean Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30314109	14097	46	D.R. Horton	Garden Homes	Homeowner		6	6/28/02	5,150	0.342	\$741,901	\$741,901	
30314110	14097	47	D.R. Horton	Garden Homes	Homeowner		6	6/28/02	5,150	0.304	\$765,521	\$765,521	
30314111	14097	48	D.R. Horton	Garden Homes	Homeowner		6	6/28/02	5,150	0.425	\$729,655	\$729,655	
30314112	14097	49	D.R. Horton	Garden Homes	Homeowner		6	6/28/02	5,150	0.316	\$743,977	\$743,977	
30314113	14097	50	D.R. Horton	Garden Homes	Homeowner		5	6/28/02	4,353	0.185	\$700,990	\$700,990	
30314114	14097	51	D.R. Horton	Garden Homes	Homeowner		6	6/28/02	5,150	0.193	\$800,510	\$800,510	
30314115	14097	52	D.R. Horton	Garden Homes	Homeowner		5	6/28/02	4,353	0.243	\$635,715	\$635,715	
30314201	14097	53	D.R. Horton	Garden Homes	Homeowner		6	1/6/03	5,150	0.325	\$622,500	\$622,500	
30314202	14097	54	D.R. Horton	Garden Homes	Homeowner		6	1/6/03	5,150	0.277	\$582,500	\$582,500	
30314203	14097	55	D.R. Horton	Garden Homes	Homeowner		6	1/6/03	5,150	0.249	\$582,500	\$582,500	
30314204	14097	56	D.R. Horton	Garden Homes	Homeowner		6	1/6/03	5,150	0.424	\$622,500	\$622,500	
30314205	14097	57	D.R. Horton	Garden Homes	Homeowner		5	1/6/03	4,353	0.323	\$622,500	\$622,500	
30314206	14097	58	D.R. Horton	Garden Homes	Homeowner		6	1/6/03	5,150	0.187	\$622,500	\$622,500	
30314207	14097	59	D.R. Horton	Garden Homes	Homeowner		6	1/6/03	5,150	0.276	\$622,500	\$622,500	
30314208	14097	60	D.R. Horton	Garden Homes	Homeowner		6	1/6/03	5,150	0.398	\$622,500	\$622,500	
30314209	14097	61	D.R. Horton	Garden Homes	Homeowner		5	1/6/03	4,353	0.283	\$622,500	\$622,500	
30314215	14097	62	D.R. Horton	Garden Homes	Homeowner		6	1/6/03	5,150	0.374	\$622,500	\$622,500	
30314216	14097	63	D.R. Horton	Garden Homes	Homeowner		6	1/6/03	5,150	0.373	\$622,500	\$622,500	
			<b>Count</b>	<b>63</b>					<b>Total</b>	<b>16.08</b>	<b>\$42,540,917</b>	<b>\$42,540,917</b>	
26913113	19050	3		Golf						0.100			
26923305	14064/14307	256		Golf						5.289			
26923307/26923308	14064/14307	259		Golf						22.290			
26923309	14064/14307	260		Golf						12.892			
26923310	14064/14307	261		Golf						19.883			
26923311	14064/14307	262		Golf						37.694			
26923205	14064/14307	265		Golf						7.609			
26923315/26923316	14064/14307	266		Golf						22.842			
26923313	14064/14307	263	Santaluz	Golf Clubhouse						10.082	\$7,790,101	\$7,790,101	
		99								291.020			
30317602	14223	103	Santaluz	Golf Course						11.176			
30317603	14223	104	Santaluz	Golf Course						16.647			
30317604	14223	105	Santaluz	Golf Course						25.261			
30317605	14223	106	Santaluz	Golf Course						15.631			
30318008	14276	133		Golf Course						38.578			
30318009	14276	134		Golf Course						14.436			
26929007	14858	52		Golf Course						1.587			
30312406	14065/14308	132		Golf Course						15.251			
26923306	14064/14307	258	Santaluz	Golf Maintenance Facility						6.225	\$2,709,947	\$2,709,947	
26921115	14064/14307	57	Centex 1	Hacienda Sur	Homeowner		5	8/16/02	4,353	0.632	\$889,412	\$889,412	
26921116	14064/14307	58	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.453	\$1,036,515	\$1,036,515	
26921117	14064/14307	59	Centex 1	Hacienda Sur	Homeowner		5	8/16/02	4,353	0.531	\$950,450	\$950,450	
26921118	14064/14307	60	Centex 1	Hacienda Sur	Homeowner		5	8/16/02	4,353	0.417	\$982,462	\$982,462	

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Take-down)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
26921119	14065/14308	81	Centex 1	Hacienda Sur	Homeowner		5	8/16/02	4,353	0.552	\$964,047	\$964,047	
26921120	14065/14308	62	Centex 1	Hacienda Sur	Homeowner		5	8/16/02	4,353	0.343	\$1,059,687	\$1,059,687	
30311001	14065/14308	1	Centex 2	Hacienda Sur	Homeowner		5	3/14/01	4,353	0.498	\$824,390	\$824,390	
30311002	14065/14308	2	Centex 2	Hacienda Sur	Homeowner		5	3/14/01	4,353	0.534	\$734,256	\$734,256	
30311003	14065/14308	3	Centex 2	Hacienda Sur	Homeowner		5	3/14/01	4,353	0.450	\$857,637	\$857,637	
30311004	14065/14308	4	Centex 2	Hacienda Sur	Homeowner		5	3/14/01	4,353	0.704	\$783,511	\$783,511	
30311005	14065/14308	5	Centex 2	Hacienda Sur	Homeowner		5	3/14/01	4,353	0.534	\$791,214	\$791,214	
30311006	14065/14308	6	Centex 2	Hacienda Sur	Homeowner		5	3/14/01	4,353	0.683	\$879,581	\$879,581	
30311007	14065/14308	7	Centex 2	Hacienda Sur	Homeowner		5	3/14/01	4,353	0.449	\$847,990	\$847,990	
30311008	14065/14308	8	Centex 2	Hacienda Sur	Homeowner		5	3/14/01	4,353	0.403	\$842,913	\$842,913	
30311009	14065/14308	9	Centex 2	Hacienda Sur	Homeowner		5	3/14/01	4,353	0.362	\$924,522	\$924,522	
30311010	14065/14308	10	Centex 2	Hacienda Sur	Homeowner		5	3/14/01	4,353	0.427	\$885,764	\$885,764	
30311011	14065/14308	23	Centex 1	Hacienda Sur	Homeowner		5	11/7/02	4,353	0.579	\$929,224	\$929,224	
30311012	14065/14308	24	Centex 1	Hacienda Sur	Homeowner		5	11/7/02	4,353	0.815	\$973,187	\$973,187	
30311103	14065/14308	25	Centex 1	Hacienda Sur	Homeowner		5	11/7/02	4,353	0.792	\$1,040,886	\$1,040,886	
30311104	14065/14308	26	Centex 1	Hacienda Sur	Homeowner		5	11/7/02	4,353	0.667	\$900,427	\$900,427	
30311105	14065/14308	27	Centex 1	Hacienda Sur	Homeowner		5	11/7/02	4,353	0.678	\$1,052,366	\$1,052,366	
30311106	14065/14308	28	Centex 1	Hacienda Sur	Homeowner		5	11/7/02	4,353	0.886	\$1,020,355	\$1,020,355	
30311107	14065/14308	29	Centex 1	Hacienda Sur	Homeowner		5	11/7/02	4,353	0.408	\$1,076,243	\$1,076,243	
30311108	14065/14308	30	Centex 1	Hacienda Sur	Homeowner		5	3/14/01	4,353	0.839	\$1,330,000	\$1,330,000	
30311109	14065/14308	31	Centex 1	Hacienda Sur	Homeowner		5	3/14/01	4,353	0.398	\$1,251,857	\$1,251,857	
30311110	14065/14308	32	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.447	\$1,240,000	\$1,240,000	
30311402	14065/14308	47	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.945	\$806,414	\$806,414	
30311403	14065/14308	48	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.528	\$948,871	\$948,871	
30311404	14065/14308	49	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.504	\$900,419	\$900,419	
30311301	14065/14308	50	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.488	\$658,082	\$658,082	
30311302	14065/14308	51	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.556	\$864,444	\$864,444	
30311303	14065/14308	52	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.585	\$953,769	\$953,769	
30311304	14065/14308	53	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.542	\$888,583	\$888,583	
30311305	14065/14308	54	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.440	\$972,906	\$972,906	
30311306	14065/14308	55	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.610	\$787,198	\$787,198	
30311307	14065/14308	56	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.430	\$650,939	\$650,939	
30311308	14065/14308	57	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.687	\$864,431	\$864,431	
30311309	14065/14308	58	Centex 1	Hacienda Sur	Homeowner		5	3/29/02	4,353	0.449	\$820,858	\$820,858	
30311310	14065/14308	59	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.660	\$816,250	\$816,250	
30311311	14065/14308	60	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.659	\$910,955	\$910,955	
30311409	14065/14308	73	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.368	\$887,077	\$887,077	
30311418	14065/14308	82	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.597	\$882,603	\$882,603	
30311419	14065/14308	83	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.630	\$788,976	\$788,976	
30311420	14065/14308	84	Centex 1	Hacienda Sur	Homeowner		5	7/20/01	4,353	0.856	\$780,540	\$780,540	
30311421	14065/14308	85	Centex 1	Hacienda Sur	Homeowner		5	9/25/01	4,353	0.387	\$738,287	\$738,287	

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/12/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artsian Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30311422	14065/14308	86	Centex 1	Hacienda Sur	Homeowner		5	9/25/01	4.353	0.385	\$754,295	\$754,295	
30311423	14065/14308	87	Centex 1	Hacienda Sur	Homeowner		5	9/25/01	4.353	0.506	\$749,555	\$749,555	
30311424	14065/14308	88	Centex 1	Hacienda Sur	Homeowner		5	9/25/01	4.353	0.518	\$815,000	\$815,000	
30311425	14065/14308	89	Centex 1	Hacienda Sur	Homeowner		5	9/25/01	4.353	0.433	\$816,870	\$816,870	
30311426	14065/14308	90	Centex 1	Hacienda Sur	Homeowner		5	9/25/01	4.353	0.395	\$821,360	\$821,360	
			<b>Count</b>	<b>50</b>					<b>Total</b>	<b>27.24</b>	<b>\$45,357,408</b>	<b>\$45,357,408</b>	
	99			Hotel Site						19.520			
	5			Interim access drive									
	3			Middle School						17.040			
26924001	14179	1		Neighborhood Park						5.119			
26924115	14497	8	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$172,076	\$172,076	
26924115	14497	8	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$166,825	\$166,825	
26924115	14497	8	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$166,831	\$166,831	
26924115	14497	8	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$172,078	\$172,078	
26924115	14497	8	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$172,078	\$172,078	
26924115	14497	8	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$166,825	\$166,825	
26924115	14497	8	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$172,078	\$172,078	
26924115	14497	8	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$169,490	\$169,490	
26924115	14497	8	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$164,660	\$164,660	
26924115	14497	8	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$169,490	\$169,490	
26924115	14497	8	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$166,883	\$166,883	
26924115	14497	8	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$162,684	\$162,684	
26924115	14497	8	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$162,684	\$162,684	
26924115	14497	8	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$162,684	\$162,684	
26924115	14497	8	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$166,883	\$166,883	
26924115	14497	8	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$164,315	\$164,315	
26924115	14497	8	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$160,730	\$160,730	
26924115	14497	8	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$160,730	\$160,730	
26924115	14497	8	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$164,315	\$164,315	
26924115	14497	8	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$164,096	\$164,096	
26924115	14497	8	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$160,567	\$160,567	
26924115	14497	8	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$160,567	\$160,567	
26924115	14497	8	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$164,096	\$164,096	
26924115	14497	8	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$160,730	\$160,730	
26924115	14497	8	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$160,730	\$160,730	
26924115	14497	8	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$164,315	\$164,315	
26924115	14497	8	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$166,883	\$166,883	
26924115	14497	8	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$162,684	\$162,684	

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/11/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takdown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
26924115	14497	B	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$162,664	\$162,664	
26924115	14497	B	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$162,664	\$162,664	
26924115	14497	B	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$166,883	\$166,883	
26924115	14497	B	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$164,096	\$164,096	
26924115	14497	B	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$160,567	\$160,567	
26924115	14497	B	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$160,567	\$160,567	
26924115	14497	B	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$164,096	\$164,096	
26924115	14497	B	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$160,567	\$160,567	
26924115	14497	B	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$160,567	\$160,567	
26924115	14497	B	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$160,567	\$160,567	
26924115	14497	B	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$164,096	\$164,096	
26924115	14497	B	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$160,567	\$160,567	
26924115	14497	B	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$160,567	\$160,567	
26924115	14497	B	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$160,567	\$160,567	
26924115	14497	B	Olson	Olson Townhome			1	4/1/03	1,862	0.047	\$160,567	\$160,567	
26924115	14497	B	Olson	Olson Townhome			2	4/1/03	2,426	0.047	\$164,096	\$164,096	
			<b>Count</b>	<b>50</b>					<b>Total</b>	<b>2.35</b>	<b>\$8,208,554</b>	<b>\$8,206,554</b>	
	16			Open Space									
	18			Open Space									
	18			Open Space									
	20			Open Space									
30313043	14096	A		Open Space						0.431			
30313125	14096	F		Open Space						1.125			
30314117	14097	B		Open Space						5.566			
30314213	14097	C		Open Space						0.797			
30314118	14097	E		Open Space						0.077			
26924003	14179	a		Open Space						15.168			
26925027	14255	41		Open Space						24.354			
26926017	14296	32		Open Space						6.329			
26926116	14296	38		Open Space						22.249			
26926021	14296	43		Open Space						25.254			
26927026	14287	26		Open Space						24.402			
26927033	14297	33		Open Space						0.209			
30307043	18925	p2		Open Space						14.727			
30307044	18925	p3		Open Space						0.113			
26913108	19050	1		Open Space						96.79			
	89			Ownership retained by BMR LP						740.800			
26924110	14497	3		POA Offices						1.980			
30317211	14223	37	Taylor Woodrow 2	Posadas	Homeowner		9	6/24/02	7.631	0.921	\$1,382,452	\$1,382,452	
30317118	14223	42	Taylor Woodrow 3	Posadas	Homeowner		10	6/24/02	8.363	0.964	\$1,517,645	\$1,517,645	

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/11/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Take-down)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30317119	14223	43	Taylor Woodrow 3	Posadas	Homeowner		9	6/24/02	7.631	1.091	\$2,120,809	\$2,120,809	
30317120	14223	44	Taylor Woodrow 3	Posadas	Homeowner		10	6/24/02	8.363	1.073	\$2,143,527	\$2,143,527	
30317121	14223	45	Taylor Woodrow 3	Posadas	Homeowner		8	6/24/02	6.119	1.024	\$1,284,671	\$1,284,671	
30318209	14276	23	Taylor Woodrow 4	Posadas	Homeowner		10	10/17/02	8.363	1.801	\$2,090,658	\$2,090,658	
30318210	14276	24	Taylor Woodrow 4	Posadas	Homeowner		9	10/17/02	7.631	1.038	\$1,505,393	\$1,505,393	
30318215	14276	29	Taylor Woodrow 4	Posadas	Homeowner		8	2/25/03	6.119	1.367	\$1,269,793	\$1,269,793	
30318216	14276	30	Taylor Woodrow 4	Posadas	Homeowner		9	2/25/03	7.631	0.822	\$1,292,867	\$1,292,867	
30318301	14276	31	Taylor Woodrow 4	Posadas	Homeowner		10	2/25/03	8.363	0.981	\$1,300,823	\$1,300,823	
30318401	14276	60	Taylor Woodrow 3	Posadas	Homeowner		10	2/25/03	8.363	1.765	\$899,897	\$899,897	
30318406	14276	65	Taylor Woodrow 3	Posadas	Homeowner		10	2/25/03	8.363	2.129	\$1,133,707	\$1,133,707	
30318407	14276	66	Taylor Woodrow 3	Posadas	Homeowner		9	2/25/03	7.631	1.390	\$1,101,023	\$1,101,023	
30318408	14276	67	Taylor Woodrow 3	Posadas	Homeowner		10	2/25/03	8.363	1.537	\$1,130,129	\$1,130,129	
30318222	14276	87	Taylor Woodrow 4	Posadas	Homeowner		8	10/17/02	6.119	1.416	\$1,538,346	\$1,538,346	
30318223	14276	88	Taylor Woodrow 4	Posadas	Homeowner		9	10/17/02	7.631	1.301	\$1,802,866	\$1,802,866	
26929309	14358	31	Taylor Woodrow 3	Posadas	Homeowner		10	2/25/03	8.363	2.052	\$1,113,576	\$1,113,576	
26929311	14358	33	Taylor Woodrow 3	Posadas	Homeowner		9	2/25/03	7.631	1.829	\$1,004,517	\$1,004,517	
26929207	14358	34	Taylor Woodrow 3	Posadas	Homeowner		9	2/25/03	7.631	2.038	\$1,134,452	\$1,134,452	
26929111	14358	35	Taylor Woodrow 3	Posadas	Homeowner		10	2/25/03	8.363	2.160	\$1,123,873	\$1,123,873	
31201046	19045	1	Taylor Woodrow 4	Posadas	Homeowner		10	2/25/03	8.363	0.720	\$1,336,415	\$1,336,415	
26923023	14064/14307	187	Taylor Woodrow 1	Posadas	Homeowner		9	3/22/01	7.631	1.064	\$2,044,899	\$2,044,899	
26923024	14064/14307	188	Taylor Woodrow 1	Posadas	Homeowner		9	3/22/01	7.631	0.849	\$2,232,466	\$2,232,466	
26923003	14064/14307	189	Taylor Woodrow 1	Posadas	Homeowner		10	3/22/01	8.363	0.907	\$2,990,000	\$2,990,000	
26923026	14064/14307	190	Taylor Woodrow 1	Posadas	Homeowner		10	3/22/01	8.363	1.084	\$1,707,416	\$1,707,416	
26923134	14064/14307	191	Taylor Woodrow 1	Posadas	Homeowner		10	2/1/02	8.363	0.867	\$1,558,878	\$1,558,878	
26923118	14064/14307	208	Taylor Woodrow 1	Posadas	Homeowner		9	2/1/02	7.631	1.284	\$2,106,891	\$2,106,891	
26923201	14064/14307	209	Taylor Woodrow 1	Posadas	Homeowner		9	2/1/02	7.631	1.143	\$1,454,354	\$1,454,354	
26923202	14064/14307	210	Taylor Woodrow 1	Posadas	Homeowner		8	2/1/02	6.119	1.088	\$1,397,311	\$1,397,311	
26923203	14064/14307	211	Taylor Woodrow 1	Posadas	Homeowner		10	2/1/02	8.363	1.157	\$1,564,506	\$1,564,506	
26923008	14064/14307	216	Taylor Woodrow 1	Posadas	Homeowner		8	2/25/03	6.119	0.994	\$924,146	\$924,146	
26923010	14064/14307	217	Taylor Woodrow 1	Posadas	Homeowner		10	2/25/03	8.363	1.610	\$941,248	\$941,248	
26923011	14064/14307	218	Taylor Woodrow 1	Posadas	Homeowner		10	5/15/01	8.363	1.480	\$1,202,651	\$1,202,651	
26923012	14064/14307	219	Taylor Woodrow 1	Posadas	Homeowner		9	5/15/01	7.631	2.105	\$1,203,200	\$1,203,200	
30311111	14065/14308	33	Taylor Woodrow 1	Posadas	Homeowner		8	5/15/01	6.119	0.905	\$1,310,497	\$1,310,497	
30311112	14065/14308	34	Taylor Woodrow 1	Posadas	Homeowner		8	5/15/01	6.119	0.875	\$1,251,280	\$1,251,280	
30311113	14065/14308	35	Taylor Woodrow 1	Posadas	Homeowner		9	5/15/01	7.631	1.443	\$1,411,861	\$1,411,861	
30312201	14065/14308	36	Taylor Woodrow 1	Posadas	Homeowner		10	9/4/02	8.363	1.523	\$1,425,029	\$1,425,029	
30312202	14065/14308	37	Taylor Woodrow 1	Posadas	Homeowner		9	5/15/01	7.631	1.501	\$1,110,000	\$1,110,000	
30312203	14065/14308	38	Taylor Woodrow 1	Posadas	Homeowner		10	5/15/01	8.363	1.046	\$1,401,610	\$1,401,610	
30312204	14065/14308	39	Taylor Woodrow 1	Posadas	Homeowner		8	5/15/01	6.119	1.018	\$1,306,129	\$1,306,129	
30312205	14065/14308	40	Taylor Woodrow 1	Posadas	Homeowner		9	5/15/01	7.631	1.091	\$1,172,500	\$1,172,500	
30317201	14065/14308	41	Taylor Woodrow 2	Posadas	Homeowner		8	10/17/02	6.119	2.383	\$1,205,500	\$1,205,500	

SANTALUZ													
SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003													
September 30, 2003													
APN	Per Final Map		Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
	Tract	Lot											
30311202	14085714308	42	Taylor Woodrow 2	Pasadas	Homeowner		10	10/17/02	8,363	1.486	\$1,517,645	\$1,517,645	
30311203	14085714308	43	Taylor Woodrow 2	Pasadas	Homeowner		9	10/17/02	7,631	1.475	\$2,120,809	\$2,120,809	
30311204	14085714308	44	Taylor Woodrow 2	Pasadas	Homeowner		10	2/25/03	8,363	1.196	\$2,143,527	\$2,143,527	
30311440	14085714308	46	Taylor Woodrow 2	Pasadas	Homeowner		10	1/6/03	8,363	1.127	\$1,536,588	\$1,536,588	
30312006	14085714308	97	Taylor Woodrow 2	Pasadas	Homeowner		8	8/1/02	6,119	1.214	\$1,489,821	\$1,489,821	
30312102	14085714308	98	Taylor Woodrow 2	Pasadas	Homeowner		9	8/1/02	7,631	1.250	\$1,478,538	\$1,478,538	
30312103	14085714308	99	Taylor Woodrow 2	Pasadas	Homeowner		9	8/1/02	7,631	0.871	\$1,522,452	\$1,522,452	
30312104	14085714308	100	Taylor Woodrow 2	Pasadas	Homeowner		8	8/1/02	6,119	0.813	\$1,317,000	\$1,317,000	
30312105	14085714308	101	Taylor Woodrow 2	Pasadas	Homeowner		10	8/1/02	8,363	0.844	\$2,576,571	\$2,576,571	
30312106	14085714308	102	Taylor Woodrow 2	Pasadas	Homeowner		10	6/24/02	8,363	0.886	\$1,543,557	\$1,543,557	
30312107	14085714308	103	Taylor Woodrow 2	Pasadas	Homeowner		9	6/24/02	7,631	1.375	\$1,375,575	\$1,375,575	
30312206	14085714308	104	Taylor Woodrow 2	Pasadas	Homeowner		8	6/24/02	7,631	1.407	\$1,267,487	\$1,267,487	
30311211	14085719015	45/1	Taylor Woodrow 2	Pasadas	Homeowner		9	2/25/03	7,631	1.346	\$1,769,218	\$1,769,218	
			Count	58					Total	72.33	\$83,209,540	\$83,209,540	
31201045/31201046/													
31201047	98	132		Property Owner Association									
30313042	14096	65		Property Owner Association						0.147			
30313124	14096	B		Property Owner Association						4.854			
30313044	14096	C		Property Owner Association						5.857			
30313045	14096	D		Property Owner Association						0.195			
30314116	14097	65		Property Owner Association						1.043			
30314038	14097	66		Property Owner Association						2.733			
30314039	14097	A		Property Owner Association						2.290			
30314214	14097	D		Property Owner Association						0.403			
30314119	14097	F		Property Owner Association						0.041			
30314120	14097	G		Property Owner Association						0.181			
30314121	14097	H		Property Owner Association						1.240			
26924109	14179	c		Property Owner Association						0.829			
26924004	14179	d		Property Owner Association						0.027			
30317322	14223	96		Property Owner Association						0.146			
30317323	14223	97		Property Owner Association						1.074			
30317416	14223	98		Property Owner Association						4.349			
30317324	14223	99		Property Owner Association						6.275			
30317216	14223	100		Property Owner Association						0.375			
30317325	14223	102		Property Owner Association						0.404			
30317325	14223	111		Property Owner Association						0.061			
30317417	14223	112		Property Owner Association						0.078			
30317418	14223	113		Property Owner Association						0.084			
30317419	14223	114		Property Owner Association						0.078			
30317326	14223	115		Property Owner Association						0.245			
30317327	14223	116		Property Owner Association						0.296			
30317219	14223	117		Property Owner Association						0.184			
30317126	14223	118		Property Owner Association						0.157			

SANTALUZ														
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/17/2003														
September 30, 2003														
APN	Per Final Map			Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
	Tract	Lot	Lot											
30317328	14223	119		Property Owner Association							0.155			
30317607	14223	120		Property Owner Association							0.376			
30317608	14223	121		Property Owner Association							0.105			
30317601	14223	122		Property Owner Association							6.750			
30315025	14231	73		Property Owner Association							1.683			
30315148	14231	A		Property Owner Association							14.169			
30315202	14231	B		Property Owner Association							0.811			
30315203	14231	C		Property Owner Association							3.381			
30315204	14231	D		Property Owner Association							1.876			
30315205	14231	E		Property Owner Association							1.383			
30315149	14231	F		Property Owner Association							1.047			
30315026	14231	G		Property Owner Association							0.135			
30315206	14231	H		Property Owner Association							0.069			
30315207	14231	I		Property Owner Association							0.704			
30316047	14232	66		Property Owner Association							3.686			
30316048	14232	67		Property Owner Association							1.510			
30316049	14232	A		Property Owner Association							0.930			
30316050	14232	B		Property Owner Association							4.094			
30316051	14232	C		Property Owner Association							3.186			
26925019	14255	30		Property Owner Association							2.945			
26925020	14255	31		Property Owner Association							0.924			
26925021	14255	32		Property Owner Association							5.647			
26925022	14255	33		Property Owner Association							0.243			
26925023	14255	34		Property Owner Association							1.628			
26925024	14255	35		Property Owner Association							0.041			
26925112	14255	36		Property Owner Association							1.088			
26925025	14255	37		Property Owner Association							0.112			
26925113	14255	38		Property Owner Association							0.170			
26925026	14255	39		Property Owner Association							6.199			
26925028	14255	42		Property Owner Association							0.323			
26925115	14255	43		Property Owner Association							0.506			
30318007	14276	116		Property Owner Association							0.362			
30318135	14276	117		Property Owner Association							0.321			
30318133	14276	118		Property Owner Association							0.485			
30318330	14276	119		Property Owner Association							0.615			
30318331	14276	120		Property Owner Association							0.511			
30318332	14276	121		Property Owner Association							0.521			
30318333	14276	122		Property Owner Association							1.556			
30318334	14276	123		Property Owner Association							0.714			
30318228	14276	124		Property Owner Association							0.092			
30318229	14276	125		Property Owner Association										

SANTALUZ													
SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003													
September 30, 2003													
APN	Tract	Lot	Builder (Numbers Behind Builder (Name Equal Takedown))	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30318230	14276	126	Property Owner Association	Property Owner Association						0.898			
30318231	14276	127	Property Owner Association	Property Owner Association						0.549			
30318134	14276	128	Property Owner Association	Property Owner Association						1.304			
30318135	14276	129	Property Owner Association	Property Owner Association						1.037			
30318136	14276	130	Property Owner Association	Property Owner Association						0.181			
30318409	14276	131	Property Owner Association	Property Owner Association						4.158			
30318335	14276	135	Property Owner Association	Property Owner Association						0.196			
30318336	14276	136	Property Owner Association	Property Owner Association						0.286			
30318337	14276	137	Property Owner Association	Property Owner Association						0.063			
30318338	14276	138	Property Owner Association	Property Owner Association						0.057			
30318339	14276	139	Property Owner Association	Property Owner Association						0.060			
30318137	14276	140	Property Owner Association	Property Owner Association						0.149			
30318138	14276	141	Property Owner Association	Property Owner Association						0.163			
30318139	14276	142	Property Owner Association	Property Owner Association						0.140			
30318140	14276	143	Property Owner Association	Property Owner Association						6.169			
30318141	14276	144	Property Owner Association	Property Owner Association						0.458			
30318232	14276	145	Property Owner Association	Property Owner Association						0.751			
30318233	14276	146	Property Owner Association	Property Owner Association						0.132			
30318234	14276	147	Property Owner Association	Property Owner Association						1.370			
30318410	14276	148	Property Owner Association	Property Owner Association						1.841			
30318235	14276	149	Property Owner Association	Property Owner Association						0.197			
26926114	14296	28	Property Owner Association	Property Owner Association						0.242			
26926015	14296	30	Property Owner Association	Property Owner Association						0.101			
26926016	14296	31	Property Owner Association	Property Owner Association						0.058			
26926018	14296	33	Property Owner Association	Property Owner Association						1.183			
26926201	14296	34	Property Owner Association	Property Owner Association						0.135			
26926202	14296	35	Property Owner Association	Property Owner Association						10.473			
26926203	14296	36	Property Owner Association	Property Owner Association						0.125			
26926204	14296	37	Property Owner Association	Property Owner Association						0.146			
26926117	14296	39	Property Owner Association	Property Owner Association						0.122			
26926118	14296	40	Property Owner Association	Property Owner Association						2.638			
26926019	14296	41	Property Owner Association	Property Owner Association						0.122			
26926020	14296	42	Property Owner Association	Property Owner Association						6.162			
26926022	14296	44	Property Owner Association	Property Owner Association						0.189			
26926023	14296	45	Property Owner Association	Property Owner Association						0.071			
26926024	14296	46	Property Owner Association	Property Owner Association						0.229			
26927027	14297	27	Property Owner Association	Property Owner Association						0.144			
26927028	14297	28	Property Owner Association	Property Owner Association						0.056			
26927029	14297	29	Property Owner Association	Property Owner Association						0.081			
26927030	14297	30	Property Owner Association	Property Owner Association						1.145			
26927031	14297	31	Property Owner Association	Property Owner Association						4.504			
26927032	14297	32	Property Owner Association	Property Owner Association						0.077			



SANTALUZ													
SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003													
September 30, 2003													
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Tokodown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
Per Final Map													
26928015	14339	15	Santaluz	Property Owner Association						2.442			
26928016	14339	16		Property Owner Association						9.585			
26928017	14339	17		Property Owner Association						0.451			
26928018	14339	18		Property Owner Association						0.776			
26928020	14339	20		Property Owner Association						0.035			
26928102	14339	22		Property Owner Association						1.075			
26928103	14339	23		Property Owner Association						0.057			
26929116	14358	40		Property Owner Association						1.911			
26929117	14358	41		Property Owner Association						2.555			
26929208	14358	42		Property Owner Association						2.207			
26928312	14358	43		Property Owner Association						0.120			
26928313	14358	44		Property Owner Association						0.090			
26929314	14358	45		Property Owner Association						0.343			
26929315	14358	46		Property Owner Association						3.606			
26929316	14358	47		Property Owner Association						0.108			
26929317	14358	48		Property Owner Association						0.047			
26929318	14358	49		Property Owner Association						1.426			
26929118	14358	50		Property Owner Association						5.147			
26929119	14358	51		Property Owner Association						0.053			
26929120	14358	53		Property Owner Association						0.718			
26929121	14358	54		Property Owner Association						2.423			
26929008	14358	55		Property Owner Association						0.482			
26929122	14358	56		Property Owner Association						0.459			
26929209	14358	57		Property Owner Association						0.326			
26929319	14358	58		Property Owner Association						0.210			
26929320	14358	59		Property Owner Association						0.059			
26929321	14358	60		Property Owner Association						0.218			
26929009	14358	61		Property Owner Association						0.249			
26924117	14497	b		Property Owner Association						0.487			
26913112	19050	2		Property Owner Association						0.390			
26913114	19050	4		Property Owner Association						0.374			
26921333	14064/14307	40		Property Owner Association						0.271			
26921009	14064/14307	220		Property Owner Association						1.200			
26921022	14064/14307	221		Property Owner Association						8.347			
26921011	14064/14307	222		Property Owner Association						0.323			
26921232	14064/14307	229		Property Owner Association						5.881			
26922066	14064/14307	236		Property Owner Association						2.661			
26922182	14064/14307	237		Property Owner Association						0.254			
26922185	14064/14307	238		Property Owner Association						0.765			
26922183	14064/14307	239		Property Owner Association						0.213			
26922166	14064/14307	241		Property Owner Association						3.303			

SANTALUZ

SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003

September 30, 2003

APN	Per Final Map		Builder (Numbers Behind Builder Name Equal Talkedown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
	Tract	Lot											
26921012/26921013	14064/14307	242		Property Owner Association						3.050			
26922146	14064/14307	243		Property Owner Association						0.489			
26923301/26923302	14064/14307	244		Property Owner Association						10.849			
26922251	14064/14307	245		Property Owner Association						1.443			
26923025	14064/14307	247		Property Owner Association						0.667			
26922240	14064/14307	250		Property Owner Association						0.275			
26922241	14064/14307	251		Property Owner Association						7.367			
26923303	14064/14307	254		Property Owner Association						2.330			
26923304	14064/14307	255		Property Owner Association						0.870			
26923017	14064/14307	257		Property Owner Association						2.278			
26921014	14064/14307	267		Property Owner Association						3.536			
26921015	14064/14307	268		Property Owner Association						0.511			
26921016	14064/14307	269		Property Owner Association						3.420			
26921017	14064/14307	270		Property Owner Association						0.178			
26922242	14064/14307	271		Property Owner Association						1.297			
26922147	14064/14307	272		Property Owner Association						3.202			
26922243	14064/14307	273		Property Owner Association						1.377			
26922148	14064/14307	274		Property Owner Association						2.185			
26923018	14064/14307	275		Property Owner Association						0.989			
26923019	14064/14307	276		Property Owner Association						1.808			
26923121	14064/14307	277		Property Owner Association						0.772			
26922244	14064/14307	283		Property Owner Association						0.660			
26922245	14064/14307	284		Property Owner Association						0.432			
26922044	14064/14307	285		Property Owner Association						0.338			
26922067	14064/14307	286		Property Owner Association						0.355			
26922068	14064/14307	287		Property Owner Association						0.034			
26922184	14064/14307	290		Property Owner Association						0.620			
26922049	14064/14307	300		Property Owner Association						0.031			
30312213	14065/14308	116		Property Owner Association						1.029			
30311206	14065/14308	117		Property Owner Association						0.112			
30311207	14065/14308	118		Property Owner Association						1.106			
303112214	14065/14308	119		Property Owner Association						4.951			
30311023	14065/14308	120		Property Owner Association						0.099			
30311024	14065/14308	121		Property Owner Association						0.494			
30311025	14065/14308	122		Property Owner Association						0.343			
30311026	14065/14308	123		Property Owner Association						0.245			
30312409	14065/14308	124		Property Owner Association						8.469			
30312402	14065/14308	125		Property Owner Association						1.280			
30311327	14065/14308	126		Property Owner Association						1.352			
30311429	14065/14308	128		Property Owner Association						1.002			
30312403	14065/14308	129		Property Owner Association						4.030			

SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003													
SANTALUZ													
September 30, 2003													
APN	Per Final Map		Builder (Numbers Behind Builder Name Equal Take-down)	Product	Homeowner	Antisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
	Tract	Lot											
30312404	14065/14308	130		Property Owner Association						2.130			
30312407	14065/14308	133		Property Owner Association						4.481			
30311208	14065/14308	134		Property Owner Association						2.195			
30311209	14065/14308	135		Property Owner Association						0.159			
30312007	14065/14308	136		Property Owner Association						1.521			
30311027	14065/14308	137		Property Owner Association						5.462			
30311430	14065/14308	138		Property Owner Association						0.660			
30312306	14065/14308	139		Property Owner Association						0.558			
30311028	14065/14308	140		Property Owner Association						0.111			
30311029	14065/14308	141		Property Owner Association						0.089			
30311030	14065/14308	147		Property Owner Association						0.075			
30312008	14065/14308	148		Property Owner Association						0.093			
30311210	14065/14308	150		Property Owner Association						0.224			
30311322	14065/14308	151		Property Owner Association						0.048			
30312408	14065/14308	152		Property Owner Association						1.647			
26924111	14497	4		Recreation Center						2.290			
31201045/ 31201046/													
31201047	98	73	Santaluz	See Lot Above									
31201045/ 31201046/													
31201047	98	75	Santaluz	See Lot Above									
31201045/ 31201046/													
31201047	98	77	Santaluz	See Lot Above									
31201045/ 31201046/													
31201047	98	79	Santaluz	See Lot Above									
31201047	98	81		See Lot Above									
30317304	14223	54		See Lot Above						0.309			
30317305	14223	56		See Lot Above						0.279			
30317308	14223	58		See Lot Above						0.234			
30317310	14223	60		See Lot Above						0.280			
30317312	14223	62	Santaluz	See Lot Above						0.234			
30317314	14223	64	Santaluz	See Lot Above						0.280			
30317405	14223	78		See Lot Above						0.345			
30317406	14223	79		See Lot Above						0.143			
30317407	14223	80		See Lot Above						0.230			
30317409	14223	82		See Lot Above						0.378			
30317410	14223	83		See Lot Above						0.684			
30317411	14223	84		See Lot Above						1.855			
30317413	14223	86		See Lot Above						2.784			
30317414	14223	87		See Lot Above						0.265			
30317415	14223	88		See Lot Above						1.859			
30317317	14223	91		See Lot Above						1.050			
30317319	14223	93		See Lot Above						0.193			
30318212	14276	26	Santaluz	See Lot Above						0.423			
30318303	14276	33		See Lot Above						0.203			

SANTALUZ													
SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003													
September 30, 2003													
APN	Per Final Map		Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
	Tract	Lot											
30318304	14276	34		See Lot Above						0.203			
30318305	14276	35		See Lot Above						0.207			
30318307	14276	37		See Lot Above						0.203			
30318308	14276	38		See Lot Above						0.203			
30318309	14276	39		See Lot Above						0.207			
30318311	14276	41		See Lot Above						0.203			
30318312	14276	42		See Lot Above						0.203			
30318313	14276	43		See Lot Above						0.207			
30318219	14276	84	Santaluz	See Lot Above						0.573			
30318221	14276	86	Santaluz	See Lot Above						0.496			
30318121	14276	103	Santaluz	See Lot Above						0.311			
30318123	14276	105	Santaluz	See Lot Above						0.505			
26929002	14358	2	Santaluz	See Lot Above						0.579			
26929004	14358	4	Santaluz	See Lot Above						0.589			
26929006	14358	6	Santaluz	See Lot Above						0.416			
26929102	14358	8	Santaluz	See Lot Above						0.304			
26929104	14358	10	Santaluz	See Lot Above						0.234			
26929105	14358	11	Santaluz	See Lot Above						0.234			
26929106	14358	12	Santaluz	See Lot Above						0.280			
26929108	14358	14	Santaluz	See Lot Above						0.234			
26929109	14358	15	Santaluz	See Lot Above						0.234			
26929110	14358	16	Santaluz	See Lot Above						0.280			
26929202	14358	18	Santaluz	See Lot Above						0.234			
26929203	14358	19	Santaluz	See Lot Above						0.280			
26929204	14358	20	Santaluz	See Lot Above						0.234			
26929302	14358	24	Santaluz	See Lot Above						0.234			
26928303	14358	25	Santaluz	See Lot Above						0.234			
26929304	14358	26	Santaluz	See Lot Above						0.280			
26929306	14358	28	Santaluz	See Lot Above						0.234			
26929307	14358	29	Santaluz	See Lot Above						0.234			
26929308	14358	30	Santaluz	See Lot Above						0.280			
1406414307		6		See Lot Above									
1406414307		7		See Lot Above									
1406414307		8		See Lot Above									
1406414307		10		See Lot Above									
1406414307		11		See Lot Above									
1406414307		12		See Lot Above									
1406414307		14		See Lot Above									
1406414307		16		See Lot Above									
1406414307		18		See Lot Above									
1406414307		19		See Lot Above									

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003**  
 September 30, 2003

APN	Per Final Map		Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
	Tract	Lot											
	14064/14307	20	See Lot Above										
	14064/14307	22	See Lot Above										
	14064/14307	23	See Lot Above										
	14064/14307	24	See Lot Above										
	14064/14307	26	See Lot Above										
	14064/14307	28	See Lot Above										
	14064/14307	30	See Lot Above										
	14064/14307	32	See Lot Above										
	14064/14307	34	See Lot Above										
	14064/14307	36	See Lot Above										
	14064/14307	38	See Lot Above										
	14064/14307	42	See Lot Above										
	14064/14307	43	See Lot Above										
	14064/14307	44	See Lot Above										
	14064/14307	46	See Lot Above										
	14064/14307	48	See Lot Above										
	14064/14307	50	See Lot Above										
	14064/14307	51	See Lot Above										
	14064/14307	52	See Lot Above										
	14064/14307	54	See Lot Above										
	14064/14307	55	See Lot Above										
	14064/14307	56	See Lot Above				13						
	14064/14307	92	See Lot Above										
	14064/14307	94	See Lot Above										
	14064/14307	96	See Lot Above										
	14064/14307	98	See Lot Above										
	14064/14307	120	See Lot Above										
	14064/14307	122	See Lot Above										
	14064/14307	124	See Lot Above										
	14064/14307	126	See Lot Above										
	14064/14307	153	See Lot Above										
	14064/14307	195	See Lot Above										
	14064/14307	187	See Lot Above										
	14064/14307	199	See Lot Above										
	14064/14307	201	See Lot Above										
	14064/14307	203	See Lot Above										
	14064/14307	205	See Lot Above										
	14064/14307	207	See Lot Above										
	14064/14307	213	See Lot Above										
	14064/14307	215	See Lot Above										
30311012	14065/14308	12	See Lot Above							0.203			

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003**  
 September 30, 2003

APN	Per Final Map		Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Arlisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
	Tract	Lot											
30311014	14065/14308	14		See Lot Above						0.207			
30311016	14065/14308	16		See Lot Above						0.203			
30311018	14065/14308	18		See Lot Above						0.207			
30311020	14065/14308	20		See Lot Above						0.203			
30311022	14065/14308	22		See Lot Above						0.207			
	14065/14308	62		See Lot Above						0.203			
	14065/14308	64		See Lot Above						0.207			
	14065/14308	66		See Lot Above						0.203			
	14065/14308	68		See Lot Above						0.207			
	14065/14308	70		See Lot Above						0.203			
	14065/14308	72		See Lot Above						0.207			
	14065/14308	75		See Lot Above						0.203			
	14065/14308	77		See Lot Above						0.203			
	14065/14308	79		See Lot Above						0.207			
26929206	14358	81		See Lot Above						0.207			
26924113	14497	22		see lot below						0.474			
		6		Seniors Center						1.000			
30317110	14223	19	Baywood 2	Sentinel	Homeowner		4	5/3/02	3,674	0.149	\$728,009	\$728,009	
30317111	14223	20	Baywood 2	Sentinel	Homeowner		3	5/3/02	2,933	0.165	\$995,414	\$995,414	
30317112	14223	21	Baywood 2	Sentinel	Homeowner		4	5/3/02	3,674	0.165	\$804,000	\$804,000	
30317113	14223	22	Baywood 2	Sentinel	Homeowner		4	5/3/02	3,674	0.149	\$731,380	\$731,380	
30317114	14223	23	Baywood 2	Sentinel	Homeowner		4	5/3/02	3,674	0.149	\$809,000	\$809,000	
30317115	14223	24	Baywood 2	Sentinel	Homeowner		4	5/3/02	3,674	0.165	\$851,425	\$851,425	
30317116	14223	25	Baywood 2	Sentinel	Homeowner		3	5/3/02	2,933	0.165	\$704,020	\$704,020	
30317117	14223	26	Baywood 2	Sentinel	Homeowner		4	5/3/02	3,674	0.149	\$830,000	\$830,000	
30317201	14223	27	Baywood 2	Sentinel	Homeowner		4	5/3/02	3,674	0.149	\$651,000	\$651,000	
30317202	14223	28	Baywood 2	Sentinel	Homeowner		3	5/3/02	2,933	0.165	\$722,374	\$722,374	
30317203	14223	29	Baywood 2	Sentinel	Homeowner		4	5/3/02	3,674	0.165	\$774,579	\$774,579	
30317204	14223	30	Baywood 2	Sentinel	Homeowner		4	5/3/02	3,674	0.149	\$802,462	\$802,462	
30317205	14223	31	Baywood 2	Sentinel	Homeowner		4	5/3/02	3,674	0.149	\$723,000	\$723,000	
30317206	14223	32	Baywood 2	Sentinel	Homeowner		4	5/3/02	3,674	0.165	\$934,983	\$934,983	
30317207	14223	33	Baywood 2	Sentinel	Homeowner		3	5/3/02	2,933	0.165	\$649,600	\$649,600	
30317208	14223	34	Baywood 2	Sentinel	Homeowner		4	5/3/02	3,674	0.149	\$680,700	\$680,700	
30318103	14276	7	Baywood 2	Sentinel	Homeowner		4	7/30/02	3,674	0.149	\$670,500	\$670,500	
30318104	14276	8	Baywood 2	Sentinel	Homeowner		3	7/30/02	2,933	0.165	\$670,500	\$670,500	
30318105	14276	9	Baywood 2	Sentinel	Homeowner		4	7/30/02	3,674	0.165	\$670,500	\$670,500	
30318106	14276	10	Baywood 2	Sentinel	Homeowner		4	7/30/02	3,674	0.149	\$670,500	\$670,500	
30318107	14276	11	Baywood 2	Sentinel	Homeowner		4	7/30/02	3,674	0.149	\$670,500	\$670,500	
30318108	14276	12	Baywood 2	Sentinel	Homeowner		4	7/30/02	3,674	0.165	\$670,500	\$670,500	
30318109	14276	13	Baywood 2	Sentinel	Homeowner		3	7/30/02	2,933	0.165	\$670,500	\$670,500	
30318110	14276	14	Baywood 2	Sentinel	Homeowner		4	7/30/02	3,674	0.149	\$670,500	\$670,500	

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takdown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30318314	14276	44	Baywood 2	Sentinel			4	12/19/02	3.674	0.149	\$534,000	\$534,000	
30318315	14276	45	Baywood 2	Sentinel			3	12/19/02	2.933	0.165	\$534,000	\$534,000	
30318316	14276	46	Baywood 2	Sentinel			4	12/19/02	3.674	0.165	\$534,000	\$534,000	
30318317	14276	47	Baywood 2	Sentinel			4	12/19/02	3.674	0.149	\$534,000	\$534,000	
30318318	14276	48	Baywood 2	Sentinel			4	12/19/02	3.674	0.149	\$534,000	\$534,000	
30318319	14276	49	Baywood 2	Sentinel			4	12/19/02	3.674	0.165	\$534,000	\$534,000	
30318320	14276	50	Baywood 2	Sentinel			4	12/19/02	2.933	0.165	\$534,000	\$534,000	
30318321	14276	51	Baywood 2	Sentinel			4	12/19/02	3.674	0.149	\$534,000	\$534,000	
30318322	14276	52	Baywood 2	Sentinel			3	12/19/02	2.933	0.165	\$534,000	\$534,000	
30318323	14276	53	Baywood 2	Sentinel			4	12/19/02	3.674	0.149	\$534,000	\$534,000	
30318324	14276	54	Baywood 2	Sentinel			4	12/19/02	3.674	0.149	\$534,000	\$534,000	
30318325	14276	55	Baywood 2	Sentinel			4	12/19/02	3.674	0.149	\$534,000	\$534,000	
30318326	14276	56	Baywood 2	Sentinel			4	12/19/02	3.674	0.149	\$534,000	\$534,000	
30318327	14276	57	Baywood 2	Sentinel			4	12/19/02	2.933	0.165	\$534,000	\$534,000	
30318328	14276	58	Baywood 2	Sentinel			3	12/19/02	2.933	0.165	\$534,000	\$534,000	
30318329	14276	59	Baywood 2	Sentinel			4	12/19/02	3.674	0.149	\$534,000	\$534,000	
30318111	14276	93	Baywood 2	Sentinel			4	12/19/02	3.674	0.149	\$534,000	\$534,000	
30318112	14276	94	Baywood 2	Sentinel			3	12/19/02	2.933	0.165	\$534,000	\$534,000	
30318113	14276	95	Baywood 2	Sentinel			4	12/19/02	3.674	0.165	\$534,000	\$534,000	
30318114	14276	96	Baywood 2	Sentinel			4	12/19/02	3.674	0.149	\$534,000	\$534,000	
30318115	14276	97	Baywood 2	Sentinel			4	12/19/02	3.674	0.149	\$534,000	\$534,000	
30318116	14276	98	Baywood 2	Sentinel			4	12/19/02	3.674	0.165	\$534,000	\$534,000	
30318117	14276	99	Baywood 2	Sentinel			3	12/19/02	2.933	0.165	\$534,000	\$534,000	
30318118	14276	100	Baywood 2	Sentinel			4	12/19/02	3.674	0.149	\$534,000	\$534,000	
30318124	14276	106	Baywood 2	Sentinel	Homeowner		4	7/30/02	3.674	0.149	\$592,500	\$592,500	
30318125	14276	107	Baywood 2	Sentinel	Homeowner		4	7/30/02	2.933	0.165	\$810,000	\$810,000	
30318126	14276	108	Baywood 2	Sentinel	Homeowner		4	7/30/02	3.674	0.165	\$904,828	\$904,828	
30318127	14276	109	Baywood 2	Sentinel	Homeowner		4	7/30/02	3.674	0.149	\$833,250	\$833,250	
30318128	14276	110	Baywood 2	Sentinel	Homeowner		4	7/30/02	3.674	0.165	\$777,000	\$777,000	
30318129	14276	111	Baywood 2	Sentinel	Homeowner		4	7/30/02	3.674	0.165	\$877,097	\$877,097	
30318130	14276	112	Baywood 2	Sentinel	Homeowner		3	7/30/02	2.933	0.165	\$856,000	\$856,000	
30318131	14276	113	Baywood 2	Sentinel	Homeowner		4	7/30/02	3.674	0.149	\$812,000	\$812,000	
26922215	14064/14307	163	Baywood 1	Sentinel	Homeowner		4	8/15/01	3.674	0.149	\$694,000	\$694,000	
26922216	14064/14307	164	Baywood 1	Sentinel	Homeowner		2	8/15/01	2.426	0.165	\$600,000	\$600,000	
26922217	14064/14307	165	Baywood 1	Sentinel	Homeowner		4	8/15/01	3.674	0.165	\$714,000	\$714,000	
26922218	14064/14307	166	Baywood 1	Sentinel	Homeowner		3	8/15/01	2.933	0.149	\$684,500	\$684,500	
26922219	14064/14307	167	Baywood 1	Sentinel	Homeowner		4	8/15/01	3.674	0.149	\$609,000	\$609,000	
26922220	14064/14307	168	Baywood 1	Sentinel	Homeowner		4	8/15/01	3.674	0.165	\$840,000	\$840,000	
26922221	14064/14307	169	Baywood 1	Sentinel	Homeowner		3	8/15/01	2.933	0.165	\$740,000	\$740,000	
26922222	14064/14307	170	Baywood 1	Sentinel	Homeowner		3	8/15/01	2.933	0.149	\$678,626	\$678,626	
26922223	14064/14307	171	Baywood 1	Sentinel	Homeowner		4	8/15/01	3.674	0.149	\$639,500	\$639,500	

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003**  
 September 30, 2003

APN	Per Final Map		Builder (Numbers Behind Builder Name Equal Takodowm)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
	Tract	Lot											
26922224	14064/14307	172	Baywood 1	Saninel	Homeowner		2	8/15/01	2,426	0.165	\$627,800	\$627,800	
26922225	14064/14307	173	Baywood 1	Saninel	Homeowner		4	6/1/01	3,674	0.165	\$907,274	\$907,274	
26922226	14064/14307	174	Baywood 1	Saninel	Homeowner		3	8/15/01	2,933	0.149	\$789,205	\$789,205	
26922227	14064/14307	175	Baywood 1	Saninel	Homeowner		4	6/1/01	3,674	0.149	\$950,997	\$950,997	
26922228	14064/14307	176	Baywood 1	Saninel	Homeowner		4	6/1/01	3,674	0.165	\$804,945	\$804,945	
26922229	14064/14307	177	Baywood 1	Saninel	Homeowner		3	8/15/01	2,933	0.149	\$574,000	\$574,000	
26922231	14064/14307	178	Baywood 1	Saninel	Homeowner		3	4/26/01	2,933	0.149	\$734,500	\$734,500	
26922232	14064/14307	179	Baywood 1	Saninel	Homeowner		3	4/26/01	2,933	0.165	\$645,000	\$645,000	
26922233	14064/14307	180	Baywood 1	Saninel	Homeowner		2	4/26/01	2,426	0.165	\$970,000	\$970,000	
26922234	14064/14307	181	Baywood 1	Saninel	Homeowner		4	4/26/01	3,674	0.149	\$751,720	\$751,720	
26922235	14064/14307	182	Baywood 1	Saninel	Homeowner		3	4/26/01	2,933	0.149	\$826,000	\$826,000	
26922236	14064/14307	183	Baywood 1	Saninel	Homeowner		4	4/26/01	3,674	0.149	\$925,000	\$925,000	
26922237	14064/14307	184	Baywood 1	Saninel	Homeowner		3	4/26/01	2,933	0.165	\$853,000	\$853,000	
26922238	14064/14307	185	Baywood 1	Saninel	Homeowner		4	4/26/01	3,674	0.165	\$794,000	\$794,000	
26922239	14064/14307	186	Baywood 1	Saninel	Homeowner		3	4/26/01	2,933	0.149	\$608,190	\$608,190	
			Count	80					Total	12.56	\$54,107,378	\$54,107,378	
30315201	99			Sewer pump station						0.230			
26925114	14231	72		Sewer Pump Station						1.630			
	14255	40		Sewer pump station						1.437			
30313001	14096	1	Christopher 1	Spanish Bungalows	Homeowner		3	8/7/02	2,933	0.170	\$862,000	\$862,000	
30313002	14096	2	Christopher 1	Spanish Bungalows	Homeowner		4	8/7/02	3,674	0.148	\$615,000	\$615,000	
30313003	14096	3	Christopher 1	Spanish Bungalows	Homeowner		4	2/15/01	3,674	0.159	\$850,000	\$850,000	
30313004	14096	4	Christopher 1	Spanish Bungalows	Homeowner		5	2/15/01	4,353	0.173	\$975,000	\$975,000	
30313005	14096	5	Christopher 1	Spanish Bungalows	Homeowner		4	2/15/01	3,674	0.222	\$925,000	\$925,000	
30313006	14096	6	Christopher 1	Spanish Bungalows	Homeowner		5	8/7/02	4,353	0.177	\$707,800	\$707,800	
30313007	14096	7	Christopher 1	Spanish Bungalows	Homeowner		3	10/9/02	2,933	0.231	\$675,000	\$675,000	
30313008	14096	8	Christopher 1	Spanish Bungalows	Homeowner		3	10/9/02	2,933	0.209	\$655,000	\$655,000	
30313009	14096	9	Christopher 2	Spanish Bungalows	Homeowner		4	5/7/02	3,674	0.187	\$830,000	\$830,000	
30313010	14096	10	Christopher 2	Spanish Bungalows	Homeowner		4	5/7/02	3,674	0.164	\$611,000	\$611,000	
30313101	14096	11	Christopher 2	Spanish Bungalows	Homeowner		4	5/7/02	3,674	0.171	\$600,000	\$600,000	
30313102	14096	12	Christopher 2	Spanish Bungalows	Homeowner		4	5/7/02	3,674	0.147	\$605,400	\$605,400	
30313103	14096	13	Christopher 2	Spanish Bungalows	Homeowner		4	5/7/02	3,674	0.148	\$605,900	\$605,900	
30313104	14096	14	Christopher 2	Spanish Bungalows	Homeowner		5	8/7/02	4,353	0.146	\$595,000	\$595,000	
30313105	14096	15	Christopher 2	Spanish Bungalows	Homeowner		3	8/7/02	2,933	0.170	\$655,200	\$655,200	
30313106	14096	16	Christopher 2	Spanish Bungalows	Homeowner		4	8/7/02	3,674	0.161	\$615,000	\$615,000	
30313107	14096	17	Christopher 2	Spanish Bungalows	Homeowner		3	8/7/02	2,933	0.183	\$668,300	\$668,300	
30313108	14096	18	Christopher 2	Spanish Bungalows	Homeowner		3	8/7/02	2,933	0.215	\$672,300	\$672,300	
30313109	14096	19	Christopher 2	Spanish Bungalows	Homeowner		5	8/7/02	4,353	0.150	\$692,000	\$692,000	
30313110	14096	20	Christopher 2	Spanish Bungalows	Homeowner		3	8/7/02	2,933	0.174	\$674,708	\$674,708	
30313111	14096	21	Christopher 2	Spanish Bungalows	Homeowner		4	8/7/02	3,674	0.150	\$635,900	\$635,900	
30313112	14096	22	Christopher 2	Spanish Bungalows	Homeowner		3	8/7/02	2,933	0.212	\$675,000	\$675,000	
30313113	14096	23	Christopher 2	Spanish Bungalows	Homeowner		5	8/7/02	4,353	0.164	\$735,000	\$735,000	



**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takdown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30313114	14096	24	Christopher 2	Spanish Bungalows	Homeowner		5	8/7/02	4,353	0.179	\$745,000	\$745,000	
30313115	14096	25	Christopher 2	Spanish Bungalows	Homeowner		3	8/7/02	2,933	0.195	\$700,000	\$700,000	
30313116	14096	26	Christopher 2	Spanish Bungalows	Homeowner		4	8/7/02	3,674	0.188	\$670,000	\$670,000	
30313117	14096	27	Christopher 2	Spanish Bungalows	Homeowner		5	5/7/02	4,353	0.188	\$764,100	\$764,100	
30313118	14096	28	Christopher 2	Spanish Bungalows	Homeowner		4	5/7/02	3,674	0.206	\$650,000	\$650,000	
30313119	14096	29	Christopher 2	Spanish Bungalows	Homeowner		4	5/7/02	3,674	0.231	\$660,000	\$660,000	
30313120	14096	30	Christopher 2	Spanish Bungalows	Homeowner		5	5/7/02	4,353	0.200	\$755,000	\$755,000	
30313121	14096	31	Christopher 2	Spanish Bungalows	Homeowner		5	5/7/02	4,353	0.150	\$635,000	\$635,000	
30313122	14096	32	Christopher 2	Spanish Bungalows	Homeowner		4	5/7/02	3,674	0.148	\$620,000	\$620,000	
30313123	14096	33	Christopher 2	Spanish Bungalows	Homeowner		5	5/7/02	4,353	0.191	\$735,000	\$735,000	
30313011	14096	34	Christopher 2	Spanish Bungalows	Homeowner		4	5/7/02	3,674	0.235	\$646,000	\$646,000	
30313012	14096	35	Christopher 1	Spanish Bungalows	Homeowner		4	10/9/02	3,674	0.165	\$635,500	\$635,500	
30313013	14096	36	Christopher 1	Spanish Bungalows	Homeowner		5	10/9/02	4,353	0.166	\$715,000	\$715,000	
30313014	14096	37	Christopher 1	Spanish Bungalows	Homeowner		4	10/9/02	3,674	0.169	\$625,000	\$625,000	
30313015	14096	38	Christopher 1	Spanish Bungalows	Homeowner		5	10/9/02	4,353	0.171	\$737,800	\$737,800	
30313016	14096	39	Christopher 1	Spanish Bungalows	Homeowner		4	10/9/02	3,674	0.173	\$650,900	\$650,900	
30313017	14096	40	Christopher 1	Spanish Bungalows	Homeowner		3	10/9/02	2,933	0.259	\$731,900	\$731,900	
30313018	14096	41	Christopher 1	Spanish Bungalows	Homeowner		4	10/9/02	3,674	0.160	\$620,900	\$620,900	
30313019	14096	42	Christopher 1	Spanish Bungalows	Homeowner		3	10/9/02	2,933	0.165	\$664,200	\$664,200	
30313020	14096	43	Christopher 1	Spanish Bungalows	Homeowner		5	10/9/02	4,353	0.183	\$718,700	\$718,700	
30313021	14096	44	Christopher 2	Spanish Bungalows	Homeowner		4	5/7/02	3,674	0.164	\$615,000	\$615,000	
30313022	14096	45	Christopher 2	Spanish Bungalows	Homeowner		4	5/7/02	3,674	0.282	\$717,000	\$717,000	
30313023	14096	46	Christopher 2	Spanish Bungalows	Homeowner		3	5/7/02	2,933	0.208	\$650,000	\$650,000	
30313024	14096	47	Christopher 1	Spanish Bungalows	Homeowner		4	5/7/02	3,674	0.145	\$590,000	\$590,000	
30313025	14096	48	Christopher 1	Spanish Bungalows	Homeowner		3	10/9/02	2,933	0.221	\$697,000	\$697,000	
30313026	14096	49	Christopher 1	Spanish Bungalows	Homeowner		4	6/7/01	3,674	0.216	\$661,100	\$661,100	
30313027	14096	50	Christopher 1	Spanish Bungalows	Homeowner		5	6/7/01	4,353	0.182	\$721,765	\$721,765	
30313028	14096	51	Christopher 1	Spanish Bungalows	Homeowner		5	6/7/01	4,353	0.237	\$652,500	\$652,500	
30313029	14096	52	Christopher 1	Spanish Bungalows	Homeowner		5	6/7/01	4,353	0.203	\$751,765	\$751,765	
30313030	14096	53	Christopher 1	Spanish Bungalows	Homeowner		4	6/7/01	3,674	0.203	\$636,100	\$636,100	
30313031	14096	54	Christopher 1	Spanish Bungalows	Homeowner		5	6/7/01	4,353	0.210	\$743,700	\$743,700	
30313032	14096	55	Christopher 1	Spanish Bungalows	Homeowner		4	6/7/01	3,674	0.219	\$661,100	\$661,100	
30313033	14096	56	Christopher 1	Spanish Bungalows	Homeowner		5	6/7/01	4,353	0.181	\$741,765	\$741,765	
30313034	14096	57	Christopher 1	Spanish Bungalows	Homeowner		4	6/7/01	3,674	0.183	\$667,500	\$667,500	
30313035	14096	58	Christopher 1	Spanish Bungalows	Homeowner		5	6/7/01	4,353	0.148	\$665,500	\$665,500	
30313036	14096	59	Christopher 1	Spanish Bungalows	Homeowner		4	6/7/01	3,674	0.147	\$641,000	\$641,000	
30313037	14096	60	Christopher 1	Spanish Bungalows	Homeowner		5	6/7/01	4,353	0.147	\$630,500	\$630,500	
30313038	14096	61	Christopher 1	Spanish Bungalows	Homeowner		4	6/7/01	3,674	0.147	\$606,000	\$606,000	
30313039	14096	62	Christopher 1	Spanish Bungalows	Homeowner		5	6/7/01	4,353	0.147	\$630,500	\$630,500	
30313040	14096	63	Christopher 1	Spanish Bungalows	Homeowner		4	6/7/01	3,674	0.147	\$606,000	\$606,000	
30313041	14096	64	Christopher 1	Spanish Bungalows	Homeowner		4	6/7/01	3,674	0.161	\$676,100	\$676,100	
			<b>Count</b>	<b>64</b>					<b>Total</b>	<b>11.63</b>	<b>\$43,377,403</b>	<b>\$43,377,403</b>	
30314212	14097	64		Streets						0.691			
30317012	14223	107		Streets						0.725			
30317013	14223	108		Streets						0.515			
30317217	14223	109		Streets						4.051			
30317606	14223	110		Streets						4.613			

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
31201045/31201046/31201047	98	69	Santaluz	Village Green	Homeowner		13			0.900	\$1,000,000		\$1,000,000
31201045/31201046/31201047	98	70	Santaluz	Village Green	Homeowner		13			1.100	\$1,000,000		\$1,000,000
31201045/31201046/31201047	98	71	Santaluz	Village Green	Homeowner		13			0.790	\$1,000,000		\$1,000,000
31201045/31201046/31201047	98	72	Santaluz	Village Green	Homeowner		13			2.270	\$1,000,000		\$1,000,000
31201047	98	74	Santaluz	Village Green	Homeowner		13			1.190	\$700,000		\$700,000
31201045/31201046/31201047	98	76	Santaluz	Village Green	Homeowner		13			1.090	\$700,000		\$700,000
31201045/31201046/31201047	98	78	Santaluz	Village Green	Homeowner		13			1.140	\$700,000		\$700,000
31201047	98	80	Santaluz	Village Green	Homeowner		13			1.120	\$700,000		\$700,000
30317001	14223	1	Santaluz	Village Green	Homeowner		13			0.839	\$1,275,000		\$1,275,000
30317002	14223	2	Colton	Village Green	Homeowner		13	7/15/02	9,428	0.819	\$1,230,000		\$1,230,000
30317003	14223	3	Georgakellis	Village Green	Homeowner		13	11/12/03	1,035	1.035	\$1,070,000		\$1,070,000
30317004	14223	4	Sidor	Village Green	Homeowner		13	12/9/02	9,428	1.133	\$875,000		\$875,000
30317005	14223	5	Santaluz	Village Green	Homeowner		13			0.984	\$900,000		\$900,000
30317006	14223	6	Genuardi	Village Green	Homeowner	Artisan	13	6/28/02	9,428	1.152	\$850,000		\$850,000
30317007	14223	7	Arlano	Village Green	Homeowner		13	7/19/02	9,428	1.553	\$730,000		\$730,000
30317008	14223	8	Jarvis	Village Green	Homeowner		13	10/9/02	9,428	1.218	\$710,000		\$710,000
30317009	14223	9	Cox	Village Green	Homeowner		13	8/27/03	9,428	1.518	\$895,000		\$895,000
30317101	14223	10	Riviere	Village Green	Homeowner		13	11/7/03	9,428	0.924	\$795,000		\$795,000
30317102	14223	11	Long	Village Green	Homeowner		13	9/3/03	9,428	0.967	\$850,000		\$850,000
30317103	14223	12	Union	Village Green	Homeowner		13	4/1/03	9,428	0.544	\$755,000		\$755,000
30317104	14223	13	Bolezuel	Village Green	Homeowner		13	4/30/03	9,428	0.962	\$710,000		\$710,000
30317105	14223	14	Scargis	Village Green	Homeowner		13	11/12/02	9,428	0.796	\$575,000		\$575,000
30317106	14223	15	Ezzel	Village Green	Homeowner		13	7/18/03	9,428	0.624	\$490,000		\$490,000
30317107	14223	16	Santaluz	Village Green	Homeowner		13			0.804	\$635,000		\$635,000
30317108	14223	17	Santaluz	Village Green	Homeowner		13			1.653	\$795,000		\$795,000
30317109	14223	18	Santaluz	Village Green	Homeowner		13			0.743	\$550,000		\$550,000
30317210	14223	36	Santaluz	Village Green	Homeowner		13			0.669	\$635,000		\$635,000
30317211	14223	38	Santaluz	Village Green	Homeowner		13			0.751	\$700,000		\$700,000
30317212	14223	39	Haltcock	Village Green	Homeowner		13	11/5/03	9,428	0.763	\$775,000		\$775,000
30317213	14223	40	Hamilton	Village Green	Homeowner		13	12/10/03		0.846	\$850,000		\$850,000
30317214	14223	41	Santaluz	Village Green	Homeowner		13			1.393	\$885,000		\$885,000
30317215	14223	46	Bahae	Village Green	Homeowner		13	10/31/03		0.781	\$885,000		\$885,000
30317216	14223	47	Singer	Village Green	Homeowner		13	7/30/03	9,428	0.935	\$725,000		\$725,000
30317124	14223	48	Santaluz	Village Green	Homeowner		13			1.917	\$745,000		\$745,000
30317010	14223	49	Santaluz	Village Green	Homeowner		13			1.917	\$965,000		\$965,000
30317011	14223	50	Schmidt	Village Green	Homeowner		13	4/7/03	9,428	1.174	\$970,000		\$970,000
30317301	14223	51	Santaluz	Village Green	Homeowner		13			1.314	\$905,000		\$905,000
30317302	14223	52	Santaluz	Village Green	Homeowner		13			1.591	\$990,000		\$990,000
30317303	14223	53	Santaluz	Village Green	Homeowner		13			0.279	\$765,000		\$765,000

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/11/2003**  
 September 30, 2003

Per Final Map		Builder (Numbers Behind Builder Name Equal Takedown)		Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
APN	Tract	Lot											
30317305	14223	55	Santaluz	Village Green	Homeowner		13			0.234	\$815,000		\$815,000
30317307	14223	57	Santaluz	Village Green	Homeowner		13			0.280	\$1,090,000		\$1,090,000
30317309	14223	59	Santaluz	Village Green	Homeowner		13			0.234	\$985,000		\$985,000
30317311	14223	61	Santaluz	Village Green	Homeowner		13			0.280	\$795,000		\$795,000
30317313	14223	63	Santaluz	Village Green	Homeowner		13			0.234	\$1,090,000		\$1,090,000
30317401	14223	65	Cox	Village Green	Homeowner		13	9/25/02	9,428	1.067	\$850,000		\$850,000
30317402	14223	66	Cho	Village Green	Homeowner		13	10/7/03	9,428	1.292	\$1,275,000		\$1,275,000
30317403	14223	67	Santaluz	Village Green	Homeowner		13			1.065	\$1,275,000		\$1,275,000
30317501	14223	69	Santaluz	Village Green	Homeowner		13			1.393	\$1,275,000		\$1,275,000
30317502	14223	68	Boffe	Village Green	Homeowner		13	10/22/03		1.447	\$1,230,000		\$1,230,000
30317503	14223	70	Glabman	Village Green	Homeowner		13	9/19/02	9,428	1.242	\$665,000		\$665,000
30317504	14223	71	Poorboffe	Village Green	Homeowner		13	9/22/03	9,428	0.926	\$640,000		\$640,000
30317505	14223	72	Schmidt	Village Green	Homeowner		13	11/14/03		1.328	\$570,000		\$570,000
30317506	14223	73	Santaluz	Village Green	Homeowner		13			0.597	\$680,000		\$680,000
30317507	14223	74	Santaluz	Village Green	Homeowner		13			1.958	\$650,000		\$650,000
30317508	14223	75	Kuslan	Village Green	Homeowner		13	5/1/03	9,428	1.493	\$645,000		\$645,000
30317509	14223	76	Santaluz	Village Green	Homeowner		13			0.512	\$640,000		\$640,000
30317404	14223	77	Santaluz	Village Green	Homeowner		13			0.707	\$640,000		\$640,000
30317408	14223	81	Santaluz	Village Green	Homeowner		13			0.441	\$810,000		\$810,000
30317412	14223	85	Santaluz	Village Green	Homeowner		13			1.944	\$635,000		\$635,000
30317315	14223	89	Santaluz	Village Green	Homeowner		13			1.712	\$745,000		\$745,000
30317316	14223	90	Santaluz	Village Green	Homeowner		13			0.680	\$725,000		\$725,000
30317318	14223	92	Santaluz	Village Green	Homeowner		13			1.621	\$795,000		\$795,000
30317320	14223	94	Santaluz	Village Green	Homeowner		13			1.842	\$1,050,000		\$1,050,000
30317321	14223	95	Santaluz	Village Green	Homeowner		13			1.200	\$980,000		\$980,000
30317605	14223	108T	Santaluz	Village Green	Homeowner		13	12/10/03	9,428	0.974	\$1,320,000		\$1,320,000
30318001	14276	1	Rippe	Village Green	Homeowner		13	7/3/03	9,428	1.792	\$1,190,000		\$1,190,000
30318002	14276	2	Jarrit	Village Green	Homeowner		13			0.903	\$1,190,000		\$1,190,000
30318003	14276	3	Rippe	Village Green	Homeowner		13	9/16/03		0.807	\$870,000		\$870,000
30318004	14276	4	Cuatrecasas	Village Green	Homeowner	Artisan	13	11/19/03		0.635	\$1,065,000		\$1,065,000
30318101	14276	5	Rippe	Village Green	Homeowner		13	6/30/03	9,428	0.579	\$1,170,000		\$1,170,000
30318102	14276	6	Rippe	Village Green	Homeowner		13	10/17/03	9,428	0.890	\$1,275,000		\$1,275,000
30318201	14276	15	Guzzetta	Village Green	Homeowner		13	10/17/03	9,428	1.119	\$1,275,000		\$1,275,000
30318202	14276	18	Santaluz	Village Green	Homeowner		13			1.717	\$1,275,000		\$1,275,000
30318203	14276	17	Boudjakian	Village Green	Homeowner		13			0.282	\$1,000,000		\$1,000,000
30318204	14276	19	Santaluz	Village Green	Homeowner		13			0.692	\$1,000,000		\$1,000,000
30318205	14276	18	Hambarian	Village Green	Homeowner		13			0.207	\$1,360,000		\$1,360,000
30318206	14276	20	Corrigan	Village Green	Homeowner		13			0.207	\$1,275,000		\$1,275,000
30318207	14276	21	Corrigan	Village Green	Homeowner		13			0.207	\$975,000		\$975,000
30318208	14276	22	Santaluz	Village Green	Homeowner		13			0.645	\$1,000,000		\$1,000,000
30318211	14276	25	Santaluz	Village Green	Homeowner		13			0.812	\$1,000,000		\$1,000,000
30318213	14276	27	Santaluz	Village Green	Homeowner		13			0.967	\$1,000,000		\$1,000,000
30318302	14276	32	Santaluz	Village Green	Homeowner		13						
30318306	14276	36	Santaluz	Village Green	Homeowner		13						
30318310	14276	40	Santaluz	Village Green	Homeowner		13						
30318402	14276	61	Cox	Village Green	Homeowner		13	1/26/03					
30318403	14276	62	Cox	Village Green	Homeowner		13	1/26/03					
30318404	14276	63	Cox	Village Green	Homeowner		13	1/26/03					

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30318405	14276	64	Panner	Village Green	Homeowner		13	12/10/03	9,428	1.596	\$1,100,000		\$1,100,000
30318217	14276	82	Santaluz	Village Green	Homeowner		13			1.281	\$1,065,000		\$1,065,000
30318218	14276	83	Santaluz	Village Green	Homeowner		13			0.997	\$1,050,000		\$1,050,000
30318220	14276	85	Santaluz	Village Green	Homeowner		13			0.720	\$1,000,000		\$1,000,000
30318224	14276	88	Johnson	Village Green	Homeowner		13	12/1/03		1.200	\$1,020,000		\$1,020,000
30318225	14276	90	SL John	Village Green	Homeowner		13	9/1/03		1.018	\$1,030,000		\$1,030,000
30318226	14276	91	Santaluz	Village Green	Homeowner		13			0.591	\$1,020,000		\$1,020,000
30318227	14276	92	Cox	Village Green	Homeowner		13	8/27/03	9,428	0.771	\$980,000		\$980,000
30318119	14276	101	Santaluz	Village Green	Homeowner		13			1.049	\$1,065,000		\$1,065,000
30318120	14276	102	Santaluz	Village Green	Homeowner		13			0.401	\$900,000		\$900,000
30318122	14276	104	Santaluz	Village Green	Homeowner		13			0.633	\$815,000		\$815,000
30318005	14276	114	Santaluz	Village Green	Homeowner		13			1.216	\$1,050,000		\$1,050,000
30318006	14276	115	Schmidt	Village Green	Homeowner	Artisan	13	11/14/02	9,428	1.563	\$1,065,000		\$1,065,000
26929001	14358	1	Santaluz	Village Green	Homeowner		13			1.281	\$1,100,000		\$1,100,000
26929003	14358	3	Santaluz	Village Green	Homeowner		13			0.543	\$1,300,000		\$1,300,000
26929005	14358	5	Santaluz	Village Green	Homeowner		13			0.728	\$1,135,000		\$1,135,000
26929101	14358	7	Santaluz	Village Green	Homeowner		13			0.356	\$1,050,000		\$1,050,000
26929103	14358	9	Santaluz	Village Green	Homeowner		13			0.696	\$880,000		\$880,000
26929107	14358	13	Santaluz	Village Green	Homeowner		13			0.280	\$1,645,000		\$1,645,000
26929201	14358	17	Santaluz	Village Green	Homeowner		13			0.280	\$1,590,000		\$1,590,000
26929205	14358	21	Santaluz	Village Green	Homeowner		13			0.304	\$1,130,000		\$1,130,000
26929301	14358	23	Santaluz	Village Green	Homeowner		13			0.280	\$1,875,000		\$1,875,000
26929305	14358	27	Santaluz	Village Green	Homeowner		13			0.280	\$1,590,000		\$1,590,000
26929310	14358	32	Santaluz	Village Green	Homeowner		13			0.280	\$1,740,000		\$1,740,000
26929112	14358	36	Santaluz	Village Green	Homeowner		13			0.976	\$800,000		\$800,000
26929113	14358	37	Santaluz	Village Green	Homeowner		13			0.785	\$1,140,000		\$1,140,000
26929114	14358	38	Santaluz	Village Green	Homeowner		13			1.088	\$765,000		\$765,000
26929115	14358	39	Santaluz	Village Green	Homeowner		13			1.135	\$765,000		\$765,000
31201047730307046	19045	2	Santaluz	Village Green TBD	Homeowner		13			1.514	\$1,220,000		\$1,220,000
26921018	14064/14307	19077	Babea	Village Green	Homeowner		13	10/31/03		0.842	\$910,000		\$910,000
26921019	14064/14307	1	Pozzuoli	Village Green	Homeowner		13	10/4/02	9,428	1.060	\$570,000		\$570,000
26921020	14064/14307	2	Shih	Village Green	Homeowner		13	6/5/03	9,428	1.055	\$495,000		\$495,000
26921021	14064/14307	3	Santaluz	Village Green	Homeowner		13			0.838	\$490,000		\$490,000
26921030	14064/14307	4	Mirkham	Village Green	Homeowner		13	10/1/03	9,428	1.190	\$535,000		\$535,000
26921131	14064/14307	5	Barrett	Village Green	Homeowner		13	9/28/02	9,428	1.544	\$665,000		\$665,000
26921132	14064/14307	9	Hope	Village Green	Homeowner		13	7/3/02	9,428	0.967	\$590,000		\$590,000
26921226	14064/14307	13	Santaluz	Village Green	Homeowner		13			0.705	\$590,000		\$590,000
26921227	14064/14307	15	Newbury	Village Green	Homeowner		13	9/24/03	9,428	0.768	\$575,000		\$575,000
26921228	14064/14307	17	Blair	Village Green	Homeowner		13	7/17/02	9,428	1.186	\$650,000		\$650,000
26921325	14064/14307	21	Bedell	Village Green	Homeowner		13	6/3/02	9,428	1.562	\$710,000		\$710,000
26921326	14064/14307	25	Webb	Village Green	Homeowner	Artisan	13	4/26/02	9,428	0.737	\$680,000	\$680,000	\$680,000
26921327	14064/14307	27	Welsberg	Village Green	Homeowner	Artisan	13	4/23/02	9,428	0.977	\$595,000		\$595,000
26921328	14064/14307	29	Lee	Village Green	Homeowner		13	1/18/02	9,428	1.270	\$745,000		\$745,000
26921329	14064/14307	31	Ducos	Village Green	Homeowner		13	2/12/02	9,428	1.462	\$750,000		\$750,000
26921330	14064/14307	33	Yeager	Village Green	Homeowner		13	8/20/03	9,428	0.971	\$725,000		\$725,000
26921331	14064/14307	35	Santaluz	Village Green	Homeowner		13			1.886	\$750,000		\$750,000
26921331	14064/14307	37	Georgakalis	Village Green	Homeowner	Artisan	13	7/15/02	9,428	1.042	\$680,000		\$680,000

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003**  
 September 30, 2003

APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
26921332	14064/14307	39	Buehler	Village Green	Homeowner	Artisan	13	5/30/02	9.428	0.899	\$1,380,000		\$1,380,000
26921334	14064/14307	41	Mulvey	Village Green	Homeowner	Artisan	13	6/21/02	9.428	1.671	\$1,210,000		\$1,210,000
26921229	14064/14307	45	Santaluz	Village Green	Homeowner	Artisan	13			1.237	\$1,135,000		\$1,135,000
26921230	14064/14307	47	Santaluz	Village Green	Homeowner	Artisan	13			1.183	\$1,090,000		\$1,090,000
26921231	14064/14307	49	Rhyme	Village Green	Homeowner	Artisan	13	9/19/02	9.428	1.360	\$1,035,000		\$1,035,000
26921133	14064/14307	53	Santaluz	Village Green	Homeowner	Artisan	13			1.432	\$810,000		\$810,000
26921005	14064/14307	63	Santaluz	Village Green	Homeowner	Artisan	13			1.161	\$765,000		\$765,000
26921006	14064/14307	64	Pozzull	Village Green	Homeowner	Artisan	13			0.922	\$732,920	\$732,920	
26921007	14064/14307	66	Reppa	Village Green	Homeowner	Artisan	13	7/2/02	9.428	1.451	\$705,000		\$705,000
26921008	14064/14307	68	Webb	Village Green	Homeowner	Artisan	13	4/19/02	9.428	1.649	\$808,645		\$808,645
26922050	14064/14307	91	Donoghue	Village Green	Homeowner	Artisan	13	8/21/02	9.428	1.945	\$615,000		\$615,000
26922051	14064/14307	85	Sutton	Village Green	Homeowner	Artisan	13	2/4/02	9.428	1.229	\$540,000		\$540,000
26922052	14064/14307	97	Goodin	Village Green	Homeowner	Artisan	13	3/11/02	9.428	1.502	\$908,658		\$908,658
26922053	14064/14307	119	Lymburg	Village Green	Homeowner	Artisan	13	2/4/02	9.428	1.636	\$565,000		\$565,000
26922054	14064/14307	121	Goodin	Village Green	Homeowner	Artisan	13	2/4/02	9.428	1.547	\$620,000		\$620,000
26922152	14064/14307	123	Dale	Village Green	Homeowner	Artisan	13	12/31/01	9.428	1.100	\$645,000		\$645,000
26922153	14064/14307	125	Kunzman	Village Green	Homeowner	Artisan	13	3/5/02	9.428	1.170	\$615,000		\$615,000
26923127	14064/14307	192	Harris	Village Green	Homeowner	Artisan	13	7/15/02	9.428	0.984	\$940,000		\$940,000
26923128	14064/14307	194	Georgaklis	Village Green	Homeowner	Artisan	13	7/15/02	9.428	0.720	\$1,035,000		\$1,035,000
26923129	14064/14307	196	Cho-Mulvey	Village Green	Homeowner	Artisan	13	12/28/01	9.428	1.535	\$1,779,814	\$1,779,814	
26923129	14064/14307	198	Waluk	Village Green	Homeowner	Artisan	13	2/22/02	9.428	1.336	\$1,040,000		\$1,040,000
26923130	14064/14307	200	Baldwin	Village Green	Homeowner	Artisan	13	2/5/02	9.428	1.015	\$890,000		\$890,000
26923131	14064/14307	202	Baldwin	Village Green	Homeowner	Artisan	13	2/5/02	9.428	1.172	\$830,000		\$830,000
26923132	14064/14307	204	Schmidt	Village Green	Homeowner	Artisan	13	1/11/02	9.428	0.900	\$645,000		\$645,000
26923133	14064/14307	206	Schmidt	Village Green	Homeowner	Artisan	13	2/5/02	9.428	1.293	\$580,000		\$580,000
26923021	14064/14307	212	Marlin	Village Green	Homeowner	Artisan	13	2/5/02	9.428	1.177	\$760,000		\$760,000
26923022	14064/14307	214	Lombrozo	Village Green	Homeowner	Artisan	13	3/4/02	9.428	0.704	\$750,000		\$750,000
26923013	14064/14307	246N	Santaluz	Village Green	Homeowner	Artisan	13			0.679	\$1,135,000		\$1,135,000
26923312	14064/14308	262U	Santaluz	Village Green	Homeowner	Artisan	13			0.600	\$1,135,000		\$1,135,000
30311011	14065/14308	11	Santaluz	Village Green	Homeowner	Artisan	13			0.207	\$560,000		\$560,000
30311013	14065/14308	13	Santaluz	Village Green	Homeowner	Artisan	13			0.203	\$535,000		\$535,000
30311015	14065/14308	15	Santaluz	Village Green	Homeowner	Artisan	13			0.207	\$560,000		\$560,000
30311017	14065/14308	17	Santaluz	Village Green	Homeowner	Artisan	13			0.203	\$535,000		\$535,000
30311019	14065/14308	19	Santaluz	Village Green	Homeowner	Artisan	13			0.207	\$620,000		\$620,000
30311021	14065/14308	21	Santaluz	Village Green	Homeowner	Artisan	13			0.203	\$600,000		\$600,000
30311323	14065/14308	61	Santaluz	Village Green	Homeowner	Artisan	13			0.207	\$420,000		\$420,000
30311324	14065/14308	63	Santaluz	Village Green	Homeowner	Artisan	13			0.203	\$445,000		\$445,000
30311325	14065/14308	65	Hawks/Ames	Village Green	Homeowner	Artisan	13	5/20/03	9.428	0.207	\$500,000		\$500,000
30311328	14065/14308	67	Hawks/Ames	Village Green	Homeowner	Artisan	13	5/20/03	9.428	0.203	\$500,000		\$500,000
30311441	14065/14308	69	Hawks/Ames	Village Green	Homeowner	Artisan	13	7/18/03	9.428	0.207	\$480,000		\$480,000
30311435	14065/14308	71	Hawks/Ames	Village Green	Homeowner	Artisan	13	7/18/03	9.428	0.203	\$480,000		\$480,000
30311436	14065/14308	74	Hawks/Ames	Village Green	Homeowner	Artisan	13	8/5/03	9.428	0.207	\$450,000		\$450,000
30311437	14065/14308	76	Hawks/Ames	Village Green	Homeowner	Artisan	13	8/5/03	9.428	0.203	\$445,000		\$445,000
30311438	14065/14308	78	Hawks/Ames	Village Green	Homeowner	Artisan	13	10/30/03	9.428	0.207	\$475,000		\$475,000
30311439	14065/14308	80	Hawks/Ames	Village Green	Homeowner	Artisan	13	10/31/03	9.428	0.203	\$600,000		\$600,000
30312101	14065/14308	91	Cohen	Village Green	Homeowner	Artisan	13	10/22/03	9.428	1.284	\$675,000		\$675,000
30312001	14065/14308	92	Santaluz	Village Green	Homeowner	Artisan	13			0.844	\$675,000		\$675,000

SANTALUZ													
SUMMARY OF LOT ACREAGE BASED ON ITM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003													
September 30, 2003													
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Takedown)	Product	Homeowner	Artisan Lot	Tax Class	Building Permit Pulled or Lot Sold	Assigned Special Tax 2003/04	Lot Total Acres	Appraised Value	Developed	Undeveloped
30312002	14065714308	93	Gardner	Village Green	Homeowner		13	8/22/03	9,428	0.945	\$575,000		\$575,000
30312003	14065714308	94	Santaluz	Village Green	Homeowner		13			1.171	\$745,000		\$745,000
30312004	14065714308	95	Santaluz	Village Green	Homeowner		13			1.186	\$820,000		\$820,000
30312005	14065714308	96	Santaluz	Village Green	Homeowner		13			0.727	\$765,000		\$765,000
30312207	14065714308	105	Santaluz	Village Green	Homeowner		13			1.001	\$785,000		\$785,000
30312301	14065714308	106	Gardner	Village Green	Homeowner		13	12/27/02	9,428	1.485	\$800,000		\$800,000
30312208	14065714308	107	Santaluz	Village Green	Homeowner		13			0.451	\$785,000		\$785,000
30312209	14065714308	108	Cresto	Village Green	Homeowner		13	5/9/03	9,428	0.743	\$825,000		\$825,000
30312210	14065714308	109	Santaluz	Village Green	Homeowner		13			0.558	\$830,000		\$830,000
30312211	14065714308	110	Schmidt/Papandrea	Village Green	Homeowner		13	6/20/03	9,428	0.805	\$760,000		\$760,000
30312212	14065714308	111	McGuire	Village Green	Homeowner		13	9/29/03	9,428	0.617	\$745,000		\$745,000
30312302	14065714308	112	Ganund	Village Green	Homeowner		13	6/28/02	9,428	0.676	\$735,000		\$735,000
30312303	14065714308	113	James	Village Green	Homeowner	Artisan	13	7/26/02	9,428	1.065	\$780,000		\$780,000
30312304	14065714308	114	Elias	Village Green	Homeowner		13	7/30/02	9,428	1.770	\$710,000		\$710,000
30312305	14065714308	115	Guzzeita	Village Green	Homeowner	Artisan	13	11/25/02	9,428	1.484	\$850,000		\$850,000
			Count	198					Total	188.60	\$171,735,037	\$3,192,734	\$188,542,303
			97										
67823007	17996	Par 1								11.440			
30307028	17996	Par 6								17.060			
31214208	17996	Par 8								182.540			
26913009	17996	Por Par 6								453.910			
26913110	17996	Por Par 6								24.620			
31201045	17996	Por Par 7								253.880			
31201044	17996	Por Par 7								12.790			
30307046	17996	Por Par 7								241.900			
26912010	17996	Por Par 7								179.580			
26912110	17996	Por Par 7								4.600			
30307038	17996	Por Par 8								32.430			
30307047	18045	1								0.070			
30307048	18045	2								0.280			
31201047	18045	2								0.281			
31201048	18045	3								0.219			
									Total		\$645,772,849	\$368,068,380	\$277,704,469

SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003												
SANTALUZ												
September 30, 2003												
Per Final Map												
APN	Tred	Lot	Builder (Numbers Behind Builder Name Equal Take-down)	Product Number	Product	Tax Class	Building Permit Pulled or Lot Sold	Lot Square Feet	Lot Total Acres	Appraised Value	Developed	Undeveloped
26925001	14255	1	Santaluz	1	Custom Northern Lights	13		652,230	1.497	\$750,000		\$750,000
26925002	14255	2	Santaluz	1	Custom Northern Lights	13		76,941	1.766	\$700,000		\$700,000
26925003	14255	3	Santaluz	1	Custom Northern Lights	13		74,974	1.721	\$675,000		\$675,000
26925004	14255	4	Santaluz	1	Custom Northern Lights	13		62,399	1.432	\$840,000		\$840,000
26925005	14255	5	Santaluz	1	Custom Northern Lights	13		58,647	1.346	\$615,000		\$615,000
26925101	14255	6	Santaluz	1	Custom Northern Lights	13		58,491	1.343	\$600,000		\$600,000
26925102	14255	7	Santaluz	1	Custom Northern Lights	13		64,977	1.492	\$570,000		\$570,000
26925103	14255	8	Santaluz	1	Custom Northern Lights	13		67,355	1.546	\$570,000		\$570,000
26925104	14255	9	Santaluz	1	Custom Northern Lights	13		52,829	1.215	\$550,000		\$550,000
26925105	14255	10	Santaluz	1	Custom Northern Lights	13		67,984	1.561	\$570,000		\$570,000
26925106	14255	11	Santaluz	1	Custom Northern Lights	13		73,665	1.691	\$595,000		\$595,000
26925109	14255	14	Santaluz	1	Custom Northern Lights	13		45,840	1.052	\$560,000		\$560,000
26925007	14255	18	Santaluz	1	Custom Northern Lights	13		77,090	1.770	\$700,000		\$700,000
26925008	14255	19	Santaluz	1	Custom Northern Lights	13		78,821	1.809	\$750,000		\$750,000
26925009	14255	20	Santaluz	1	Custom Northern Lights	13		86,485	1.945	\$1,000,000		\$1,000,000
26925010	14255	21	Santaluz	1	Custom Northern Lights	13	9/1/00	84,129	1.931	\$4,000,000	\$4,000,000	
26925011	14255	22	Santaluz	1	Custom Northern Lights	13		81,864	1.879	\$595,000		\$595,000
26925012	14255	23	Santaluz	1	Custom Northern Lights	13		58,568	1.345	\$590,000		\$590,000
26925013	14255	24	Santaluz	1	Custom Northern Lights	13		45,617	1.047	\$615,000		\$615,000
26925014	14255	25	Santaluz	1	Custom Northern Lights	13		84,486	1.940	\$655,000		\$655,000
26925015	14255	26	Santaluz	1	Custom Northern Lights	13		43,034	0.988	\$655,000		\$655,000
26925016	14255	27	Santaluz	1	Custom Northern Lights	13		32,483	0.746	\$595,000		\$595,000
26925017	14255	28	Santaluz	1	Custom Northern Lights	13		36,435	0.835	\$595,000		\$595,000
26925018	14255	29	Santaluz	1	Custom Northern Lights	13		40,894	0.939	\$575,000		\$575,000
26925019	14255	G	Santaluz	1	Custom Northern Lights	13			1,241	\$745,000		\$745,000
26926103	14296	17	Santaluz	1	Custom Northern Lights	13		64,774	1.487	\$615,000		\$615,000
26926104	14296	18	Santaluz	1	Custom Northern Lights	13		57,825	1.330	\$615,000		\$615,000
26926109	14296	23	Santaluz	1	Custom Northern Lights	13		75,287	1.728	\$680,000		\$680,000
26926111	14296	25	Santaluz	1	Custom Northern Lights	13		83,011	1.808	\$695,000		\$695,000
26926112	14296	26	Santaluz	1	Custom Northern Lights	13		80,369	1.845	\$725,000		\$725,000
26927001	14296	35F	Santaluz	1	Custom Northern Lights	13		82,764	1.900	\$900,000		\$900,000
26927002	14297	E	Santaluz	1	Custom Northern Lights	13				\$710,000		\$710,000
26927003	14297	1	Santaluz	1	Custom Northern Lights	13		59,878	1.375	\$575,000		\$575,000
26927004	14297	2	Santaluz	1	Custom Northern Lights	13		68,199	1.566	\$575,000		\$575,000
26927005	14297	3	Santaluz	1	Custom Northern Lights	13		64,858	1.489	\$575,000		\$575,000
26927006	14297	4	Santaluz	1	Custom Northern Lights	13		60,670	1.393	\$575,000		\$575,000
26927007	14297	5	Santaluz	1	Custom Northern Lights	13		60,676	1.391	\$575,000		\$575,000
26927008	14297	6	Santaluz	1	Custom Northern Lights	13		52,826	1.213	\$575,000		\$575,000
26927009	14297	7	Santaluz	1	Custom Northern Lights	13		53,856	1.236	\$575,000		\$575,000
26927010	14297	8	Santaluz	1	Custom Northern Lights	13		61,980	1.429	\$575,000		\$575,000
26927011	14297	9	Santaluz	1	Custom Northern Lights	13		71,171	1.634	\$575,000		\$575,000
26927012	14297	10	Santaluz	1	Custom Northern Lights	13		65,703	1.508	\$575,000		\$575,000
26927013	14297	11	Santaluz	1	Custom Northern Lights	13		58,802	1.352	\$575,000		\$575,000
26927014	14297	12	Santaluz	1	Custom Northern Lights	13		67,257	1.544	\$575,000		\$575,000
26927015	14297	13	Santaluz	1	Custom Northern Lights	13		73,538	1.688	\$575,000		\$575,000
26927016	14297	14	Santaluz	1	Custom Northern Lights	13		65,478	1.509	\$575,000		\$575,000
26927017	14297	15	Santaluz	1	Custom Northern Lights	13		54,864	1.265	\$575,000		\$575,000
26927018	14297	16	Santaluz	1	Custom Northern Lights	13		70,643	1.628	\$575,000		\$575,000
26927019	14297	17	Santaluz	1	Custom Northern Lights	13		67,324	1.546	\$640,000		\$640,000
26927020	14297	18	Santaluz	1	Custom Northern Lights	13		66,060	1.517	\$615,000		\$615,000
26927021	14297	19	Santaluz	1	Custom Northern Lights	13		75,824	1.743	\$710,000		\$710,000
26927022	14297	20	Santaluz	1	Custom Northern Lights	13		55,633	1.277	\$670,000		\$670,000
26927023	14297	21	Santaluz	1	Custom Northern Lights	13		60,671	1.393	\$670,000		\$670,000
26927024	14297	22	Santaluz	1	Custom Northern Lights	13		70,778	1.625	\$700,000		\$700,000

SANTALUZ												
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/17/2003												
September 30, 2003												
Per Final Map												
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Tokodown)	Product Number	Product	Tax Class	Building Permit Pulled or Lot Sold	Lot Square Feet	Lot Total Acres	Appraised Value	Developed	Undeveloped
26927023	14297	23	Santaluz	1	Custom Northern Lights	13		59,837	1.374	\$635,000		\$635,000
26927024	14297	24	Santaluz	1	Custom Northern Lights	13		45,844	1.052	\$590,000		\$590,000
26927025	14297	25	Santaluz	1	Custom Northern Lights	13		59,573	1.368	\$635,000		\$635,000
26928001	14339	1	Santaluz	1	Custom Northern Lights	13		196,205	4.504	\$1,300,000		\$1,300,000
26928002	14339	2	Santaluz	1	Custom Northern Lights	13		146,054	3.353	\$1,050,000		\$1,050,000
26928003	14339	3	Santaluz	1	Custom Northern Lights	13		84,036	1.829	\$725,000		\$725,000
26928004	14339	4	Santaluz	1	Custom Northern Lights	13		43,314	0.994	\$725,000		\$725,000
26928005	14339	5	Santaluz	1	Custom Northern Lights	13		51,443	1.181	\$725,000		\$725,000
26928006	14339	6	Santaluz	1	Custom Northern Lights	13		44,155	1.014	\$675,000		\$675,000
26928007	14339	7	Santaluz	1	Custom Northern Lights	13		101,489	2.330	\$745,000		\$745,000
26928008	14339	8	Santaluz	1	Custom Northern Lights	13		36,155	0.830	\$615,000		\$615,000
26928009	14339	9	Santaluz	1	Custom Northern Lights	13		62,452	1.434	\$675,000		\$675,000
26928010	14339	10	Santaluz	1	Custom Northern Lights	13		31,474	0.723	\$635,000		\$635,000
26928011	14339	11	Santaluz	1	Custom Northern Lights	13		42,816	0.983	\$655,000		\$655,000
26928012	14339	12	Santaluz	1	Custom Northern Lights	13		44,798	1.028	\$655,000		\$655,000
26928013	14339	13	Santaluz	1	Custom Northern Lights	13		45,552	1.048	\$655,000		\$655,000
26928014	14339	14	Santaluz	1	Custom Northern Lights	13		65,478	1.503	\$655,000		\$655,000
26928101	14339	21	Santaluz	1	Custom Northern Lights	13		567,439	13.027	\$725,000		\$725,000
	14339	161	Santaluz	1	Custom Northern Lights	13		43,560	1.000	\$590,000		\$590,000
	14339	16M	Santaluz	1	Custom Northern Lights	13		43,560	1.000	\$590,000		\$590,000
26928019	14339	191	Santaluz	1	Custom Northern Lights	13		34,306	0.788	\$675,000		\$675,000
	14339	21A	Santaluz	1	Custom Northern Lights	13		52,272	1.200	\$655,000		\$655,000
	14339	21B	Santaluz	1	Custom Northern Lights	13		69,696	1.600	\$725,000		\$725,000
	14339	21C	Santaluz	1	Custom Northern Lights	13				\$725,000		\$725,000
	14339	H	Santaluz	1	Custom Northern Lights	13				\$640,000		\$640,000
	14339	J	Santaluz	1	Custom Northern Lights	13				\$640,000		\$640,000
	14339	K	Santaluz	1	Custom Northern Lights	13				\$745,000		\$745,000
	14339	V	Santaluz	1	Custom Northern Lights	13				\$900,000		\$900,000
	14339	W	Santaluz	1	Custom Northern Lights	13				\$900,000		\$900,000
31201045/												
31201046/												
31201047	98	69	Santaluz	2	Village Green	13		39,204	0.900	\$1,000,000		\$1,000,000
31201045/												
31201046/												
31201047	98	70	Santaluz	2	Village Green	13		47,916	1.100	\$1,000,000		\$1,000,000
31201045/												
31201046/												
31201047	98	71	Santaluz	2	Village Green	13		34,412	0.790	\$1,000,000		\$1,000,000
31201045/												
31201046/												
31201047	98	72	Santaluz	2	Village Green	13		98,681	2.270	\$1,000,000		\$1,000,000
31201045/												
31201046/												
31201047	98	74	Santaluz	2	Village Green	13		51,836	1.190	\$700,000		\$700,000
31201045/												
31201046/												
31201047	98	76	Santaluz	2	Village Green	13		47,480	1.090	\$700,000		\$700,000
31201045/												
31201046/												
31201047	98	78	Santaluz	2	Village Green	13		49,658	1.140	\$700,000		\$700,000
31201045/												
31201046/												
31201047	98	80	Santaluz	2	Village Green	13		48,787	1.120	\$700,000		\$700,000
3037001	14223	1	Santaluz	2	Village Green	13		36,532	0.839	\$1,275,000		\$1,275,000



SANTALUZ												
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003												
September 30, 2003												
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Tolddown)	Product Number	Product	Tax Class	Building Permit Pulled or Lot Sold	Lot Squaro Foot	Lot Total Acres	Appraisal Value	Developed	Undeveloped
30317003	14223	3	Georgakalis	2	Village Green	13	11/12/03	45,104	1.035	\$1,070,000		\$1,070,000
30317005	14223	5	Santaluz	2	Village Green	13		43,288	0.984	\$900,000		\$900,000
30317101	14223	10	Riviere	2	Village Green	13	1/17/03	40,261	0.924	\$795,000		\$795,000
30317102	14223	11	Longo	2	Village Green	13	9/30/03	42,134	0.967	\$850,000		\$850,000
30317107	14223	16	Santaluz	2	Village Green	13		35,020	0.804	\$635,000		\$635,000
30317108	14223	17	Santaluz	2	Village Green	13		71,995	1.653	\$795,000		\$795,000
30317109	14223	18	Santaluz	2	Village Green	13		32,366	0.743	\$550,000		\$550,000
30317210	14223	36	Santaluz	2	Village Green	13		29,151	0.669	\$635,000		\$635,000
30317212	14223	38	Santaluz	2	Village Green	13		32,700	0.751	\$700,000		\$700,000
30317213	14223	39	Hothcock	2	Village Green	13	11/5/03	33,235	0.763	\$775,000		\$775,000
30317214	14223	40	Hamilton	2	Village Green	13	12/10/03	36,832	0.846	\$950,000		\$950,000
30317215	14223	41	Santaluz	2	Village Green	13		60,687	1.393	\$985,000		\$985,000
3031722	14223	45	Behao	2	Village Green	13	10/31/03	34,014	0.781	\$865,000		\$865,000
3031724	14223	48	Santaluz	2	Village Green	13		32,187	0.739	\$745,000		\$745,000
30317301	14223	49	Santaluz	2	Village Green	13		83,509	1.917	\$965,000		\$965,000
30317302	14223	52	Santaluz	2	Village Green	13		57,253	1.314	\$905,000		\$905,000
30317303	14223	53	Santaluz	2	Village Green	13		69,304	1.591	\$990,000		\$990,000
30317305	14223	55	Santaluz	2	Village Green	13		12,153	0.279	\$765,000		\$765,000
30317307	14223	57	Santaluz	2	Village Green	13		10,211	0.234	\$815,000		\$815,000
30317309	14223	59	Santaluz	2	Village Green	13		12,192	0.280	\$1,090,000		\$1,090,000
30317311	14223	61	Santaluz	2	Village Green	13		10,211	0.234	\$965,000		\$965,000
30317313	14223	63	Santaluz	2	Village Green	13		12,194	0.280	\$795,000		\$795,000
30317402	14223	66	Cho	2	Village Green	13	10/7/03	56,264	1.292	\$1,275,000		\$1,275,000
30317501	14223	67	Santaluz	2	Village Green	13		46,389	1.065	\$1,275,000		\$1,275,000
30317502	14223	68	Santaluz	2	Village Green	13		60,695	1.393	\$1,275,000		\$1,275,000
30317504	14223	69	Boite	2	Village Green	13	10/22/03	63,011	1.447	\$1,275,000		\$1,275,000
30317505	14223	72	Peerbolle	2	Village Green	13	8/22/03	40,354	0.926	\$665,000		\$665,000
30317506	14223	73	Schmidl	2	Village Green	13	11/14/03	57,868	1.326	\$640,000		\$640,000
30317507	14223	74	Santaluz	2	Village Green	13		26,016	0.697	\$570,000		\$570,000
30317509	14223	76	Santaluz	2	Village Green	13		85,297	1.958	\$680,000		\$680,000
30317604	14223	77	Santaluz	2	Village Green	13		22,288	0.512	\$570,000		\$570,000
30317608	14223	81	Santaluz	2	Village Green	13		30,804	0.707	\$645,000		\$645,000
30317712	14223	85	Santaluz	2	Village Green	13		19,231	0.441	\$840,000		\$840,000
30317315	14223	89	Santaluz	2	Village Green	13		84,669	1.944	\$810,000		\$810,000
30317316	14223	90	Santaluz	2	Village Green	13		41,030	0.942	\$635,000		\$635,000
30317318	14223	92	Santaluz	2	Village Green	13		74,555	1.712	\$745,000		\$745,000
30317320	14223	94	Santaluz	2	Village Green	13		29,613	0.680	\$725,000		\$725,000
30317321	14223	95	Santaluz	2	Village Green	13		70,630	1.621	\$725,000		\$725,000
30317605	14223	106T	Santaluz	2	Village Green	13		80,239	1.842	\$795,000		\$795,000
30318001	14276	1	Rippea	2	Village Green	13	12/10/03	42,444	0.974	\$980,000		\$980,000
30318101	14276	5	Rippea	2	Village Green	13	12/10/03	60,062	1.379	\$1,190,000		\$1,190,000
30318102	14276	6	Rippea	2	Village Green	13	11/24/03	39,326	0.903	\$1,190,000		\$1,190,000
30318201	14276	15	Guzzella	2	Village Green	13	9/16/03	35,154	0.807	\$870,000		\$870,000
30318202	14276	16	Santaluz	2	Village Green	13		27,651	0.635	\$1,065,000		\$1,065,000
30318203	14276	17	Buceljokian	2	Village Green	13	11/19/03	28,325	0.650	\$1,025,000		\$1,025,000
30318204	14276	18	Santaluz	2	Village Green	13		25,229	0.579	\$1,170,000		\$1,170,000
30318206	14276	20	Comgan	2	Village Green	13	10/17/03	38,769	0.890	\$1,275,000		\$1,275,000
30318208	14276	21	Comgan	2	Village Green	13	10/17/03	48,751	1.119	\$1,275,000		\$1,275,000
30318211	14276	22	Santaluz	2	Village Green	13		74,609	1.717	\$1,275,000		\$1,275,000
30318213	14276	25	Santaluz	2	Village Green	13		12,273	0.282	\$1,000,000		\$1,000,000
30318502	14276	27	Santaluz	2	Village Green	13		30,155	0.692	\$1,000,000		\$1,000,000
30318502	14276	32	Santaluz	2	Village Green	13		9,000	0.207	\$1,360,000		\$1,360,000

SANTALUZ												
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/1/2003												
September 30, 2003												
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Take-down)	Product Number	Product	Tax Class	Building Permit Pulled or Lot Sold	Lot Square Feet	Lot Total Acres	Appraised Value	Developed	Undeveloped
30318306	14276	36	Santaluz	2	Village Green	13		9,000	0.207	\$1,275,000		\$1,275,000
30318310	14276	40	Santaluz	2	Village Green	13		9,000	0.207	\$975,000		\$975,000
30318402	14276	61	Cox	2	Village Green	13	11/26/03	28,078	0.645	\$1,000,000		\$1,000,000
30318403	14276	62	Cox	2	Village Green	13	11/26/03	35,371	0.812	\$1,000,000		\$1,000,000
30318404	14276	63	Cox	2	Village Green	13	11/26/03	42,124	0.967	\$1,000,000		\$1,000,000
30318405	14276	64	Pennier	2	Village Green	13	12/10/03	69,528	1.586	\$1,100,000		\$1,100,000
30318217	14276	82	Santaluz	2	Village Green	13		55,803	1.281	\$1,085,000		\$1,085,000
30318218	14276	83	Santaluz	2	Village Green	13		43,442	0.997	\$1,050,000		\$1,050,000
30318224	14276	85	Santaluz	2	Village Green	13		31,382	0.720	\$1,000,000		\$1,000,000
30318225	14276	89	Johnson	2	Village Green	13	12/10/03	52,283	1.200	\$1,020,000		\$1,020,000
30318226	14276	90	St. John	2	Village Green	13	9/11/03	44,344	1.018	\$1,030,000		\$1,030,000
30318119	14276	101	Santaluz	2	Village Green	13		25,736	0.591	\$1,020,000		\$1,020,000
30318120	14276	102	Santaluz	2	Village Green	13		45,704	1.049	\$1,085,000		\$1,085,000
30318122	14276	104	Santaluz	2	Village Green	13		17,482	0.401	\$900,000		\$900,000
30318005	14276	114	Santaluz	2	Village Green	13		27,568	0.633	\$815,000		\$815,000
26929001	14276	1330	Santaluz	2	Village Green	13		52,980	1.216	\$1,050,000		\$1,050,000
26929003	14358	1	Santaluz	2	Village Green	13		55,800	1.281	\$1,100,000		\$1,100,000
26929005	14358	3	Santaluz	2	Village Green	13		23,666	0.543	\$1,300,000		\$1,300,000
26929101	14358	5	Santaluz	2	Village Green	13		31,724	0.728	\$1,135,000		\$1,135,000
26929103	14358	7	Santaluz	2	Village Green	13		15,505	0.356	\$1,050,000		\$1,050,000
26929107	14358	9	Santaluz	2	Village Green	13		30,327	0.696	\$880,000		\$880,000
26929201	14358	13	Santaluz	2	Village Green	13		12,195	0.280	\$1,645,000		\$1,645,000
26929205	14358	17	Santaluz	2	Village Green	13		12,195	0.280	\$1,580,000		\$1,580,000
26929301	14358	21	Santaluz	2	Village Green	13		12,195	0.280	\$1,590,000		\$1,590,000
26929305	14358	23	Santaluz	2	Village Green	13		13,248	0.304	\$1,130,000		\$1,130,000
26929310	14358	27	Santaluz	2	Village Green	13		12,195	0.280	\$1,675,000		\$1,675,000
26929112	14358	36	Santaluz	2	Village Green	13		12,195	0.280	\$1,740,000		\$1,740,000
26929114	14358	37	Santaluz	2	Village Green	13		42,527	0.976	\$900,000		\$900,000
26929115	14358	38	Santaluz	2	Village Green	13		34,182	0.785	\$1,140,000		\$1,140,000
26929115	14358	39	Santaluz	2	Village Green	13		47,409	1.088	\$765,000		\$765,000
26929115	19077	Par 1	Barbare	2	Village Green	13		65,950	1.514	\$1,220,000		\$1,220,000
26921020	14064/14307	3	Santaluz	2	Village Green	13	10/31/03	36,483	0.838	\$910,000		\$910,000
26921021	14064/14307	4	Mirkham	2	Village Green	13	10/1/03	51,854	1.190	\$490,000		\$490,000
26921132	14064/14307	13	Santaluz	2	Village Green	13		30,712	0.705	\$535,000		\$535,000
26921226	14064/14307	15	Newbury	2	Village Green	13		33,470	0.768	\$590,000		\$590,000
26921330	14064/14307	35	Santaluz	2	Village Green	13	9/24/03	81,292	1.886	\$750,000		\$750,000
26921229	14064/14307	45	Santaluz	2	Village Green	13		53,891	1.237	\$760,000		\$760,000
26921230	14064/14307	47	Santaluz	2	Village Green	13		51,512	1.183	\$1,135,000		\$1,135,000
26921133	14064/14307	53	Santaluz	2	Village Green	13		62,390	1.432	\$1,090,000		\$1,090,000
26921005	14064/14307	63	Santaluz	2	Village Green	13		50,562	1.161	\$765,000		\$765,000
26923312	14064/14308	262U	Santaluz	2	Village Green	13		29,577	0.679	\$1,135,000		\$1,135,000
30311011	14065/14308	11	Santaluz	2	Village Green	13		26,136	0.600	\$1,135,000		\$1,135,000
30311013	14065/14308	13	Santaluz	2	Village Green	13		9,000	0.207	\$560,000		\$560,000
30311015	14065/14308	15	Santaluz	2	Village Green	13		8,832	0.203	\$535,000		\$535,000
30311017	14065/14308	17	Santaluz	2	Village Green	13		9,000	0.207	\$560,000		\$560,000
30311019	14065/14308	19	Santaluz	2	Village Green	13		8,832	0.203	\$535,000		\$535,000
30311021	14065/14308	21	Santaluz	2	Village Green	13		9,000	0.207	\$620,000		\$620,000
30311323	14065/14308	61	Santaluz	2	Village Green	13		8,832	0.203	\$600,000		\$600,000
30311324	14065/14308	83	Santaluz	2	Village Green	13		9,000	0.207	\$420,000		\$420,000
30311438	14065/14308	78	Hawks/Ames	2	Village Green	13	10/30/03	8,832	0.203	\$445,000		\$445,000
30311439	14065/14308	80	Hawks/Ames	2	Village Green	13	10/31/03	8,832	0.203	\$445,000		\$445,000

**SANTALUZ**  
**SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 8/11/2003**  
September 30, 2003

APN	Per Final Map			Builder (Numbers Behind Builder Name Equal Takedown)	Product Number	Product	Tax Class	Building Permit Pulled or Lot Sold	Lot Square Feet	Lot Total Acres	Appraised Value	Developed	Undeveloped
	Tract	Lot	Map										
30312101	14065/14308	91		Cohan	2	Village Green	13	10/22/03	55,923	1.284	\$600,000		\$600,000
30312001	14065/14308	92		Santaluz	2	Village Green	13		36,756	0.844	\$675,000		\$675,000
30312003	14065/14308	94		Santaluz	2	Village Green	13		50,987	1.171	\$745,000		\$745,000
30312004	14065/14308	95		Santaluz	2	Village Green	13		31,670	0.727	\$920,000		\$920,000
30312207	14065/14308	105		Santaluz	2	Village Green	13		43,592	1.001	\$765,000		\$765,000
30312209	14065/14308	107		Santaluz	2	Village Green	13		19,651	0.451	\$785,000		\$785,000
30312210	14065/14308	109		Santaluz	2	Village Green	13		24,311	0.558	\$830,000		\$830,000
30316101	14232	14		McGuire	9	85 x 115	5	9/29/03	26,885	0.617	\$745,000		\$745,000
30316102	14232	15		Santaluz	9	85 x 115	8		13,721	0.315	\$312,524		\$312,524
30316103	14232	16		Santaluz	9	85 x 115	8		10,324	0.237	\$312,524		\$312,524
30316104	14232	17		Santaluz	9	85 x 115	5		10,498	0.241	\$312,524		\$312,524
30316105	14232	18		Santaluz	9	85 x 115	8		9,583	0.220	\$312,524		\$312,524
30316106	14232	19		Santaluz	9	85 x 115	6		11,108	0.255	\$312,524		\$312,524
30316107	14232	20		Santaluz	9	85 x 115	5		12,284	0.282	\$312,524		\$312,524
30316108	14232	21		Santaluz	9	85 x 115	8		13,373	0.307	\$312,524		\$312,524
30316109	14232	22		Santaluz	9	85 x 115	6		12,153	0.279	\$312,524		\$312,524
30316110	14232	23		Santaluz	9	85 x 115	5		11,718	0.269	\$312,524		\$312,524
30316111	14232	24		Santaluz	9	85 x 115	8		14,070	0.323	\$312,524		\$312,524
30316112	14232	25		Santaluz	9	85 x 115	6		11,238	0.258	\$312,524		\$312,524
30316113	14232	26		Santaluz	9	85 x 115	5		11,805	0.271	\$312,524		\$312,524
30316114	14232	27		Santaluz	9	85 x 115	8		12,676	0.291	\$312,524		\$312,524
30316115	14232	28		Santaluz	9	85 x 115	6		11,674	0.268	\$312,524		\$312,524
30316116	14232	29		Santaluz	9	85 x 115	5		9,670	0.222	\$312,524		\$312,524
30316117	14232	30		Santaluz	9	85 x 115	8		9,670	0.222	\$312,524		\$312,524
30316118	14232	31		Santaluz		85 x 115	6		11,413	0.262	\$312,524		\$312,524
30316119	14232	32		Santaluz		85 x 115	5		14,288	0.328	\$312,524		\$312,524
30316033	14232	52		Santaluz	9	85 x 115	8		13,112	0.301	\$312,524		\$312,524
30316034	14232	53		Santaluz	9	85 x 115	5		11,674	0.268	\$312,524		\$312,524
30316035	14232	54		Santaluz	9	85 x 115	6		13,852	0.318	\$312,524		\$312,524
30316036	14232	55		Santaluz	9	85 x 115	8		17,685	0.406	\$312,524		\$312,524
30316037	14232	56		Santaluz	9	85 x 115	5		16,683	0.383	\$312,524		\$312,524
30316038	14232	57		Santaluz	9	85 x 115	6		15,280	0.351	\$312,524		\$312,524
30316039	14232	58		Santaluz	9	85 x 115	5		18,364	0.445	\$312,524		\$312,524
30316040	14232	59		Santaluz	9	85 x 115	8		14,351	0.329	\$312,524		\$312,524
30316041	14232	60		Santaluz	9	85 x 115	6		14,636	0.336	\$312,524		\$312,524
30316042	14232	61		Santaluz	9	85 x 115	5		14,636	0.336	\$312,524		\$312,524
30316043	14232	62		Santaluz	9	85 x 115	8		17,685	0.406	\$312,524		\$312,524
6782300700	98			Santaluz	24	Cluster SFD	2						
6782300700	98			Santaluz	24	Cluster SFD	2						
6782300700	98			Santaluz	24	Cluster SFD	2						
6782300700	98			Santaluz	24	Cluster SFD	2						
6782300700	98			Santaluz	24	Cluster SFD	2						
6782300700	98			Santaluz	24	Cluster SFD	2						
6782300700	98			Santaluz	24	Cluster SFD	2						
6782300700	98			Santaluz	24	Cluster SFD	2						
6782300700	98			Santaluz	24	Cluster SFD	2						
6782300700	98			Santaluz	24	Cluster SFD	2						
6782300700	98			Santaluz	24	Cluster SFD	2						
6782300700	98			Santaluz	24	Cluster SFD	2						
6782300700	98			Santaluz	24	Cluster SFD	2						



SANTALUZ												
SUMMARY OF LOT ACREAGE BASED ON TTM SUBSTANTIAL CONFORMANCE APPROVAL AND REVISIONS THRU 9/17/2003												
September 30, 2003												
APN	Tract	Lot	Builder (Numbers Behind Builder Name Equal Teardown)	Product Number	Product	Tax Class	Building Permitt Pulled or Lot Sold	Lot Square Foot	Lot Total Acres	Appraisal Value	Developed	Undeveloped
26923313	1406414307	263	Santaluz	17	Golf Clubhouse			439,190	10.082	\$7,780,101	\$7,790,101	
26923314	1406414307	264	Santaluz	16	Community Center			229,788	5.275	\$8,722,897	\$8,722,897	
26923306	1406414307	258	Santaluz	17	Golf Maintenance Facility			271,160	6.225	\$2,709,847	\$2,709,847	
								<b>Total Devel. Golf</b>	<b>21.562</b>	<b>\$19,222,945</b>	<b>\$19,222,945</b>	
26913113	19050	3	Santaluz		Golf			4,341	0.100	\$1,393		\$1,393
26923305	1406414307	256	Santaluz	17	Golf			230,827	5.299	\$73,828		\$73,828
923307269233	1406414307	259	Santaluz	17	Golf			970,950	22.290	\$310,554		\$310,554
26923309	1406414307	260	Santaluz	17	Golf			561,594	12.892	\$179,617		\$179,617
26923310	1406414307	261	Santaluz	17	Golf			866,086	19.883	\$277,019		\$277,019
26923311	1406414307	262	Santaluz	17	Golf			1,688,108	37.884	\$525,178		\$525,178
26923205	1406414307	265	Santaluz	17	Golf			331,462	7.609	\$106,012		\$106,012
923315269233	1406414307	266	Santaluz	17	Golf			994,987	22.842	\$318,242		\$318,242
26929007	14358	52	Santaluz		Golf Course			89,130	1.987	\$22,111		\$22,111
30317602	14223	103	Santaluz	17	Golf Course			486,812	11.176	\$155,709		\$155,709
30317603	14223	104	Santaluz	17	Golf Course			725,141	16.647	\$231,934		\$231,934
30317604	14223	105	Santaluz	17	Golf Course			1,100,360	25.261	\$351,948		\$351,948
30317605	14223	106	Santaluz	17	Golf Course			680,887	15.631	\$217,779		\$217,779
30312406	1406514308	132	Santaluz	17	Golf Course			664,314	15.251	\$212,484		\$212,484
30318008	14276	133	Santaluz	17	Golf Course			1,724,037	38.578	\$537,487		\$537,487
30318009	14276	134	Santaluz	17	Golf Course			628,854	14.436	\$201,129		\$201,129
		99	Santaluz	99	Golf Course			<b>Total Undevel. Golf</b>	<b>558.186</b>	<b>\$4,054,629</b>		<b>\$4,054,629</b>
										<b>\$7,777,055</b>		<b>\$7,777,055</b>
30307042	18925	91		20	Church			245,828	5.643	\$2,560,000		\$2,560,000
26924112	14497	5	Santaluz	20	Day Care Center			49,755	1.140	\$236,749		\$236,749
26924113	14497	6	Santaluz	20	Seniors Center			43,536	1.000	\$207,675		\$207,675
26924111	14497	4	Santaluz	20	Recreation Center			99,763	2.290	\$475,576		\$475,576
								<b>Total Other Non-Res.</b>	<b>10.073</b>	<b>\$3,460,000</b>		<b>\$3,460,000</b>

# **EXHIBIT G**

**Market Absorption Analysis  
For the Remaining Custom Lots  
In "Santaluz"  
Located in the City of San Diego  
San Diego County, California**

Prepared for:  
**The City of San Diego**  
**Real Estate Assets Department**  
August 28, 2003

Prepared by:  
**Reeb Development Consulting**  
(858) 486-5246



RECEIVED  
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August 28, 2003

Mr. Roger Bush  
City of San Diego  
Real Estate Assets Department  
1200 Third Avenue  
Suite 1700  
San Diego, California 92101

RE: Market Absorption Analysis for the Remaining Custom Lots Located in Santaluz,  
in the City of San Diego, San Diego County, California

Dear Mr. Bush:

The objective of this assignment was to compile and evaluate information relative to the custom lot market in the Central San Diego market area in order to provide projections regarding the absorption of the remaining custom lots in the Santaluz master planned community. To achieve the objective of this assignment the subject property was visited and inspected, information was compiled and analyzed on historical custom lot sales in Santaluz, information was compiled and analyzed on lot sales activity in custom lot projects in the Central San Diego market area, information was compiled and analyzed on the market for high-end single family homes in the Central market area, and data was reviewed regarding employment trends in the region. Custom lot sales information on Santaluz was derived from two primary sources: the August 4, 2003 Santaluz Realty "Sales Log", and from information provided by Santaluz on-site sales agents during a visit to the on-site sales office on August 19, 2003. Data on sales at competitive projects is as of August 19, 2003. For the purpose of this analysis, actual calendar year sales activity in comparable and competitive projects, and at Santaluz itself, was translated into fiscal year sales for a fiscal year from August 1<sup>st</sup> of one year to July 31<sup>st</sup> of the next year.

#### I. Review of Santaluz Custom Lot Sales Activity

A total of 307 custom lots are planned in Santaluz, including 188 "Village Green" lots (lots located in the golf portion of the community), 109 "Northern Lights" lots (lots located at the northwest corner of the community with hillside and open space orientations), and 10 "Posada" lots (lots that originally were part of the Posada production home neighborhood that were converted to custom lots). Santaluz first began taking reservations for the first release of lots on September 14, 2001, with the first "sales" (contracts) starting on October 21, 2001. Since that time, approximately 184 lots have been released for sale, 131 lots have been sold, and 28 lots are reserved ("out for signature"), for an overall average sales pace of about 70 lot sales per year, or 84 per year including current reservations.



On a calendar year basis, Santaluz recorded 5 sales in 2001, 64 sales in 2002, and 90 sales so far in 2003 (the 2003 sales include 72 "individual" lot sales in the Village Green and Northern Lights areas, 14 sales of Northern Lights lots to Watt Homes (scheduled for closing in 2004), and 4 Posada lot sales). Total lot sales for 2003 through the end of the year have been projected at a total of 100 lots (projected at 65 Village Green sales, 30 Northern Lights sales and 5 Posada sales), indicating that 169 total lots will have been sold in the community by year end. It should be noted that 28 of the lot sales included for calendar year 2003 were categorized as "out for signature" as of the August 4, 2003 Sales Log (24 Village Green 4 Northern Lights). Those sales were considered "reservations" or "pending sales" as of August 4<sup>th</sup>, and were not included as "sales" as of 8/4/03. However, it is assumed that all those lots will be converted to sales before the end of 2003, and so were included as sales for the total 2003 calendar year. See Exhibits III-1a to III-1c for calendar year sales at Santaluz and competitive projects.

On a fiscal year basis, Santaluz recorded 49 sales in fiscal 8/1/01 to 7/31/02 (37 Village Green, 12 Northern Lights), and 82 sales in fiscal 8/1/02 to 7/31/03 (46 Village Green, 32 Northern Lights (including the 14 Watt lots), and 4 Posadas). Since the 28 "out for signature" lots discussed in the preceding paragraph were considered "reservations" as of 8/4/03, and not sales, they were not included as sales in fiscal year 8/1/02 to 7/31/03. However, they have been included for fiscal 8/1/03 to 7/31/04. On a fiscal year basis, Santaluz has averaged about 66 sales per year, however again, that does not include 28 current "reservations. See Exhibits III-2a to III-2b for fiscal year sales at Santaluz and competitive projects.

As of August 19, 2003, the Santaluz sales office indicated that there were ten Village Green lots available, with asking prices ranging from \$655,000 to \$1,550,000, and with an average asking price of \$939,000. There were another nine Northern Lights lots available with asking prices ranging from \$680,000 to \$805,000, averaging \$741,111. According to the August 4<sup>th</sup> Sales Log, the Posada lots have an asking price of \$1,500,000. The 14 Northern Lights lots in escrow with Watt Homes are priced at \$575,000 per lot according to the August 4<sup>th</sup> Sales Log. See Exhibit IV-1 for lot-by-lot pricing information.

Many of the lots sold at Santaluz have had discount incentives ranging from about 5.0% to 17.5% off of the asking price, effectively reducing the average overall price of the lots sold in the community to date. Among the lots currently in escrow, the average asking price was \$868,229, and the average incentive was \$95,625, for an average net price of \$773,021. Among the lots closed so far in 2003, the average asking price was \$706,500, the average incentive was \$61,937, and the average net price was \$644,063. With regards to future custom lot sales projections for Santaluz, it is assumed that similar incentives will continue to be offered for future phases. If similar incentives are not offered, actual sales may not reach projected sales.

Santaluz has enjoyed strong custom lot sales activity since the project first opened for sales almost two years ago. Santaluz has the southernmost location among all the golf-oriented custom lot projects on the market today, and Santaluz has the most convenient access. The community has been very well executed, and is quite attractive. With so many lots sold to date, there is none of the "market value risk" often associated with brand new projects, and the values of the custom lots in the community are now well

established. Assuming that future lot offerings have pricing parameters and incentives that are consistent with trends established by past offerings, future custom lot sales in Santaluz should be able to continue along at roughly the same pace as achieved by the community to date.

## II. Employment Trends (Appendix Section II)

After four consecutive years of annual wage and salary employment growth exceeding 40,000 new jobs per year from 1997 through 2000 in San Diego County, job growth dropped to 24,600 new jobs in 2001, and only 9,900 new jobs in 2002. The slowing of the rate of job growth appears to have moderated in 2003, with projections for a total of 8,600 new wage and salary jobs this year, based on employment figures through the end of July. However, it should be noted that the condition of the San Diego economy appears to be somewhat tenuous at this time, as the region actually experienced several consecutive months of job losses from April through June. Wage and salary employment is by place of work, including only jobs located in San Diego County itself.

It is interesting to note that although wage and salary job growth has slowed, total civilian employment growth has actually increased in 2003 compared to 2002. Civilian employment is by place of residence, representing people who live in San Diego County, who may or may not have a job within San Diego County itself. So while wage and salary growth is projected at only 8,600 new jobs this year, total civilian job growth is projected at 29,400 new jobs for 2003, up from 22,300 new jobs in 2002. This is a very positive indicator with regards to the health on the southern California region, and implications with regards to the demand for new housing in San Diego County.

Although employment growth is the single most important factor driving new home demand, interest rates are another key component. While interest rates have risen in recent months, the fact is that interest rates are still near the lowest levels in over 30 years. Low interest rates have positively impacted all segments on the new home market. Even if rates were to rise as much as another full point, new home demand likely will remain relatively strong, as many buyers enter the market during a time of rising rates over fears that they will "miss" the opportunity to buy at "today's" rates. However, rising rates also make housing less affordable, and eventually, rising rates will dampen new home demand. It is also worth noting with regards to employment trends, that even when San Diego County was losing jobs in the recession of the early 1990s, new home sales continued to occur. In a market the size of San Diego County, there will always be the turnover of existing households, new household growth, relocations, divorces, marriages, immigration, etc., that all create demand for housing. As such, even if job growth continues to slow and interest rates rise, there will still be new home and custom lot sales activity, albeit at slower rates than in the past.

## III. Custom Lot Sales Activity (Appendix Section III)

The Central San Diego County market is home to the largest concentration of custom lot projects in the county. The Central market area generally encompasses the area from Sorrento Hills on the south, to Carlsbad on the north, out through Rancho Santa Fe and Santaluz to the east. Within that area, there have been six large custom lot projects on the market at one time or another over the past five years. Golf oriented projects that are still

open for sales include Santaluz, The Crosby Estate and The Bridges. Golf projects that have sold out include Meadows Del Mar and Heritage Estates (actually located outside the primary competitive market in Poway, but included for purposes of this analysis as sales agents indicated that this project did represent competition to projects in the Central market area). Non-golf projects that are still open include Cielo and Rancho Pacifica, as well as a non-golf portion of Heritage Estates (again, outside the primary competitive market).

Among the projects mentioned above, a total of 641 custom lots were sold from 1999 through projections for the end of 2003, or an average of 128 sales per year. It should be noted however that there were times when the supply of lots available for sale was somewhat limited, particularly in 1999 and 2001, thus limiting the overall sales potential for the market as a whole. If the annualized sales pace of every project open from 1999 to 2003 is added together, the market average would be 187 sales per year. Of course, it is possible that if every project was open every year, that cross-competition would limit the overall sales potential of the market as a whole, nevertheless, it seems reasonable to assume that the true market potential for custom lot sales in the Central market is somewhere between 128 to 187 sales per year. There will be a total of only 489 lots left to sell in actively selling communities by the end of 2003 (including 138 in Santaluz), representing a 2.6 to 3.8 year of supply of lots depending on which historical sales pace is applied. Please see Exhibits III-1a to III-1c for historical sales on a calendar year basis.

For comparative purposes, calendar year sales were converted to fiscal year sales corresponding to a fiscal year from August 1<sup>st</sup> of one year to July 31<sup>st</sup> of the next year. Due to the change in dates, historical sales over the past five years drop to an average of 116 sales per year on an actual sales basis, but increase to 192 sales per year utilizing the average annualized sales pace of each project, and assuming all projects are open simultaneously. However, if fiscal 8/1/98 to 7/31/99 is dropped out of the analysis, when there were only two projects open, the resulting four year average from 8/1/99 to 7/31/03 increases to 138 sales per year. A total of 144 lots were sold in the market in the fiscal year that just ended 7/31/03. The future supply of lots as of the start of fiscal 8/1/03 is 549 remaining lots (including 176 at Santaluz), representing a 2.9 to 4.0 year supply. Please see Exhibits III-2a to III-2c for historical sales on a fiscal year basis.

Information was also compiled on the sale of "high-end" new production homes (homes priced over \$1.0 million) in the Central San Diego market area. Thanks in large part to increased equity in existing homes and lower interest rates, the sale of new production homes over \$1.0 million has increased from 82 and 94 sales per year in 2000 and 2001 respectively, to 227 sales in 2002, and a projected 217 sales in 2003. While sales have slowed slightly in 2003 compared to 2002, the market for high-end new single family homes remains strong. This is a good indicator that the market for high-end product is still healthy, which is a good barometer for the custom lot market as well.

Overall, the inventory of custom lots in the Central market is being absorbed, and the future supply of lots represents far fewer remaining lots than when Santaluz first opened just two years ago. With no new custom lot projects planned in the area, the supply of lots will continue to dwindle, which should provide support for lot values, even if the market starts to slow due to slowing job growth or rising interest rates.

#### IV. Central San Diego Custom Lot Market (Appendix Section IV)

In addition to Santaluz, there are two active lot projects in the Central San Diego market area that have a golf course orientation - The Crosby Estate and The Bridges. Both are located much farther north than Santaluz, both have inferior access, and both have a manned gated entry. There are also two lot projects in the area that do not have a golf course - Cielo and Rancho Pacifica. Cielo and Rancho Pacifica both have manned gated entries, and both are "hillside" developments offering at least some lots with expansive views. Only Rancho Pacifica has a better location with better access than Santaluz.

The Crosby Estate is planned for a total of 72 custom lots, of which 20 have been offered for sale and 10 sold, for an average sales rate of only four lots per year. Crosby has had a number of setbacks with regards to the marketing of the project, and just recently replaced the entire sales management team for the community. The developer of the community is attempting to revitalize sales, and is in discussions with several production home builders to bring more product options into the community (separate lots from the 72 custom lots). Prices for available lots currently range from \$645,000 to \$1,100,000, averaging \$941,500 (average 22,400 square foot pad). Lots sold to date have averaged \$859,500. Lot prices are generally higher than comparable lots at Santaluz. Agents indicated that they would "work with" prospective buyers in order to close a sale, but would not reveal actual incentives. With a generally inferior location, setting, and access, the lots at The Crosby Estate represent a relatively poor value, and it is not surprising that sales have been so slow. Access is expected to improve in 2004 with the completion of an access road at the southern end of The Crosby Estate, however the community will still have far inferior access relative to Santaluz, and the higher lot prices at The Crosby Estate should ensure that Santaluz will continue to far outsell The Crosby Estate.

The Bridges is the most exclusive and expensive of all the custom lot projects now selling in San Diego County. A total of 164 custom lots are planned in the community, of which 114 have been offered for sale and 93 sold to date, for an average of about 22 sales per year. A total of 42 lots were sold in the peak year of sales in the community (2000). It is interesting to note that 56% of the lots sold to date in The Bridges have been to speculative custom home builders. Lots currently available range in price from \$740,000 up to \$2,900,000. The average asking price at this time is \$1,634,286 (average pad 22,438 square feet). The Bridges is a "step up" from Santaluz in price and does not represent primary direct competition.

Cielo is planned for 215 custom lots, of which 52 have been released for sale, and 37 sold, for an average sales rate of about 10 lots per year. Cielo's best year was 2002, when 16 lots were sold. Available lots range in price from \$540,000 to \$900,000, averaging \$780,588 (average 20,365 square foot pad). Cielo does not officially offer incentives, but most lots sold to date have been discounted by \$20,000 to \$50,000 off of their asking prices (roughly 4% to 6%). Cielo is also known to "work with" buyers on fees and improvement costs to help close a deal. Without a golf course, the Cielo lots are more comparable to the Northern Lights lots at Santaluz. With a current average asking price of \$741,111 for an average pad size of 32,767 square feet (\$22.62 per square foot), The Northern Lights lots represent a much better value than the Cielo lots (\$38.33 per square foot). It is no surprise that the Northern Lights lots have achieved a faster sales pace (22 sales per year (fiscal year basis)), than Cielo (13 lots per year (fiscal basis)).

Rancho Pacifica has even higher lot prices than Cielo, however the location and setting of Rancho Pacifica justify the higher prices. There are only three lots currently available in the project, ranging from \$540,000 (non-view, 10,200 square foot pad), up to \$1,395,000 (view, 38,900 square foot pad), averaging \$961,667 (25,000 square foot average pad). The most recent closings in the project averaged \$893,600 for an average 24,540 square foot pad (\$36.41 per square foot). Rancho Pacifica totals 148 lots, of which 106 have been offered for sale, and 103 sold, for an average of 26 sales per year. The best year for sales at Rancho Pacifica was 2000, when 44 lots were sold. The Northern Lights lots at Santaluz appear to be appropriately priced vis-à-vis Rancho Pacifica – Northern Lights has an inferior location and inferior access, but Northern Lights also has much lower prices. Both projects have sold at roughly the same pace.

The performance of existing custom lot projects in the Central market, including Santaluz itself, show that custom lot buyers in the area value a golf course setting (strong performance of Santaluz vs. Cielo and Rancho Pacifica), but also want convenient access (performance of Santaluz and Rancho Pacifica versus Cielo and The Crosby Estate). Price is a factor (Santaluz has some of the lowest priced lots and the fastest overall sales), however the relatively good performance of The Bridges and Rancho Pacifica, which have the highest priced lots, show that location and setting are factors as well. Only Cielo and The Crosby Estate, which have the least convenient access, are selling poorly. So long as Santaluz maintains its current relative price positioning versus the rest of the local market, Santaluz should continue to out-perform all the rest of the projects in the Central San Diego market area.

V. Conclusions & Projections (Appendix Section I)

A combination of positive attributes including superb community execution, a good location, superior access relative to most of the rest of the market, good lot values compared to other lot projects in the Central San Diego market, and a superior on-going marketing campaign, have allowed Santaluz to far outsell any other custom lot project in the competitive market area. So long as Santaluz maintains the same relative price positioning versus the local market as in the past, and continues to offer the same incentives as in the past, the community should be able to continue to outperform the rest of the market in terms of total sales volume, and should be able to achieve sales activity comparable to the rate of sales activity achieved in the past. This assumes that job growth in San Diego County remains positive, and that interest rates remain generally below about 7.0%. If job growth is negative in future years and/or interest rates rise above 7.0%, then annual lot sales could be as much as 10% to 30% lower per year than projected below. However, the likelihood of that happening is estimated at less than about a 25% probability at this point in time. All things considered, the following are my projections for lot sales activity at Santaluz:

**Santaluz – Custom Lot Sales – Actual Historical Sales & Future Projected Sales**

Project Area	Total Lots	8/1/01-7/31/02	8/1/02-7/31/03	8/1/03-7/31/04	8/1/04-7/31/05	8/1/05-7/31/06
Williams Green	188	37	46	49	40	16
Northern Lights	109	12	32	24	22	19
Estates	10	--	4	6	--	--
<b>Total Sales</b>	<b>307</b>	<b>49</b>	<b>82</b>	<b>79</b>	<b>62</b>	<b>35</b>

The projections for fiscal year 8/1/03 to 7/31/04 include the 28 lots (24 Village Green, 4 Northern Lights) listed on the 8/4/03 Santaluz Sales Log report as "out for signature". However, the 14 Northern Lights lots currently in escrow with Watt Homes were included in fiscal year 8/1/02 to 7/31/03 as the contract date for those lots is listed as 6/6/03, even though the lots are not scheduled to close until June to October 2004 (phased lot closings).

Historical lot sales at Santaluz represented 40.2% of the Central market in fiscal 8/1/01 to 7/31/02, and 56.9% of the Central market in fiscal 8/1/02 to 7/31/03. Future lot sales at Santaluz generally fall within those same parameters, with projected capture rates of 51.6% in fiscal 8/1/03 to 7/31/04, 43.4% in fiscal 8/1/04 to 7/31/05, and 35.7% in fiscal 8/1/05 to 7/31/06 (lower capture due to sell-out of the community). Please see Exhibits I-3a to I-3c for a comparison of lot sales at Santaluz with the rest of the Central San Diego market area.

It should be reiterated that the projected lot sales at Santaluz assume that the asking prices for the future lots offered in the community generally fall within the relative market positioning of current lots at Santaluz versus the rest of the competitive market. If prices are increased out of proportion with the rest of the market, sales may suffer accordingly. Also, the projected lot sales assume that Santaluz will continue to offer lot incentives along the lines of incentives offered in the past. If incentives are decreased or eliminated, it will be more difficult to hit the projected sales figures.

It has been a pleasure working with you on this assignment. Please contact me if you have any questions regarding market trends, or my projections for the sale of the remaining custom lots at Santaluz.

Sincerely,



Pete Reeb  
President

EXHIBIT III-1a  
HISTORICAL LOT SALES ACTIVITY  
CENTRAL SAN DIEGO MARKET AREA  
STANDARD CALENDAR YEAR  
1999 TO 2003 1/

Reeb Development Consulting  
c:\excel\03sd\125d.xls (calendar)

COMMUNITY ORIENTATION/ PROJECT NAME	TOTAL CUSTOM LOTS	ANNUAL LOT SALES					TOTAL SALES '99-'03	ANNUAL AVERAGE '99-'03	2004+ REMAIN FOR SALE
		1999	2000	2001	2002	2003 1/			
<b>Santaluz</b>									
Village Green	188	--	--	3	45	65	113	38	75
Northern Lights	109	--	--	2	19	30	51	17	58
Posadas	10	--	--	--	--	5	5	5	5
<b>Total</b>	<b>307</b>	<b>--</b>	<b>--</b>	<b>5</b>	<b>64</b>	<b>100</b>	<b>169</b>	<b>60</b>	<b>138</b>
<b>Golf Communities</b>									
The Crosby Estate	72	--	--	6	3	3	12	4	60
The Bridges	164	17	42	14	23	14	110	22	54
Meadows Del Mar	113	37	67	9	--	--	113	38	0
Heritage (golf) 2/	72	40	17	8	7	--	72	18	0
<b>Total</b>	<b>421</b>	<b>94</b>	<b>126</b>	<b>37</b>	<b>33</b>	<b>17</b>	<b>307</b>	<b>82</b>	<b>114</b>
<b>Non-Golf Communities</b>									
Cielo	215	--	6	8	16	12	42	11	173
Rancho Pacifica	148	--	44	21	16	26	107	27	41
Heritage (non-golf) 2/	39	--	--	--	4	12	16	8	23
<b>Total</b>	<b>402</b>	<b>--</b>	<b>50</b>	<b>29</b>	<b>36</b>	<b>50</b>	<b>165</b>	<b>45</b>	<b>237</b>
<b>TOTAL</b>	<b>1,130</b>	<b>94</b>	<b>176</b>	<b>71</b>	<b>133</b>	<b>167</b>	<b>641</b>	<b>187</b>	<b>489</b>

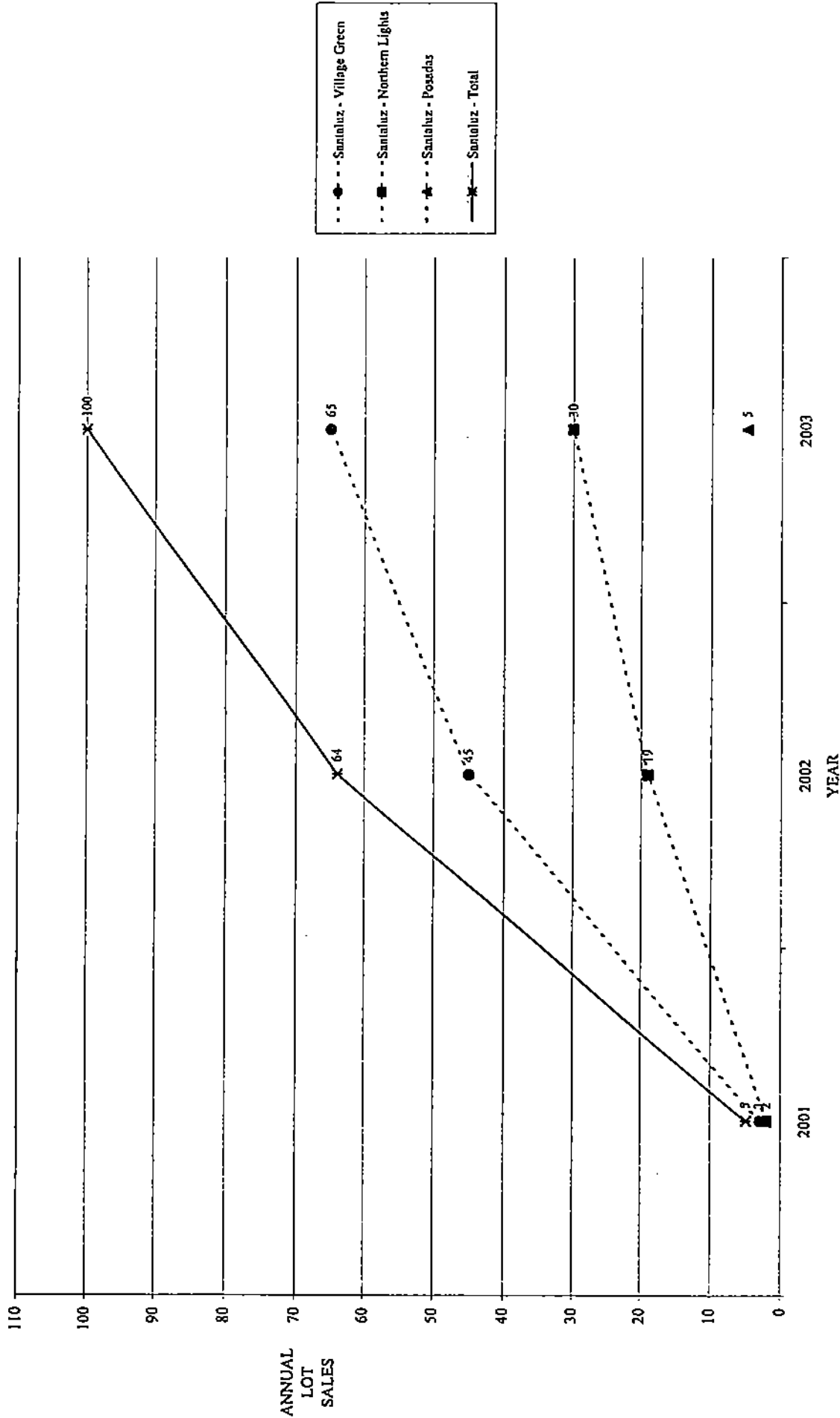
Notes:

1/ Year 2003 figures represent annualized estimates based on sales through late August.

2/ The Heritage is located east of I-15, outside the primary competitive market.

Source: sales agents, developers, The New Housing Monitor, Reeb Development Consulting.

EXHIBIT III-1b  
 ANNUAL CUSTOM LOT SALES  
 SANTALUZ  
 CALENDAR YEAR BASIS  
 2001 TO 2003\*

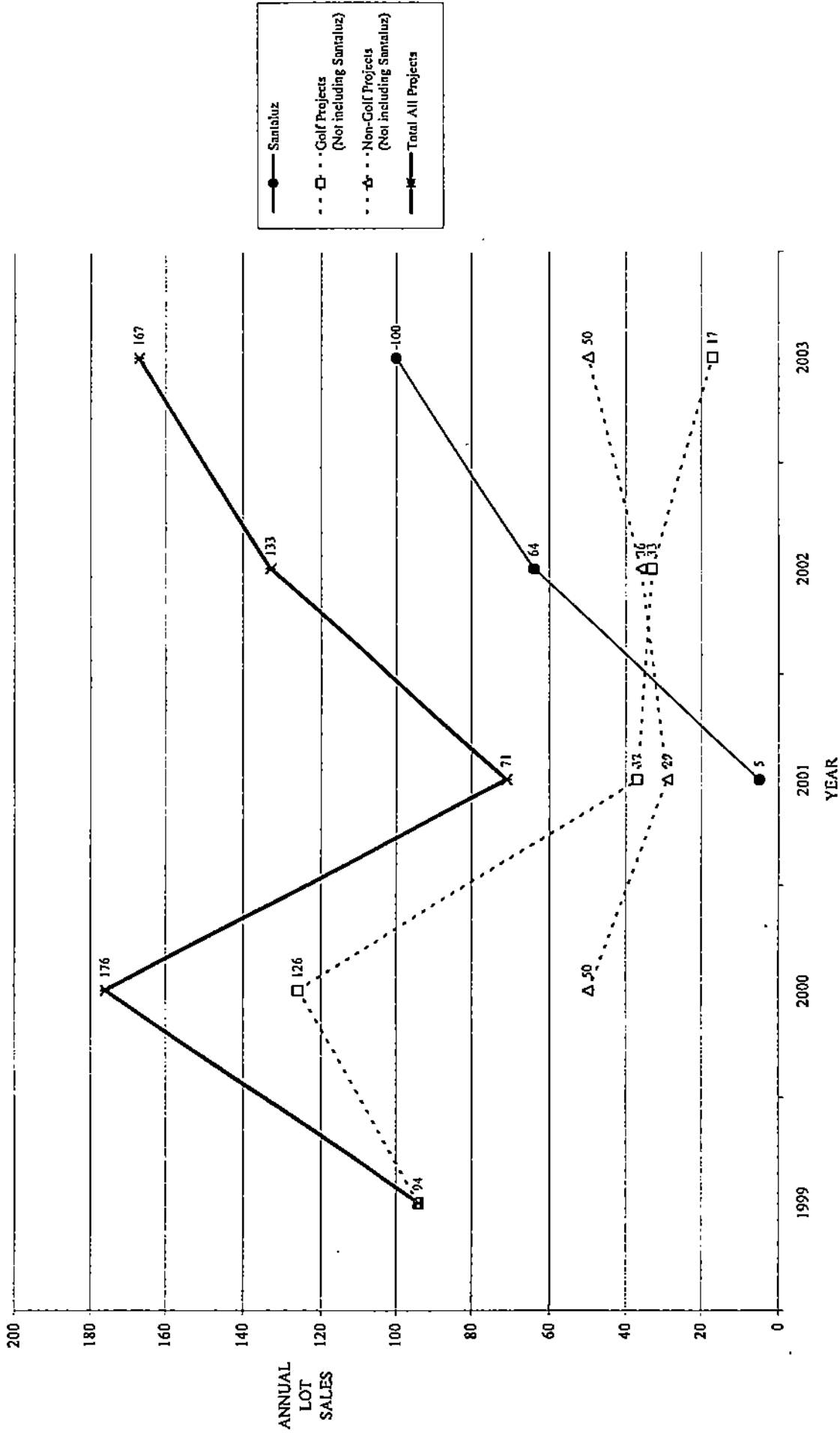


Reeb Development Consulting  
 (858) 486-5246  
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\*2003 figures are annualized estimates based on sales through early August, 2003.



EXHIBIT III-1c  
 ANNUAL CUSTOM LOT SALES  
 CENTRAL SAN DIEGO MARKET AREA  
 CALENDAR YEAR BASIS  
 1999 TO 2003 1/



\*2003 figures are annualized estimates based on sales through early August, 2003.

EXHIBIT III-2a  
HISTORICAL LOT SALES ACTIVITY  
CENTRAL SAN DIEGO MARKET AREA  
FISCAL YEAR - AUGUST 1st TO JULY 31st  
1998 TO 2003 <sup>1/</sup>

Reeb Development Consulting  
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COMMUNITY ORIENTATION/ PROJECT NAME	TOTAL CUSTOM LOTS	ANNUAL LOT SALES					TOTAL SALES 8/1/98-7/31/03	ANNUAL AVERAGE 8/1/98-7/31/03	8/1/03+ REMAIN FOR SALE
		8/1/98-7/31/99	8/1/99-7/31/00	8/1/00-7/31/01	8/1/01-7/31/02	8/1/02-7/31/03			
<b>Santaluz</b> - Sales figures based on contract date, not closing date. 28 "out for signature" lots as of 8/4/03 are included as sales in fiscal 8/1/03-7/31/04.									
Village Green	188	--	--	--	37	46	83	42	105
Northern Lights	109	--	--	--	12	32	44	22	65
Posadas	10	--	--	--	--	4	4	4	6
<b>Total</b>	<b>307</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>49</b>	<b>82</b>	<b>131</b>	<b>68</b>	<b>176</b>
<b>Golf Communities</b>									
The Crosby Estate	72	--	--	4	4	3	11	4	61
The Bridges	164	8	36	24	21	14	103	21	61
Meadows Del Mar	113	--	84	20	9	--	113	38	0
Heritage (golf) <sup>2/</sup>	72	20	41	7	4	--	72	18	0
<b>Total</b>	<b>421</b>	<b>28</b>	<b>161</b>	<b>55</b>	<b>38</b>	<b>17</b>	<b>299</b>	<b>80</b>	<b>122</b>
<b>Non-Golf Communities</b>									
Cielo	215	--	--	11	14	14	39	13	176
Rancho Pacifica	148	--	30	30	19	20	99	25	49
Heritage (non-golf) <sup>2/</sup>	39	--	--	--	2	11	13	7	26
<b>Total</b>	<b>402</b>	<b>--</b>	<b>30</b>	<b>41</b>	<b>35</b>	<b>45</b>	<b>151</b>	<b>44</b>	<b>251</b>
<b>TOTAL</b>	<b>1,130</b>	<b>28</b>	<b>191</b>	<b>96</b>	<b>122</b>	<b>144</b>	<b>581</b>	<b>192</b>	<b>549</b>

Notes:

- <sup>1/</sup> Fiscal year corresponds to date of valuation for appraisal (8/1/03).
- <sup>2/</sup> The Heritage is located east of I-15, outside the primary competitive market.

Source: sales agents, developers, The New Housing Monitor, Reeb Development Consulting.

EXHIBIT III-2b  
 ANNUAL CUSTOM LOT SALES  
 SANTALUZ  
 FISCAL YEAR - AUGUST 1st to JULY 31st  
 8/1/00 TO 7/31/03

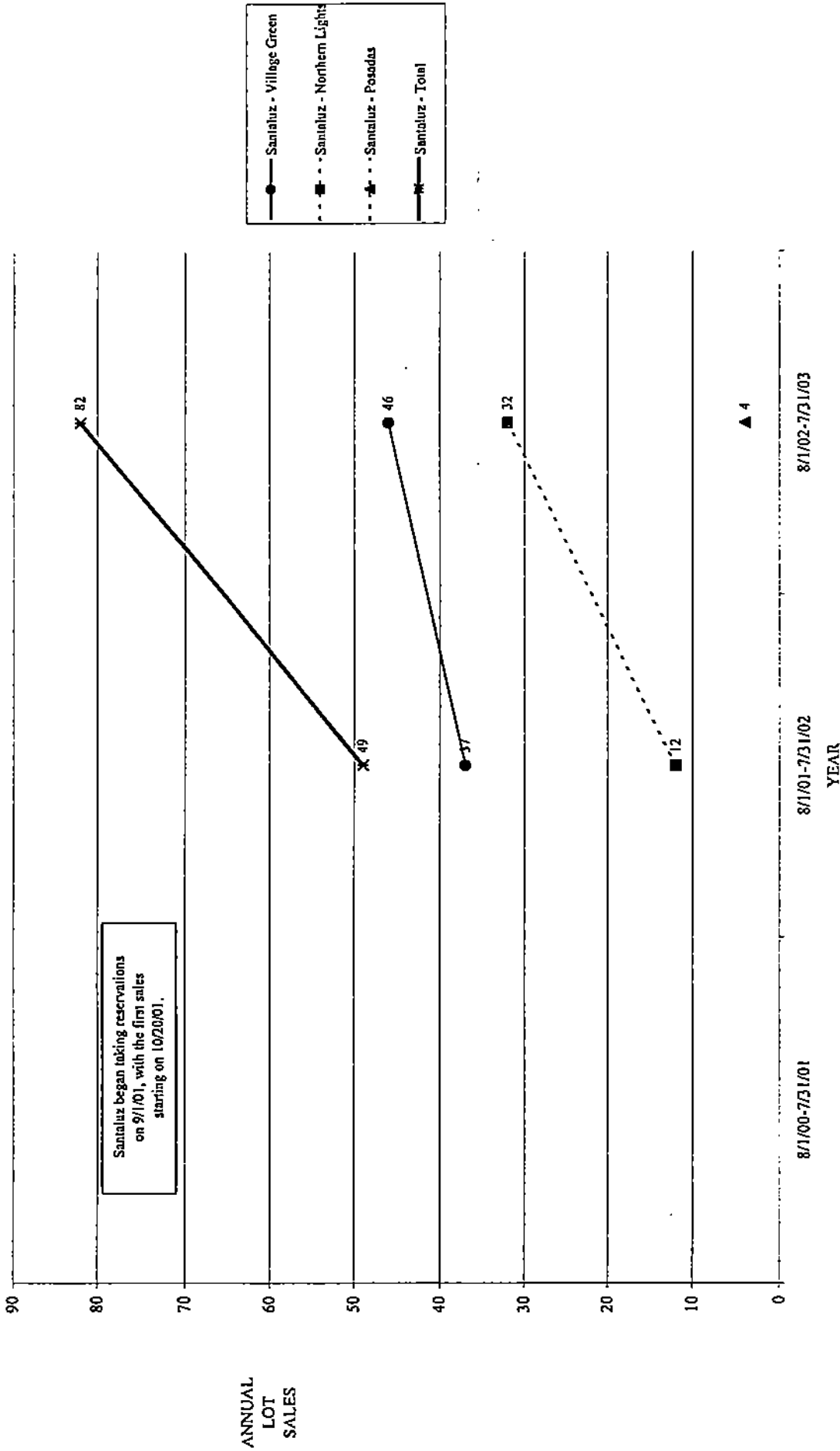
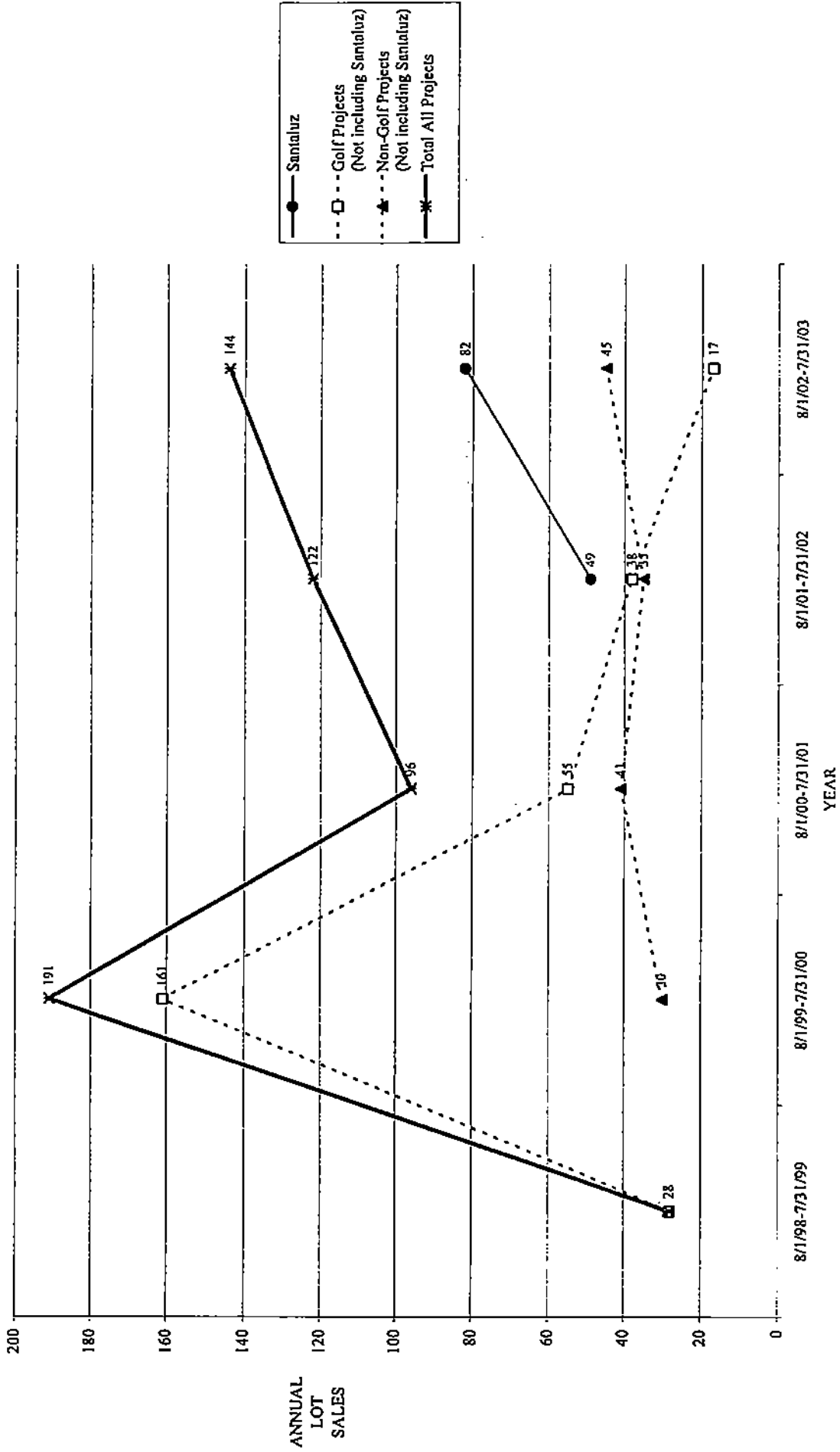


EXHIBIT III-2c  
 ANNUAL CUSTOM LOT SALES  
 CENTRAL SAN DIEGO MARKET AREA  
 FISCAL YEAR - AUGUST 1st to JULY 31st  
 8/1/98 TO 7/31/03



## \$1.0M+ NEW PRODUCTION HOME SALES

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(Excludes custom homes and custom lots)

## CENTRAL MARKET

2000 TO 2003

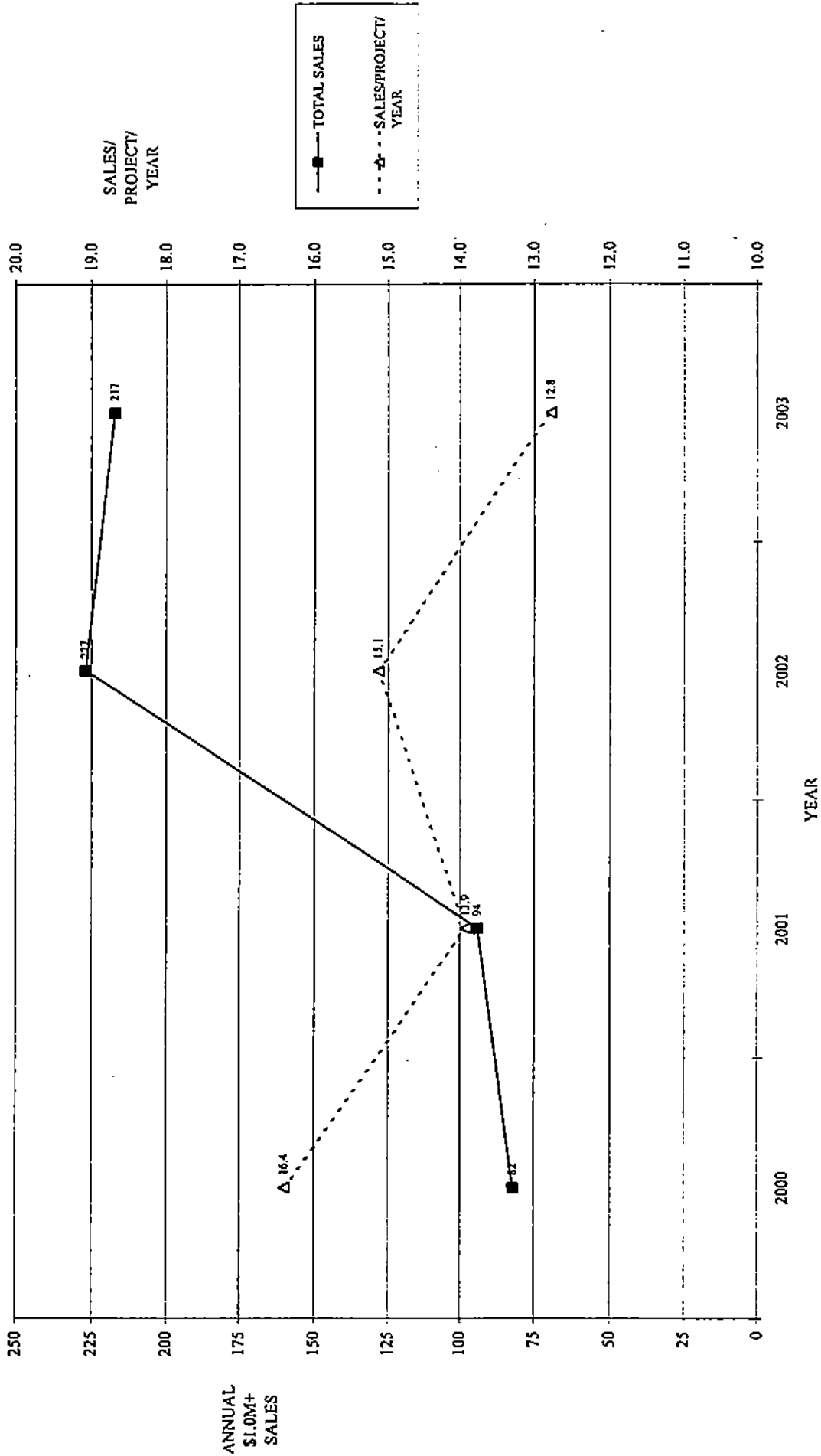
\$1.0+ MILLION PRODUCTION HOME SALES							
QUARTER	YEAR	NEW SALES	AVAILABLE UNITS	FLOOR PLANS		PROJECTS	
				# OF PLANS	SALES/ PLAN/ QUARTER	# OF PROJECTS	SALES/ PROJECT/ QUARTER
1	2000	18	24	13	1.38	4	4.5
2	2000	24	20	16	1.50	5	4.8
3	2000	29	11	17	1.71	6	4.8
4	2000	11	6	17	0.65	5	2.2
1	2001	13	25	14	0.93	4	3.3
2	2001	9	28	19	0.47	4	2.3
3	2001	14	26	23	0.61	7	2.0
4	2001	58	79	40	1.45	12	4.8
1	2002	55	74	43	1.28	13	4.2
2	2002	58	77	50	1.16	15	3.9
3	2002	53	106	54	0.98	15	3.5
4	2002	61	87	61	1.00	17	3.6
1	2003	65	82	69	0.94	17	3.8
2	2003	48	45	53	0.91	17	2.8
3	2003						
4	2003						

TOTAL/AVERAGE (per year)							
2000		82	15	16	1.30	5.0	16.4
2001		94	40	24	0.98	6.8	13.9
2002		227	86	52	1.09	15.0	15.1
2003		217	64	61	0.89	17.0	12.8

\*Including: Cardiff, Carlsbad, Carmel Valley, Del Mar, Encinitas, Leucadia, Olivenhain, Rancho Santa Fe, Solana Beach, Sorrento Mesa, Torrey Del Mar, Torrey Highlands. (Includes Cielo, Crosby Estate & Santaluz.)

Source: the data in this table was compiled from a variety of different sources. Please contact Reeb Development Consulting for specifics.

EXHIBIT III-3b  
 NEW HOME SALES VS. SALES/PROJECT/WEEK  
 \$1.0+ MILLION PRODUCTION HOMES  
 CENTRAL MARKET  
 2000 TO 2003\*



\*2003 figures represent estimates based on sales in the 1st & 2nd Quarters of 2003.

EXHIBIT IV-1  
 SUMMARY OF LOT SALES PROJECTS  
 CENTRAL SAN DIEGO MARKET AREA - Santaluz  
 AUGUST, 2003

Reeb Development Consulting  
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PROJECT BUILDER/MARKETING DATE OPENED LOCATION	MIN. LOT SIZE (SQ.FT.)	LOTS PLANNED/ OFFERED/ SOLD	OVERALL SALES PER YEAR	REPRESENTATIVE LOTS				COMMENTS
				LOT or PAD		LOT PRICE	LOT PRICE/ SQ.FT.	
				LOT	SIZE (SQ.FT.)			
Santaluz	Lots:	307	2001 - 5	<b>Village Green - Available Lots - Lot Size is Building Pad Size</b>				Custom lot areas include: Village Green - 188 Northern Light - 109 Posadas - 10
DMB	0.33 min	184	(@ 3 months)	1-13	21,300	\$655,000	\$30.75	
Reservations - 9/14/01	1.00 avg.	159	2002 - 64	1-35	23,400	\$860,000	\$36.75	
Sales - 10/20/01	Pads:	(24 in escrow,	2003 - 72	2-91	18,500	\$705,000	\$38.11	
East of Fairbanks Ranch (gated, guard, private golf)	10,000 min 26,000 avg	28 pending, 89 closed, 14 Wait '04, 4 Posada)	(thru 8/4/03)	2-92	18,300	\$755,000	\$41.26	
			2003 also	2-105	15,900	\$885,000	\$55.66	
			has another	3-72	18,300	\$755,000	\$41.26	
			14 in escrow	3-74	20,700	\$755,000	\$36.47	
			for '04 close	4-16	17,100	\$1,160,000	\$67.84	
			w/ Wait, &	4-18	19,200	\$1,310,000	\$68.23	
		307 total includes 297 custom lots & 10 Posada lots	4 Posada lots sold or pending)	4-22	25,500	\$1,550,000	\$60.78	
				Average	19,820	\$939,000	\$47.38	
				<b>Northern Lights - Available Lots - Lot Size is Building Pad Size</b>				Incentives averaged 12.7% in 2002 (average @ \$98,788 on an average \$778,984 lot) Lots now in escrow have incentives averaging 11.0%. (average \$95,625 on an average \$868,229 lot).  Must be Santaluz resident to buy golf membership. Also have \$7,500 swim/tennis club.
				8-17	34,900	\$730,000	\$20.92	
				8-18	32,000	\$755,000	\$23.59	
				8-19	32,100	\$780,000	\$24.30	
				8-20	34,200	\$730,000	\$21.35	
				8-21	34,900	\$730,000	\$20.92	
				8-22	48,100	\$805,000	\$16.74	
				8-23	27,100	\$730,000	\$26.94	
				8-24	24,600	\$680,000	\$27.64	
				8-25	27,000	\$730,000	\$27.04	
				Average	32,767	\$741,111	\$22.62	
				<b>Village Green - In Escrow (as of 8/4/03)</b>				
				1-33	--	\$850,000	--	
				1-53	--	\$950,000	--	
				2-111	--	\$875,000	--	
				2-61	--	\$400,000	--	
				2-63	--	\$425,000	--	
				2-74	--	\$430,000	--	
				2-76	--	\$430,000	--	
				2-78	--	\$425,000	--	
				2-80	--	\$450,000	--	
				2-93	--	\$675,000	--	
				3-11	--	\$850,000	--	
				3-3	--	\$1,200,000	--	
				3-9	--	\$1,050,000	--	
				4-1	--	\$1,150,000	--	
				4-15	--	\$1,025,000	--	
				4-3	--	\$1,550,000	--	
				4-4	--	\$1,400,000	--	
				4-5	--	\$1,400,000	--	
				4-6	--	\$1,400,000	--	
				4-89	--	\$1,050,000	--	
				4-92	--	\$977,500	--	
				Average	--	\$902,976	--	
				<b>Northern Lights - In Escrow (as of 8/4/03)</b>				
				8-1	--	\$575,000	--	
				8-18	--	\$725,000	--	
				8-2	--	\$575,000	--	
				Average	--	\$650,000	--	

Prices are "gross" price, almost  
 60% of lots now in escrow have  
 a 15% incentive off the list price

EXHIBIT IV-1  
SUMMARY OF LOT SALES PROJECTS  
CENTRAL SAN DIEGO MARKET AREA - Santaluz  
AUGUST, 2003

Reeb Development Consulting  
c:\excel\03sd125a.xls (topsheet)

PROJECT BUILDER/MARKETING DATE OPENED LOCATION	MIN. LOT SIZE (SQ.FT.)	LOTS PLANNED/ OFFERED/ SOLD	OVERALL SALES PER YEAR	REPRESENTATIVE LOTS			COMMENTS
				LOT or PAD SIZE (SQ.FT.)	LOT PRICE	LOT PRICE/ SQ.FT.	

Santaluz  
(continued)

**Village Green - Closed - 2003**

1-2	--	\$495,000	--
2-108	--	\$825,000	--
2-110	--	\$758,625	--
2-65	--	\$430,000	--
2-67	--	\$430,000	--
2-69	--	\$450,000	--
2-71	--	\$450,000	--
3-12	--	\$720,000	--
3-13	--	\$675,000	--
3-15	--	\$488,750	--
3-47	--	\$722,500	--
3-50	--	\$967,500	--
3-75	--	\$652,500	--
4-2	--	\$1,361,889	--
Average	--	\$673,340	--

**Northern Lights - Closed - 2003**

7-13	--	\$697,500	--
7-14	--	\$626,250	--
7-15	--	\$585,000	--
7-16	--	\$562,500	--
7-19	--	\$546,250	--
7-7	--	\$437,000	--
Average	--	\$575,750	--

Prices for closed lots are actual sales prices (asking price minus incentives, most 5% to 10%, @ \$50,000 to \$125,000).



SUMMARY OF LOT SALES PROJECTS

CENTRAL SAN DIEGO MARKET AREA - The Crosby Estate  
 AUGUST, 2003

PROJECT BUILDER/MARKETING DATE OPENED LOCATION	MIN. LOT SIZE (SQ.FT.)	LOTS PLANNED/ OFFERED/ SOLD	OVERALL SALES PER YEAR	REPRESENTATIVE LOTS				COMMENTS
				LOT	LOT or PAD SIZE (SQ.FT.)	LOT PRICE	LOT PRICE/ SQ.FT.	
The Crosby Estate	Lots: (Ph 1)	72	2001 - 6	<b>Available Lots - Lot Size is Pad Size</b>				Extensive manned gated entry/guard house.
Starwood Development	0.32 min	20	2002 - 3	216	14,200	\$645,000	\$45.42	
April 1, 2001	0.74 avg	10	2003 - 1	218	22,600	\$950,000	\$42.04	Private 18-hole golf course.
North Rancho Santa area, south of Del Dios Highway (gated, guard, private golf)	1.27 max. Pads: (Ph 1) 11,000 min 21,600 avg 34,900 max.		Average: 4/year	219	20,300	\$1,100,000	\$54.19	Min. home size 2,500 sq.ft., Must start construction w/in 36 months of close, must finish 24 months after start construction.
				221	12,600	\$1,050,000	\$83.33	
				222	16,500	\$925,000	\$56.06	
				223	16,500	\$850,000	\$51.52	
				236	33,300	\$935,000	\$28.08	
				239	26,100	\$960,000	\$36.78	
				241	27,000	\$950,000	\$35.19	
	(Total 443 units in entire project. 231 "builder" lots (high-end production), 72 custom-lots, 140 TH/golfvillas).			242	34,900	\$1,050,000	\$30.09	Do not have to be a resident to join golf club. Also have a \$25,000 social/swim/ tennis membership.
				<b>Average</b>	<b>22,400</b>	<b>\$941,500</b>	<b>\$42.03</b>	
				<b>Sold Lots (All lots sold to date) - Lot Size is Pad Size</b>				HOA-\$360/month. CFD - total tax rate averages @ 1.60% (varies by home & lot size)
				214	23,200	\$695,000	\$29.96	
				215	11,000	\$625,000	\$56.82	
				217	15,300	\$675,000	\$44.12	
				220	26,900	\$1,250,000	\$46.47	
				224	11,500	\$725,000	\$63.04	
				225	15,500	\$775,000	\$50.00	
				237	21,200	\$885,000	\$41.75	
				238	29,800	\$920,000	\$30.87	
				240	29,900	\$895,000	\$29.93	
				243	22,100	\$1,150,000	\$52.04	
				<b>Average</b>	<b>20,640</b>	<b>\$859,500</b>	<b>\$41.64</b>	

Lot prices have not changed since project first opened.

EXHIBIT IV-3  
SUMMARY OF LOT SALES PROJECTS  
CENTRAL SAN DIEGO MARKET AREA - Cielo  
AUGUST, 2003

Reeb Development Consulting  
c:\excel\03sd\125a.xls (topsheet)

PROJECT BUILDER/MARKETING DATE OPENED LOCATION	MIN. LOT SIZE (SQ.FT.)	LOTS PLANNED/ OFFERED/ SOLD	OVERALL SALES PER YEAR	REPRESENTATIVE LOTS				COMMENTS
				LOT	LOT or PAD SIZE (SQ.FT.)	LOT PRICE	LOT PRICE/ SQ.FT.	
Cielo	Lots:	215	2000 - 6	<b>Available Lots - Lot Size is Pad Size</b>				Elaborate manned
Rancho Cielo Co.	1.00 min	52	2001 - 8	F2-1	26,100	\$790,000	\$30.27	gated entry w/ large
Early September 2000	2.57 big	37	2002 - 16	F2-122	20,200	\$725,000	\$35.89	water feature.
Northeast of Rancho Santa	14.06 max.	(1 in escrow.	2003 - 7	F2-123	31,800	\$845,000	\$26.57	Cielo totals 528 lots with
Fe, west of Escondido	Pads:	3 pending.		F2-125	14,400	\$585,000	\$40.63	"production" homes.
(gated, guard, no golf)	9,700 min	34 closed.	Average:	F2-169	21,400	\$790,000	\$36.92	
	19,900 avg		10/year	F2-173	22,100	\$850,000	\$38.46	Min. home size 3,000 sq.ft.,
	34,900 big			F2-174	17,500	\$715,000	\$40.86	Currently no time
				F2-175	22,400	\$815,000	\$36.38	requirements to start
				F2-176	21,500	\$790,000	\$36.74	home construction.
	(215 is custom lot estimate:			Hills-129	13,300	\$540,000	\$40.60	
	528 total lots in project less			Hills-134	17,400	\$770,000	\$44.25	Most homes expected
	81-Davidson, 23-Innovative,			Hills-162	29,900	\$900,000	\$30.10	to range from 5,000
	16-Pacer, 3-Cal-Coast,			Hills-163	18,100	\$830,000	\$45.86	to 10,000 sq.ft. with
	17-(F3), 15-(D), 27-(L),			Hills-164	15,200	\$750,000	\$49.34	prices over \$2.0m.
	42 Parcel H (attached),			Hills-165	17,400	\$820,000	\$47.13	
	89 - (Parcel M))			Hills-166	18,500	\$865,000	\$46.76	West side of site is in
				Hills-167	19,000	\$890,000	\$46.84	San Dieguito schools.
				Average	20,365	\$780,588	\$38.33	east side is City of
				<b>Lots Closed/Sold/Pending in 2003 - Actual Sale Price</b>				Escondido schools.
				F1-149	12,900	\$680,000	\$52.71	HOA-\$351/month.
				F1-157	18,600	\$640,000	\$34.41	CFD-\$570/year for
				F2-124	15,900	\$575,000	\$36.16	35 years.
				F2-126	12,800	\$460,000	\$35.94	
				F2-127	18,800	\$575,000	\$30.59	
				F2-135	11,300	\$815,000	\$72.12	
				F2-143	21,900	\$850,000	\$38.81	
				F2-168	18,400	\$750,000	\$40.76	
				F2-170	34,900	\$875,000	\$25.07	
				B-85	17,800	\$320,000	\$17.98	
				B-86	14,500	\$380,000	\$26.21	
				Hills-132	16,700	\$665,000	\$39.82	
				Hills-133	13,500	\$595,000	\$44.07	
				Average	17,538	\$629,231	\$35.88	

Price is actual sales price.  
Most lots were discounted  
\$20,000 to \$50,000 as an  
incentive (asking price was  
\$20,000 to \$50,000 higher  
than price listed to right).

EXHIBIT IV-4  
SUMMARY OF LOT SALES PROJECTS  
CENTRAL SAN DIEGO MARKET AREA - The Bridges  
AUGUST, 2003

Reeb Development Consulting  
c:\excel\03sd125a.xls (topsheet)

PROJECT BUILDER/MARKETING DATE OPENED LOCATION	MIN. LOT SIZE (SQ.FT.)	LOTS PLANNED/ OFFERED/ SOLD	OVERALL SALES PER YEAR	REPRESENTATIVE LOTS				COMMENTS
				LOT	LOT or PAD SIZE (SQ.FT.)	LOT PRICE	LOT or PAD PRICE/ SQ.FT.	
The Bridges	Lots:	164	1999 - 17	Available Lots	Lot Size	Pad Size		Private, 18-hole equity
Lennar Homes	0.50 to	114	2000 - 42	37	14,400	\$1,250,000	\$86.81	golf club, 35,000 sq.ft. golf
3/6/1999	2.00 ac.	93	2001 - 14	38	13,100	\$920,000	\$70.23	clubhouse, 7,000 sq.ft.
North Rancho Santa Fe (Gated, manned, golf)		(48 sales to spec builders, 37 sales to individuals in 1st 85 sales)	2002 - 23 2003 - 7 Average: 22/year	39	12,000	\$740,000	\$61.67	fitness center.
	Pads:			49	21,100	\$1,975,000	\$93.60	
	12,600			52	22,700	\$2,300,000	\$101.32	Min. home size 3,500
	up to			53	18,500	\$2,200,000	\$118.92	sq.ft., most 6,000+ sq.ft.
	26,000			68	15,800	\$750,000	\$47.47	Must start home
				91	14,500	\$850,000	\$58.62	construction w/in 30
	The Bridges totals 267 lots.			Grove-189	18,900	\$1,395,000	\$73.81	months of lot closing.
	164 are custom lots.			Grove-190	19,900	\$1,295,000	\$65.08	
	59 are at The Villas			Grove-191	21,900	\$1,450,000	\$66.21	Custom now available:
	production homes.			Grove-192	16,200	\$850,000	\$52.47	6,400-12,000 sq.ft.
	44 are planned at			Grove-199	16,800	\$1,895,000	\$112.80	\$2.895m-\$5.895m
	The Cortille Collection			Grove-200	26,000	\$2,400,000	\$92.31	
	production homes.			Grove-201	52,600	\$1,955,000	\$37.17	TIOA - \$182/month.
				Grove-202	40,600	\$1,895,000	\$46.67	CFD - none
				Grove-203	22,400	\$1,475,000	\$65.85	
				Grove-204	21,800	\$1,475,000	\$67.66	
				Grove-210	25,600	\$2,400,000	\$93.75	
				Grove-211	31,600	\$2,900,000	\$91.77	
				Grove-212	24,800	\$1,950,000	\$78.63	
				Average	22,438	\$1,634,286	\$72.84	

SUMMARY OF LOT SALES PROJECTS

CENTRAL SAN DIEGO MARKET AREA - Rancho Pacifica

AUGUST, 2003

PROJECT BUILDER/MARKETING DATE OPENED LOCATION	MIN. LOT SIZE (SQ.FT.)	LOTS PLANNED/ OFFERED/ SOLD	OVERALL SALES PER YEAR	REPRESENTATIVE LOTS				COMMENTS
				LOT	LOT or PAD SIZE (SQ.FT.)	LOT PRICE	LOT PRICE/ SQ.FT.	
Rancho Pacifica	Lots:	148	2000 - 44	Available Lots - Lot Size is Pad Size				Many lots have ocean views. Manned gated entry.
Pardee Construction	0.33 to	106	2001 - 21	23	38,900	\$1,395,000	\$35.86	
2/12/2000	2.00 ac.	103	2002 - 16	85	25,900	\$945,000	\$36.49	Minimum home size: 0.33 acres - 3,000 sq.ft., 0.50 acres - 3,500 sq.ft., 1.0 acres - 4,000 sq.ft., most homes range from about 5,000 to 8,500 sq.ft., spec-\$2.65m to \$3.99m
West Rancho Sante Fe (gated, guard, no golf)	Pads: 12,000 up to 49,300	(@ 10% of sales to spec builders)	2003 - 22	122	10,200	\$545,000	\$53.43	
			Average:	Average				
			26/year	2003 Most Recent Closed Lots - Lot Size is Pad Size				
			'01-'03 Avg:	22	51,300	\$1,460,000	\$28.46	
			22/year	97	20,000	\$695,000	\$34.75	
				107	16,500	\$899,000	\$54.48	
				134	18,000	\$565,000	\$31.39	
				138	16,900	\$849,000	\$50.24	
				Average				
				24,540		\$893,600	\$36.41	
								36 months to start construction, can not resell lots. Project surrounded by open space. Many lots also have views of Fairbanks Ranch golf course.
								HOA-\$299/month CFD-\$1,800/year

EXHIBIT IV-6  
 SANTALUZ MARKET POSITIONING  
 VS. CENTRAL SAN DIEGO MARKET  
 BY PROJECT  
 AUGUST, 2003

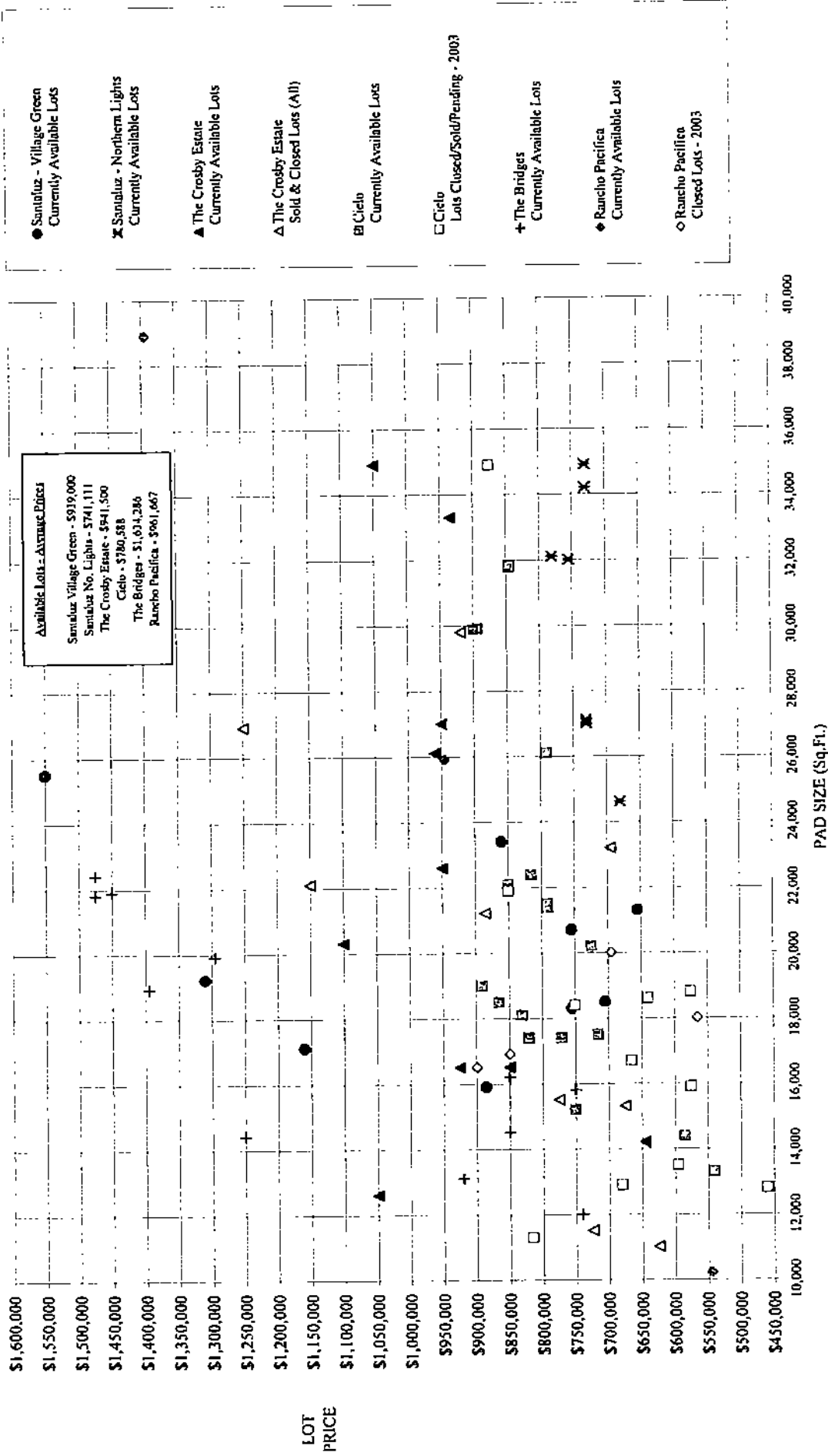
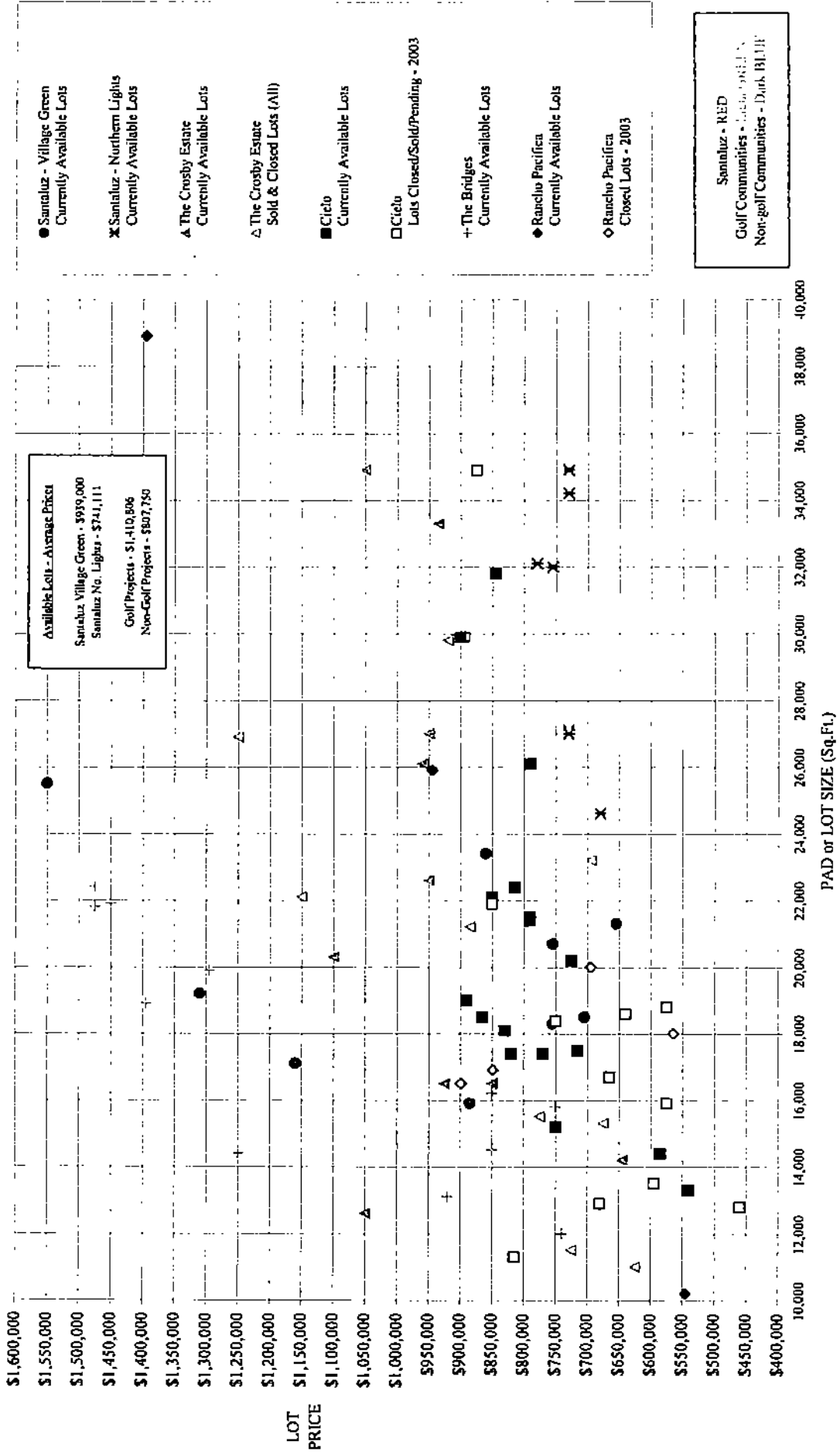


EXHIBIT IV-7  
 SANTALUZ MARKET POSITIONING  
 VS. CENTRAL SAN DIEGO MARKET  
 BY COMMUNITY ORIENTATION  
 AUGUST, 2003



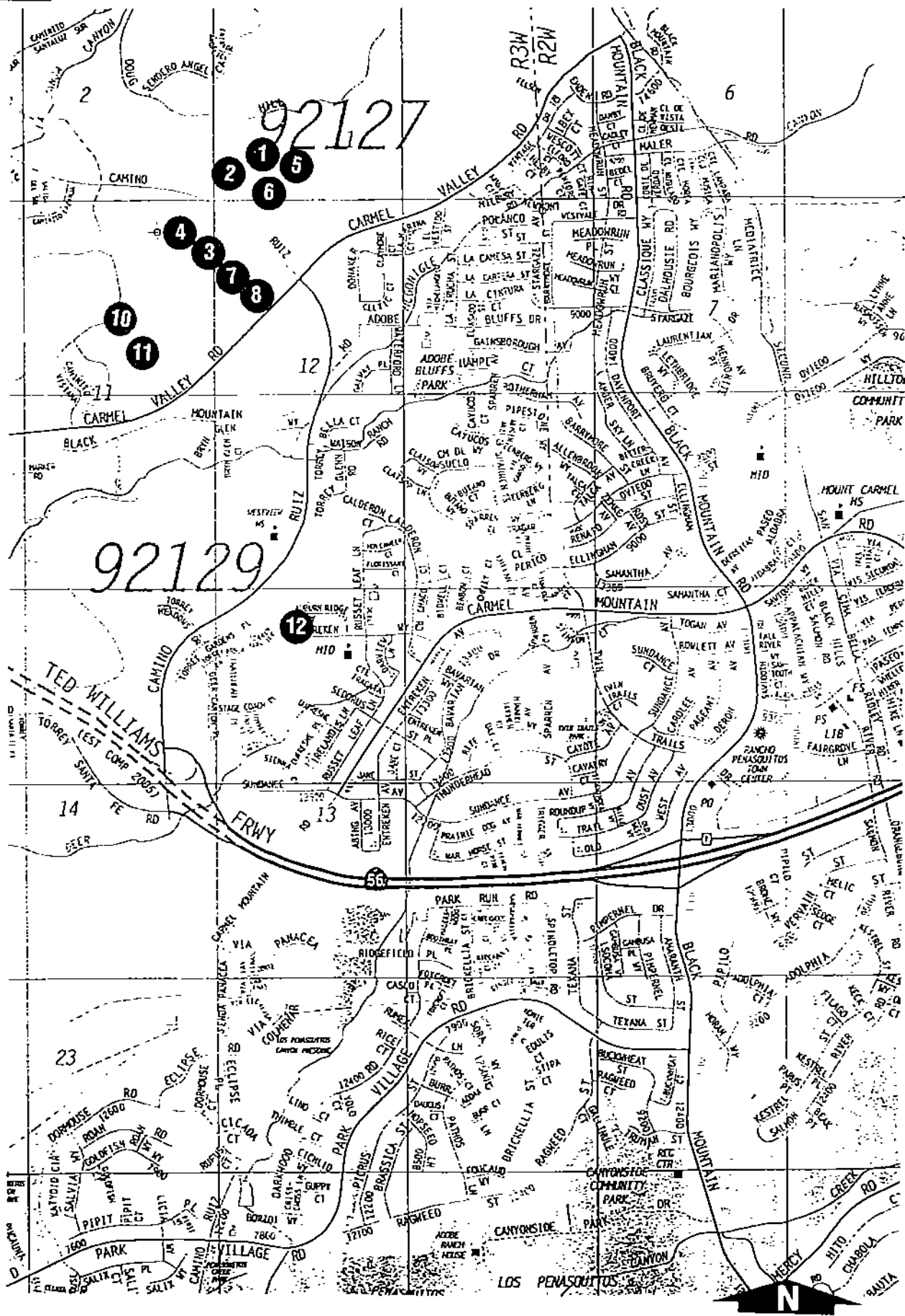
Reeb Development Consulting  
 (858) 486-5246  
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# **EXHIBIT N**

# Comparable Land Sales

## Single Family

D.F. DAVIS  
REAL ESTATE  
INC.

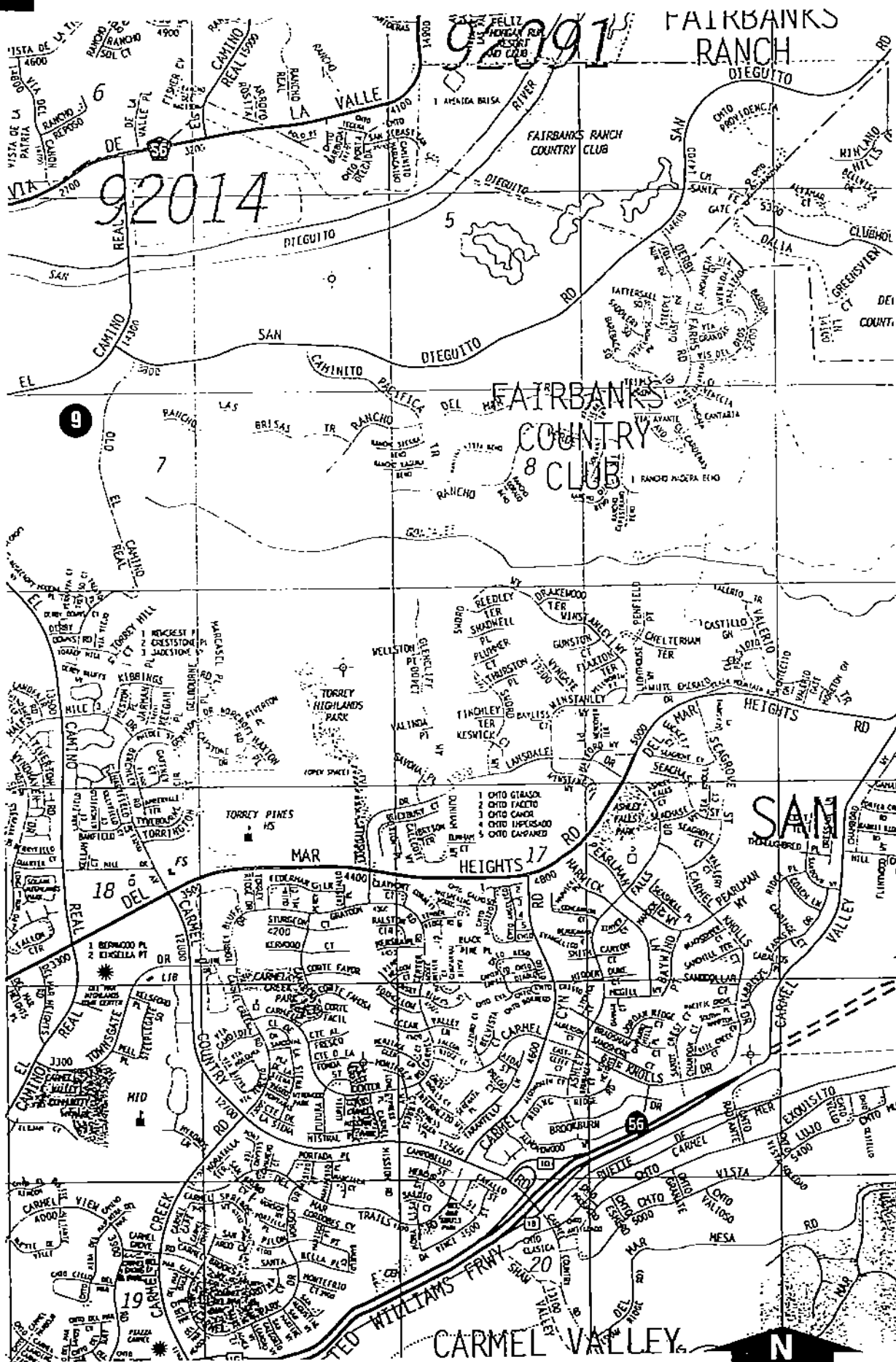




# Comparable Land Sales

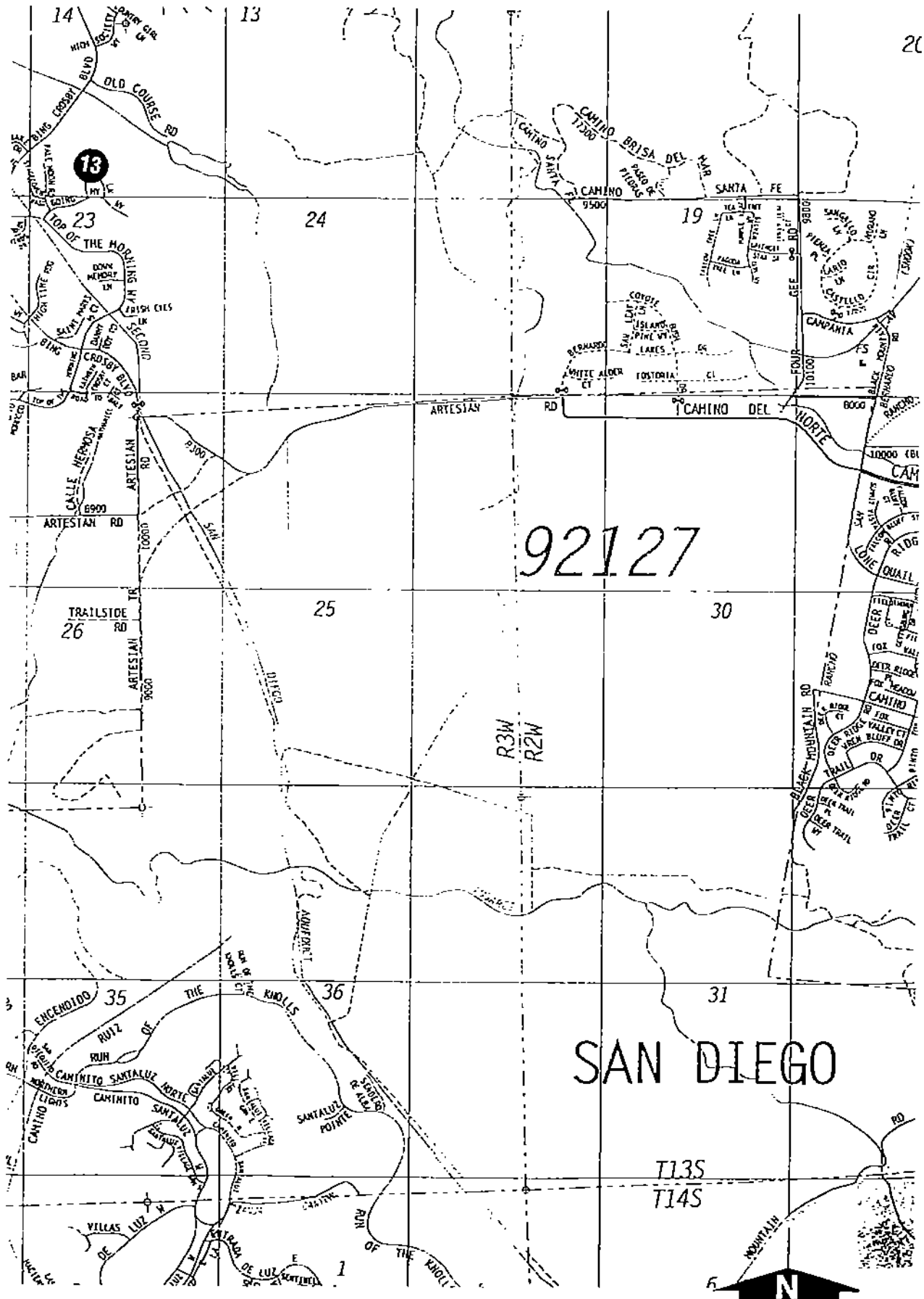
## Single Family

**D.F. DAVIS  
REAL ESTATE  
INC.**



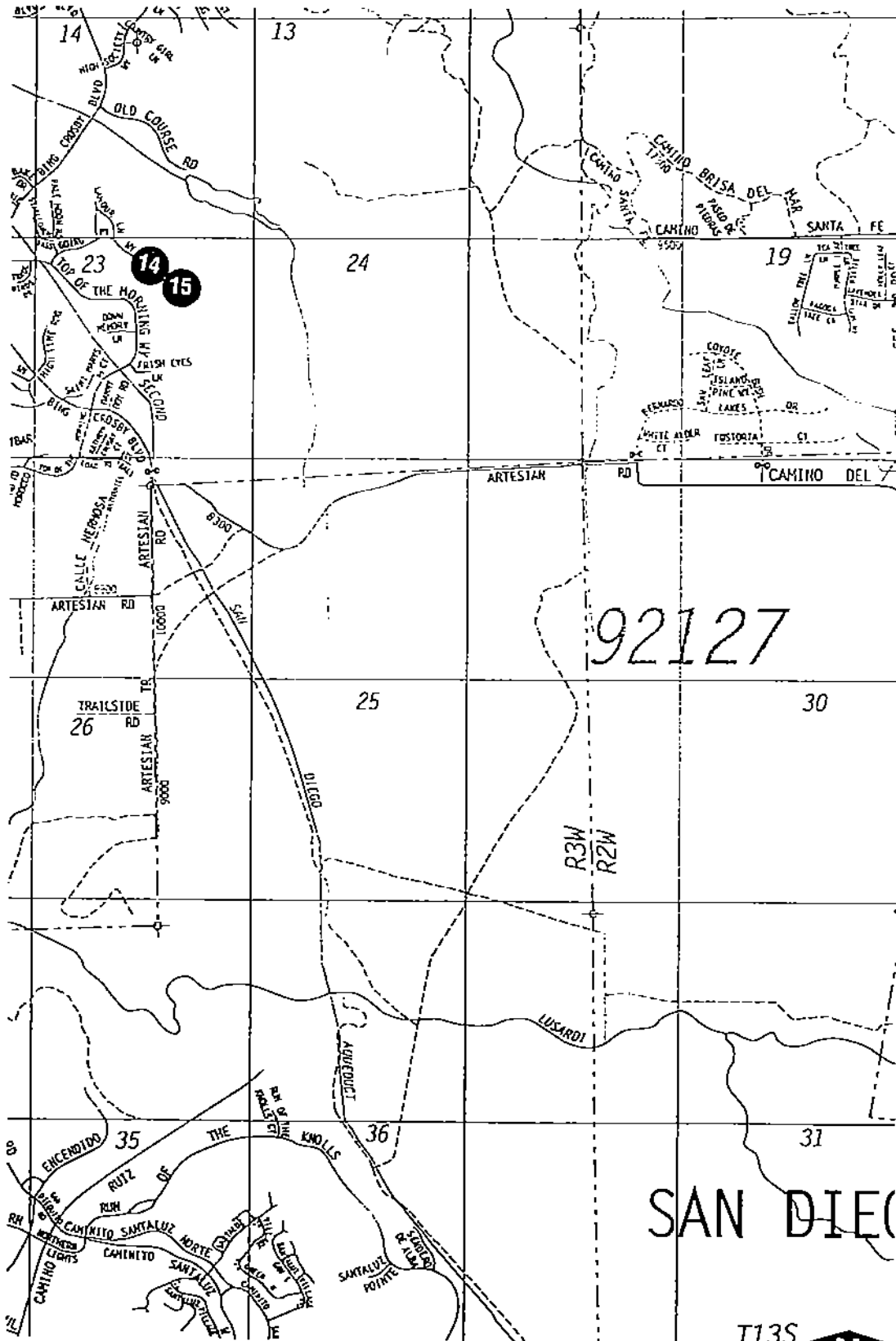
# Comparable Land Sales

## Single Family



# Comparable Land Sales

## Single Family



92127

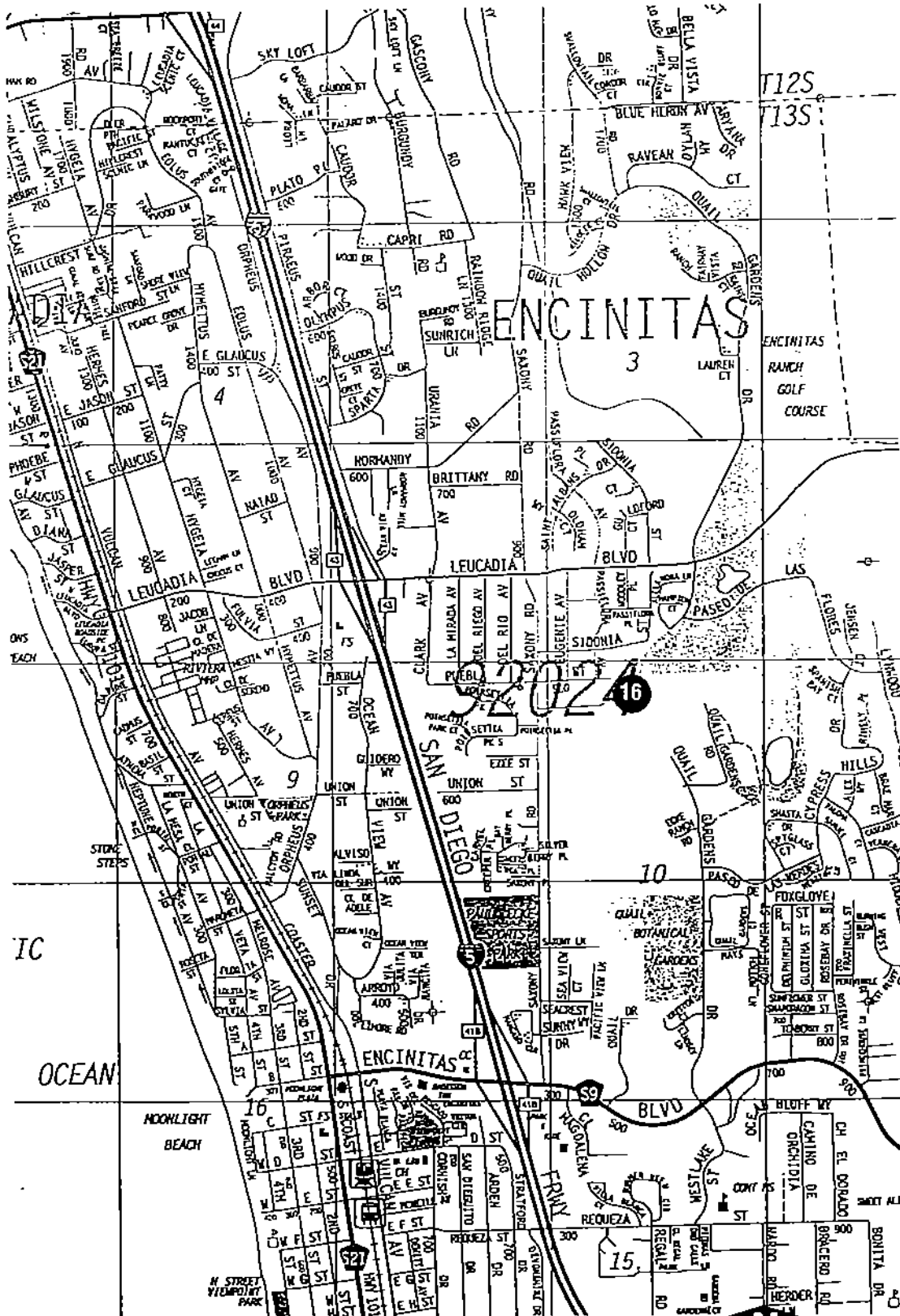
SAN DIEGO

T13S



# Comparable Land Sales

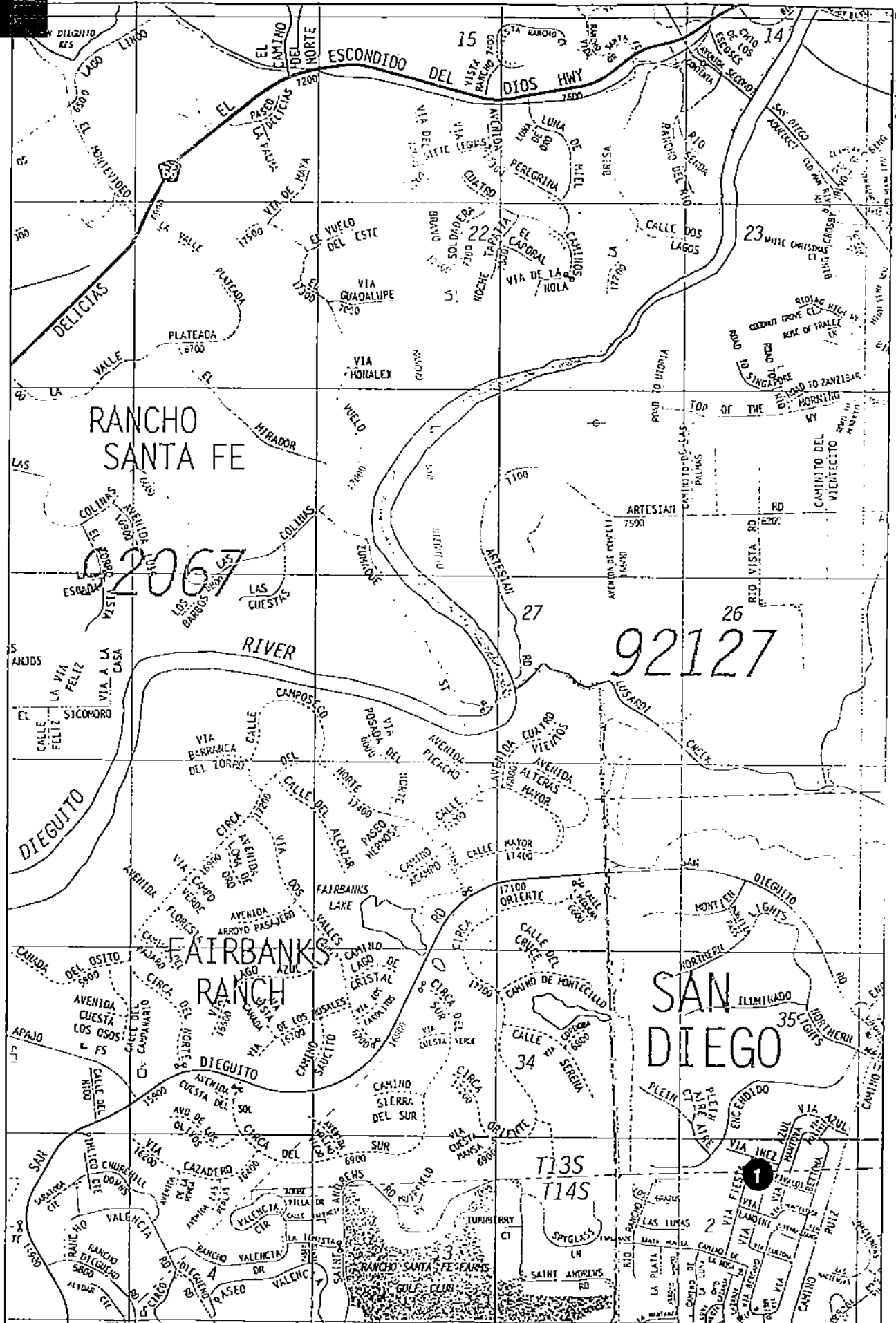
Single Family



# Comparable Land Sales

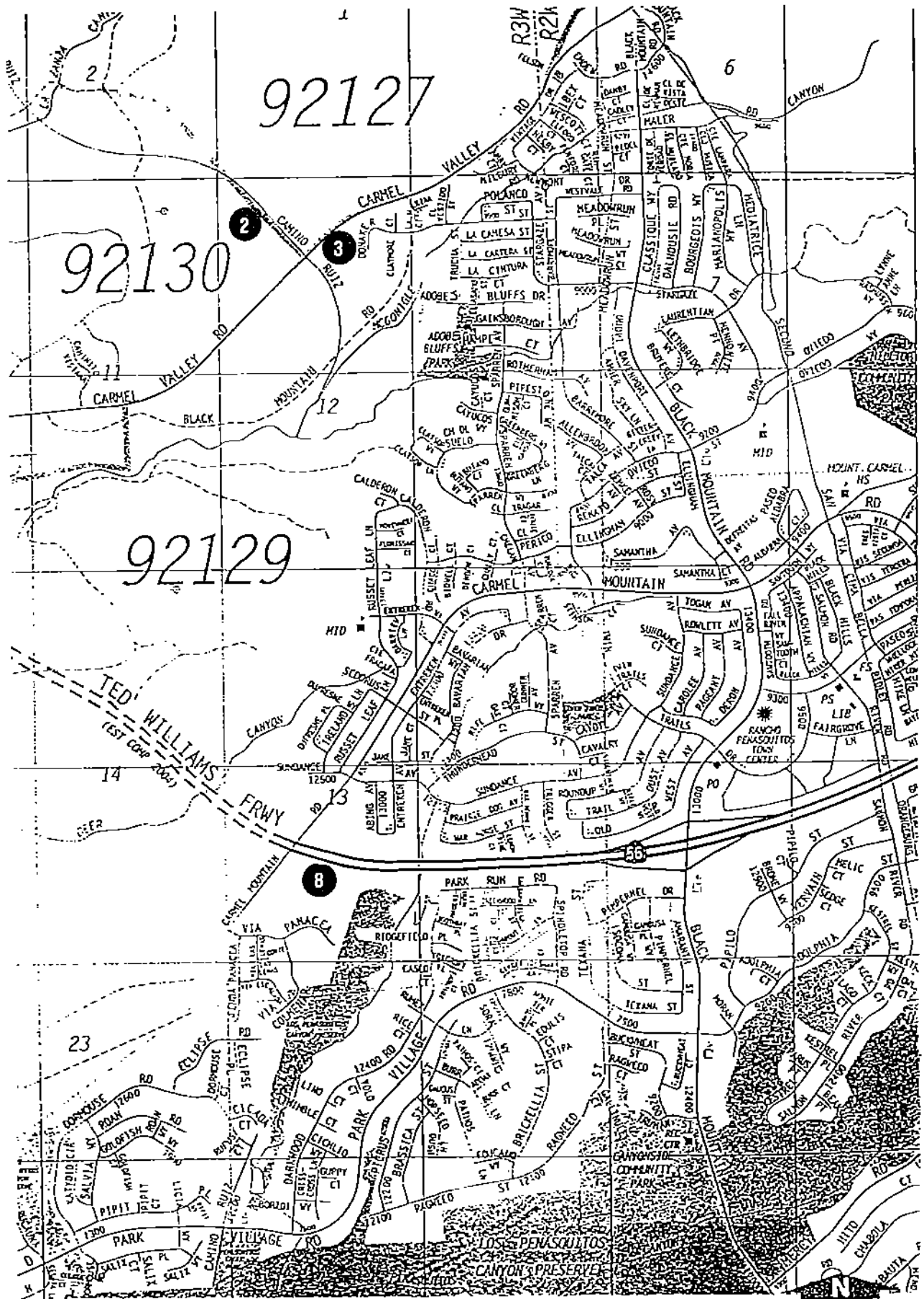
Church

D.F. DAVIS  
REAL ESTATE  
INC.



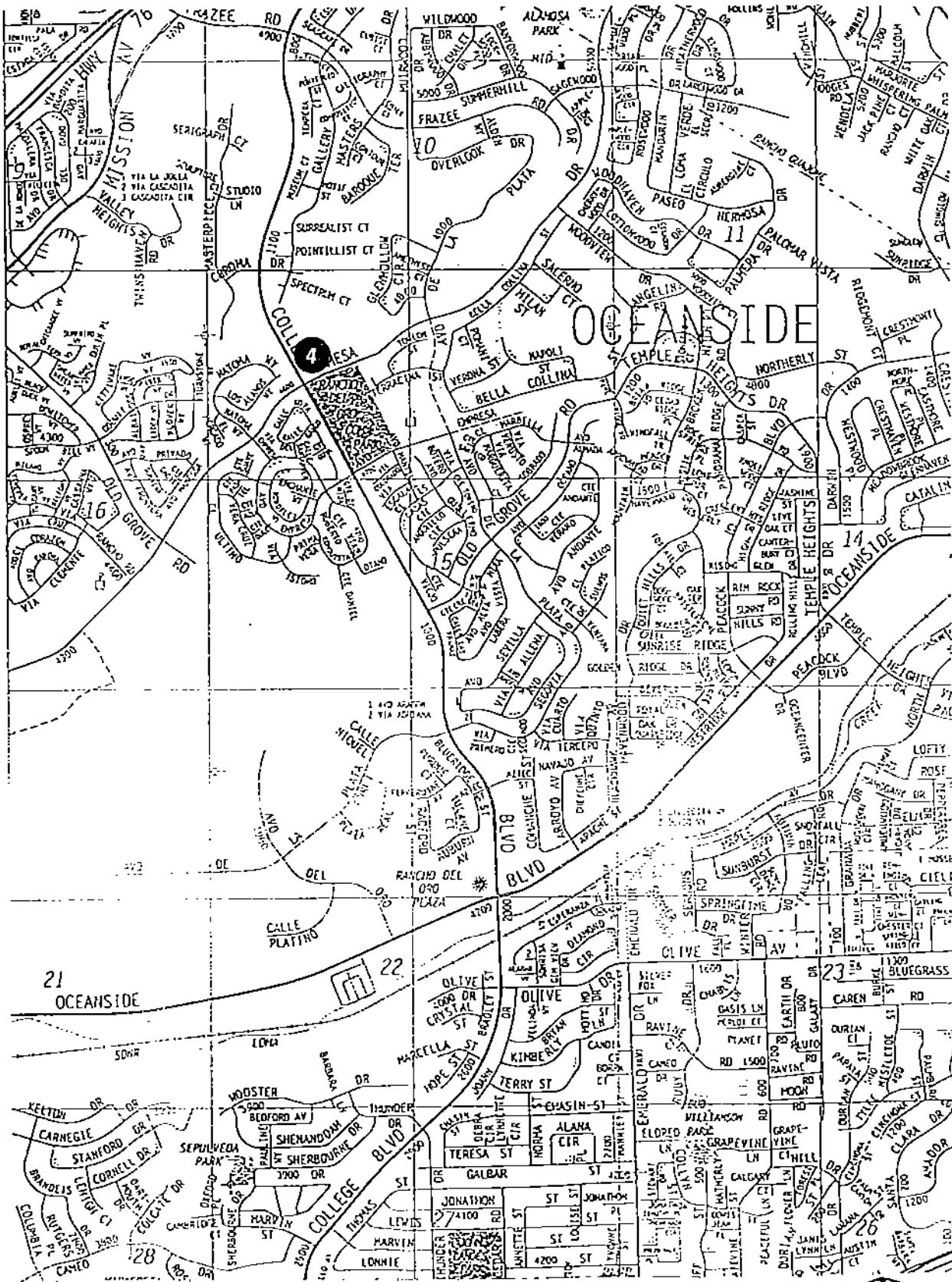
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Church



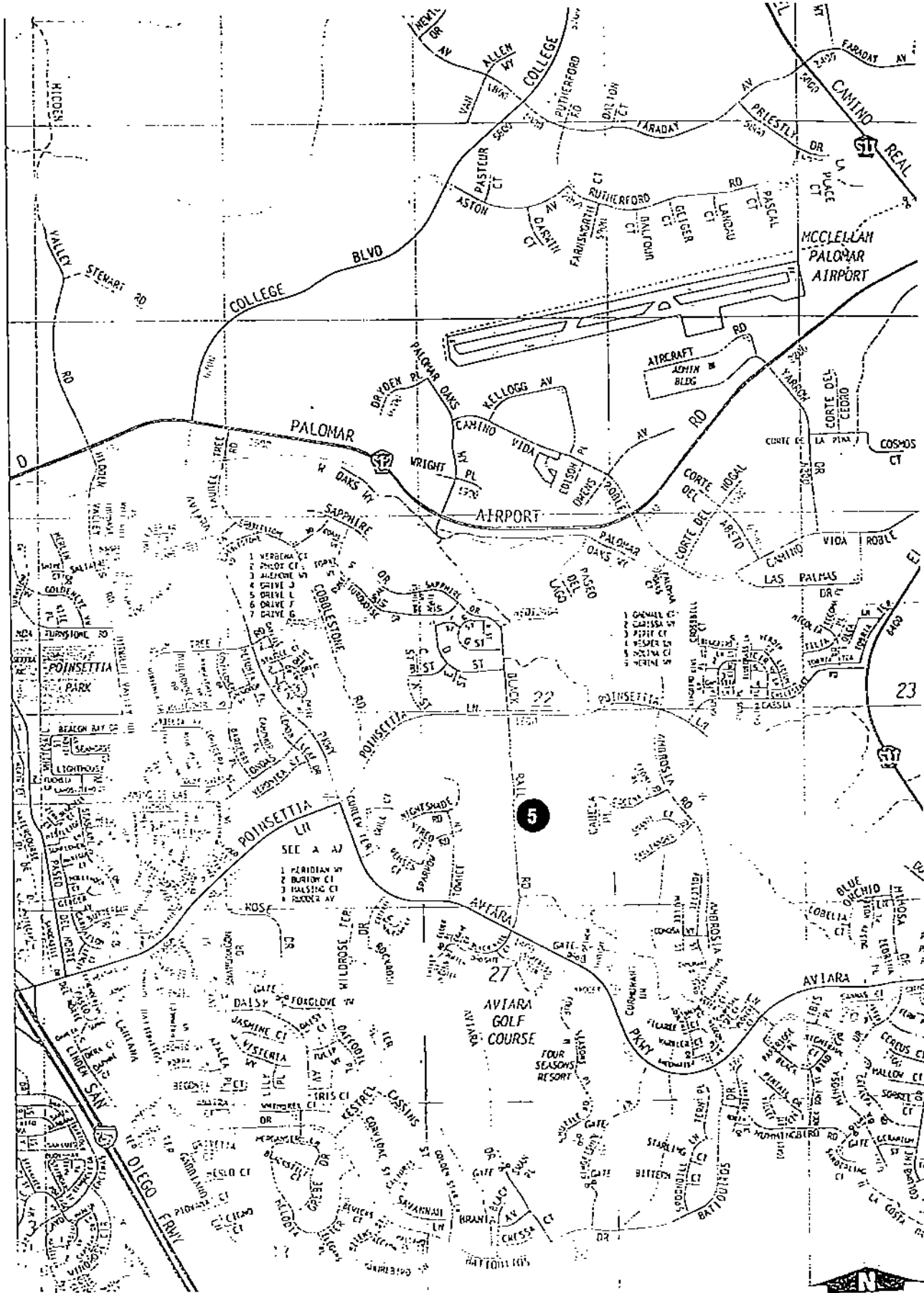
# Comparable Land Sales

Church



# Comparable Land Sales

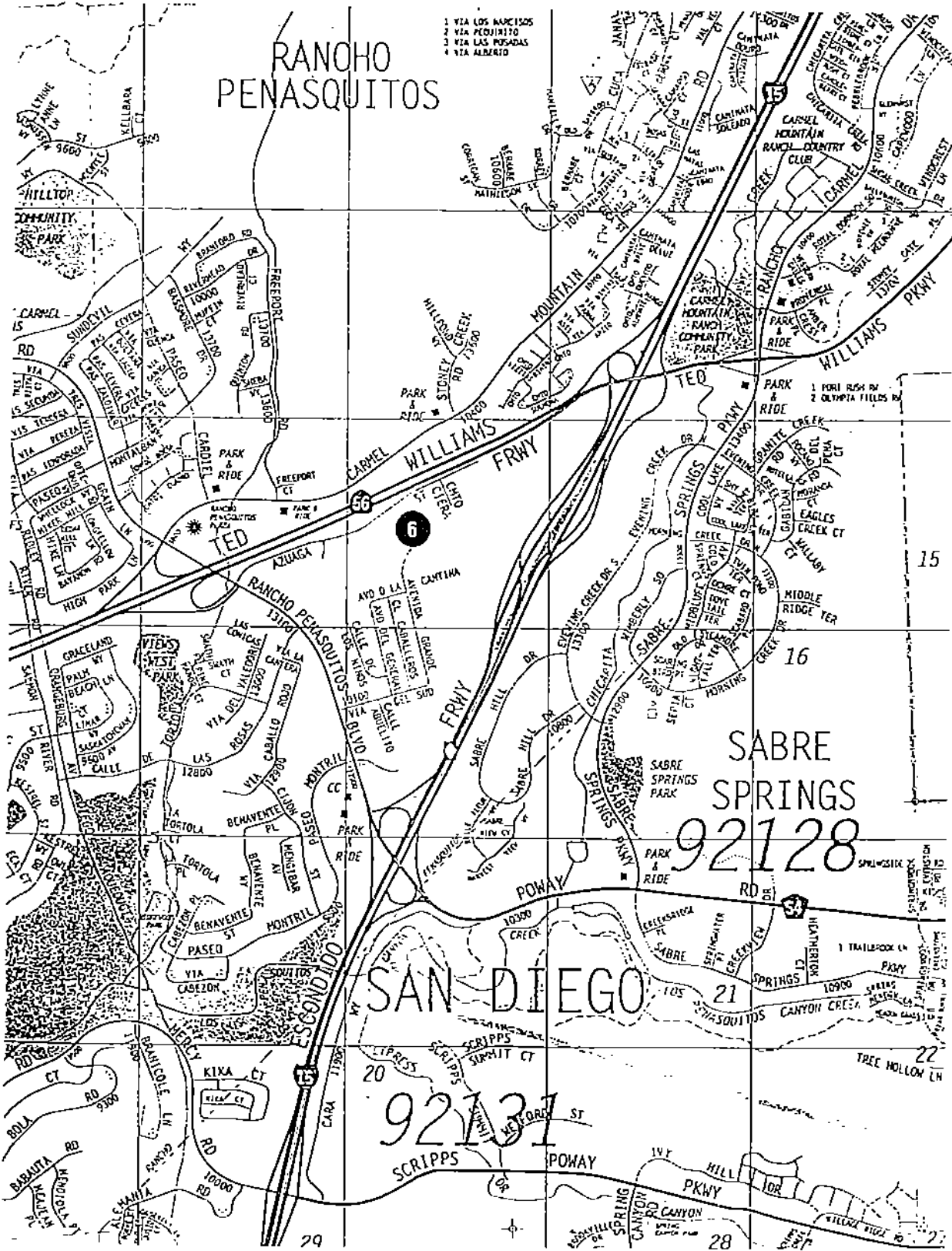
Church





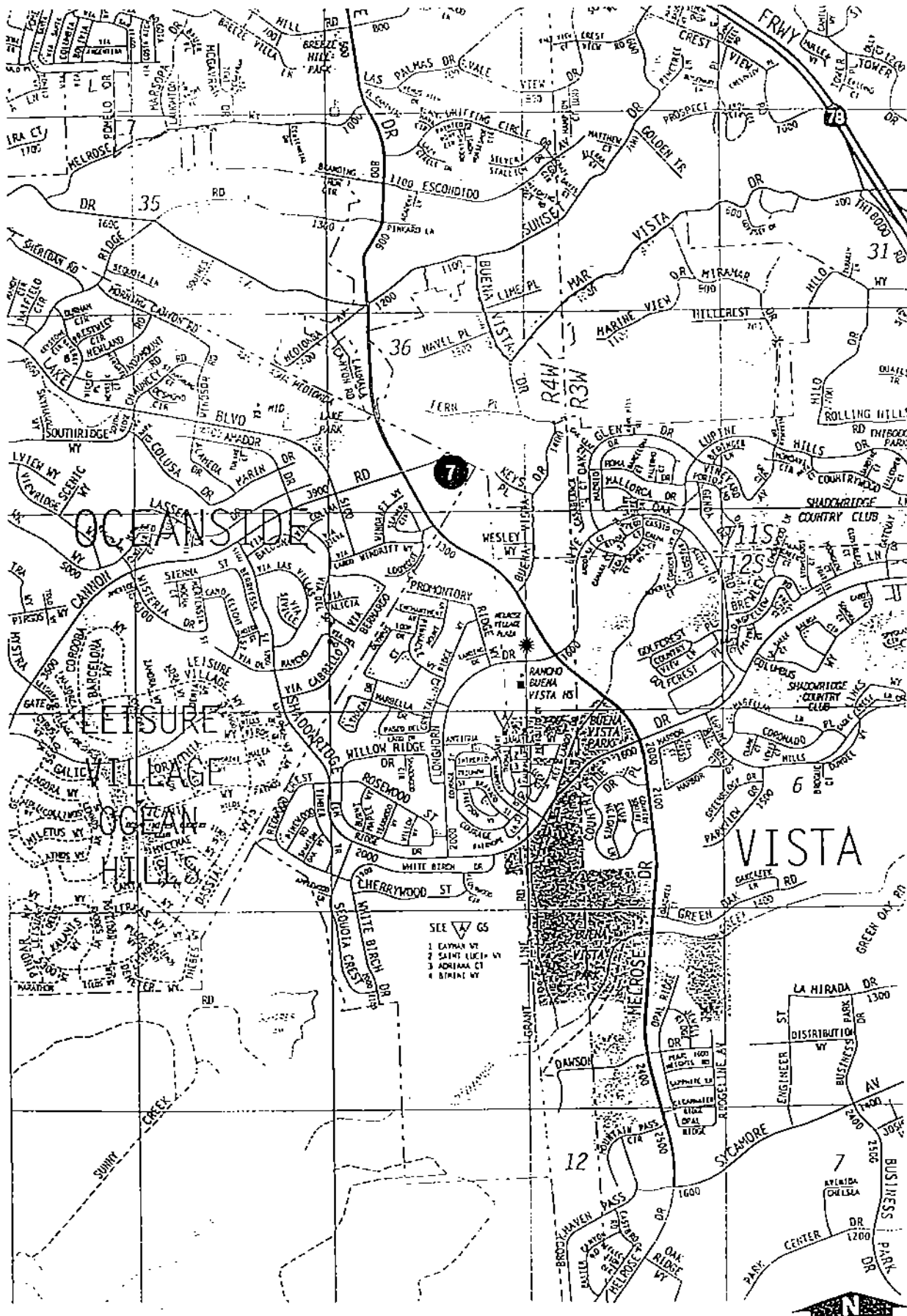
# Comparable Land Sales

Church



# Comparable Land Sales

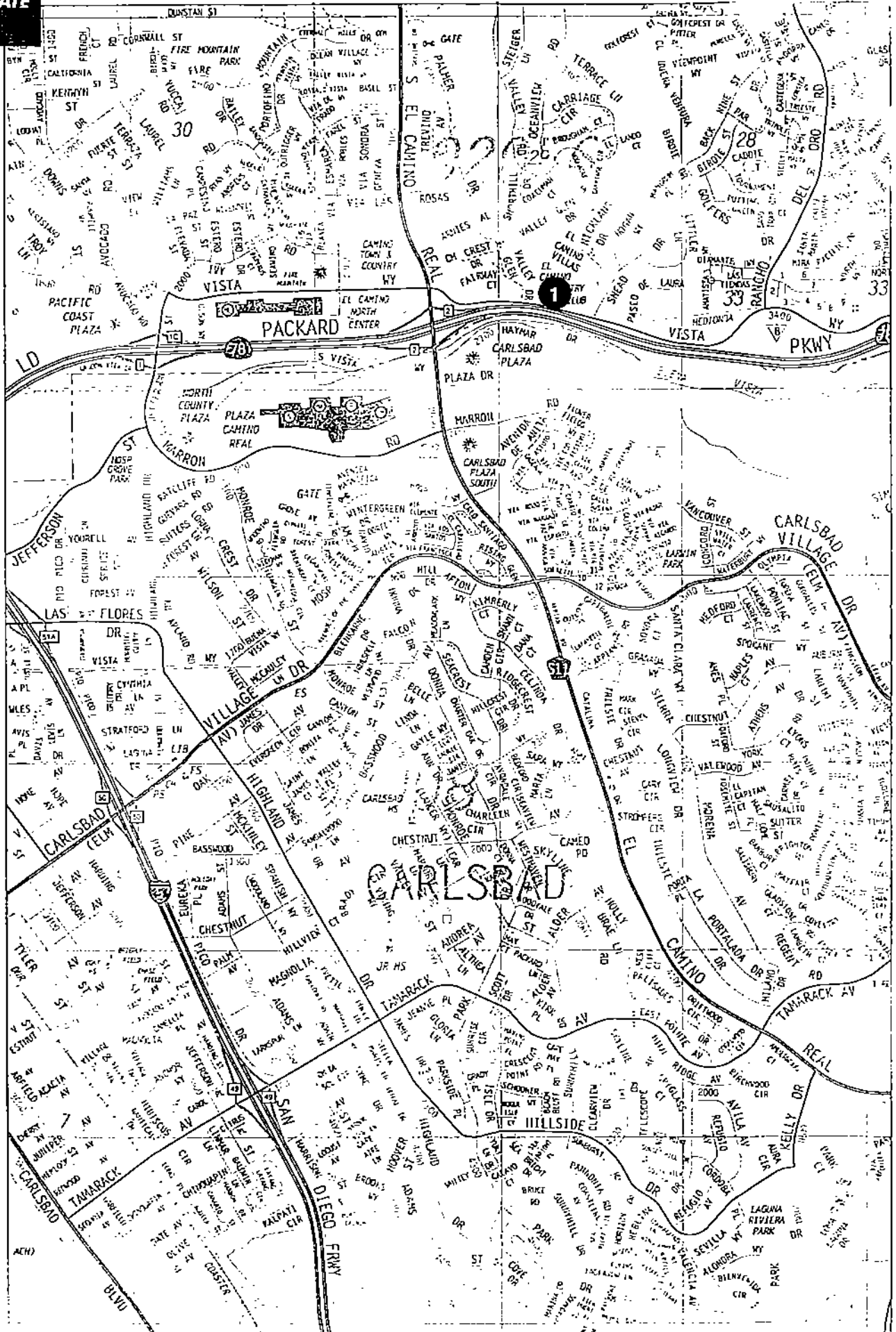
Church



# Comparable Land Sales

Retail

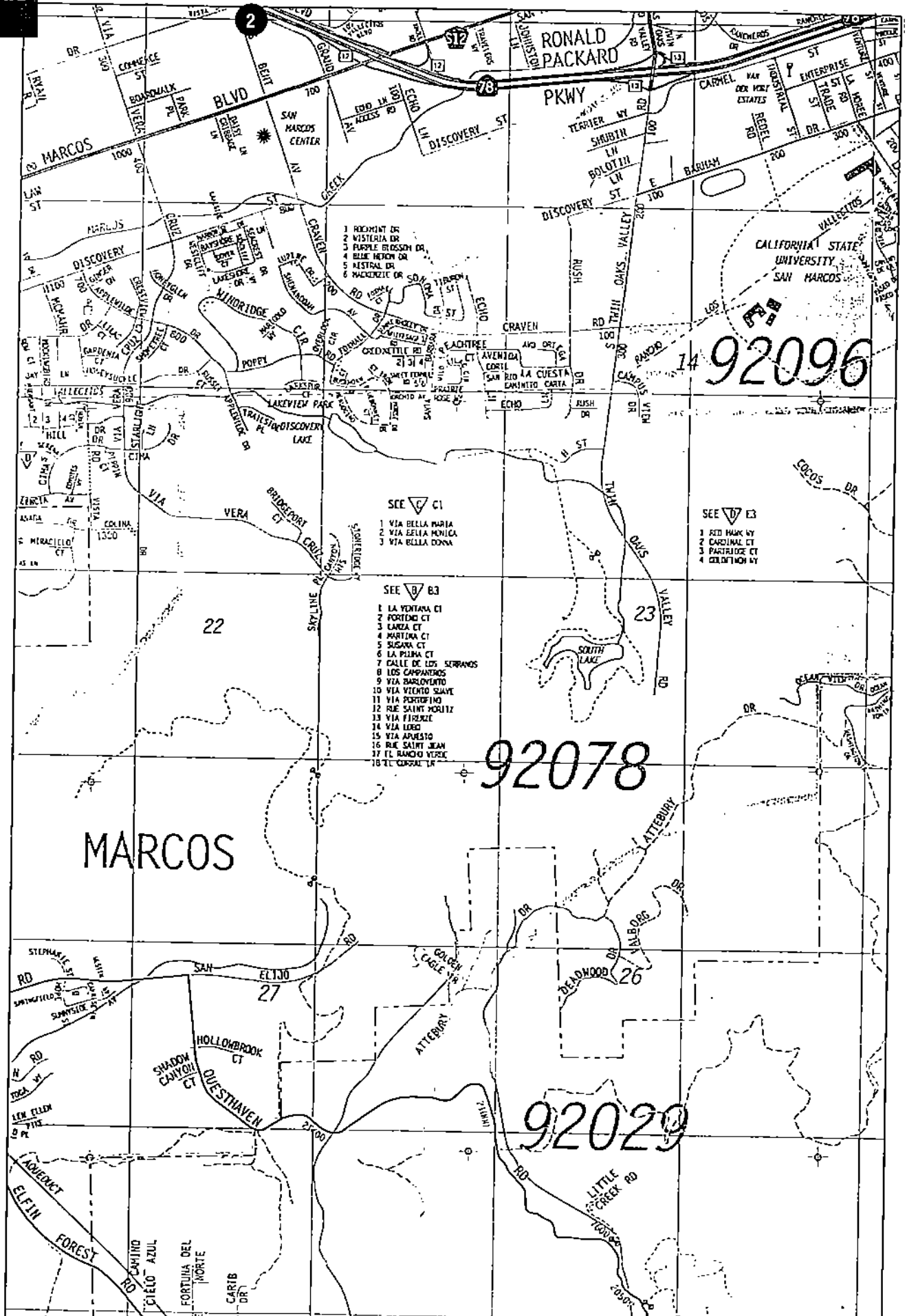
D.F. DAVIS  
REAL ESTATE  
INC.



# Comparable Land Sales

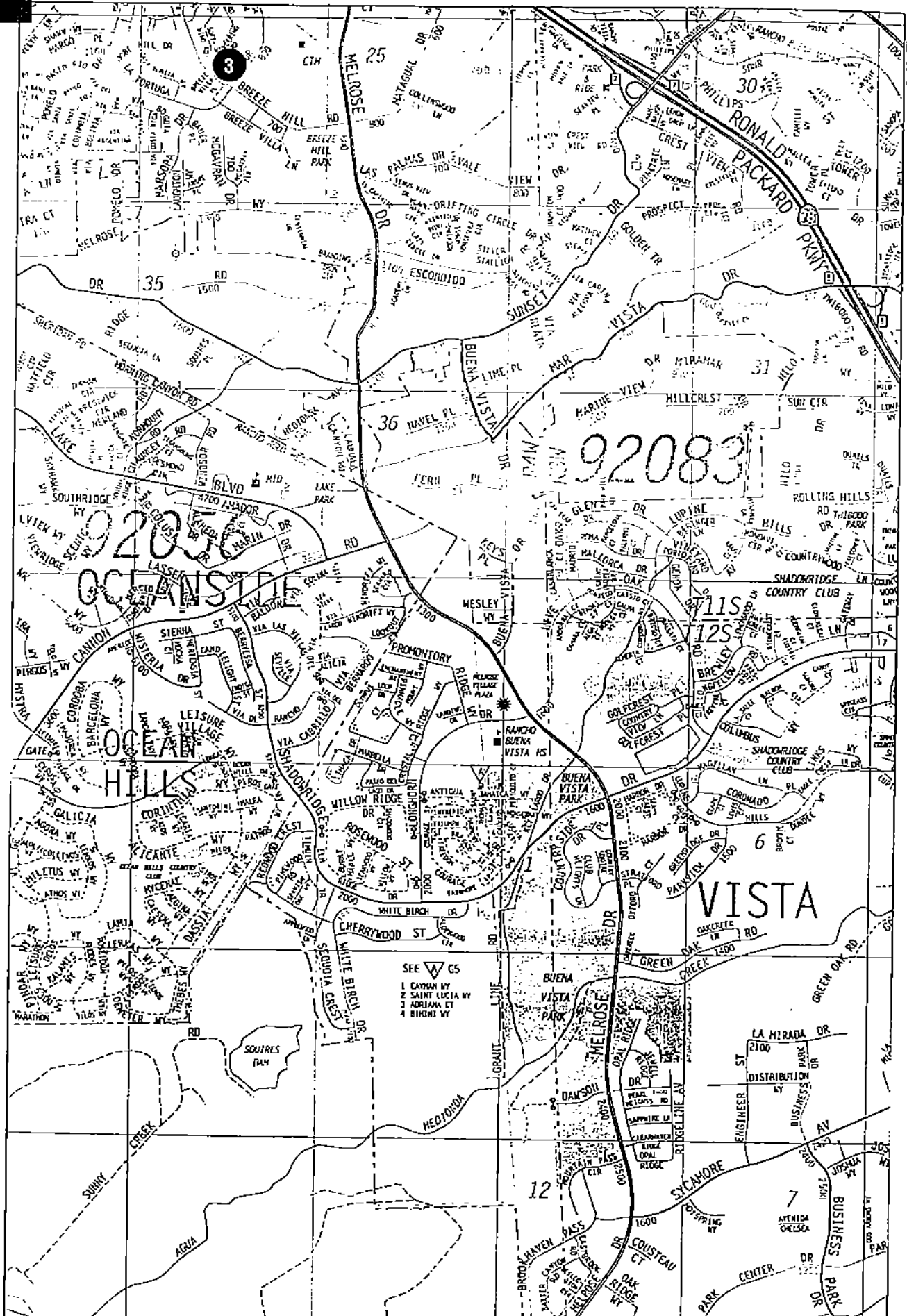
**D.F. DAVIS  
REAL ESTATE  
INC.**

Retail



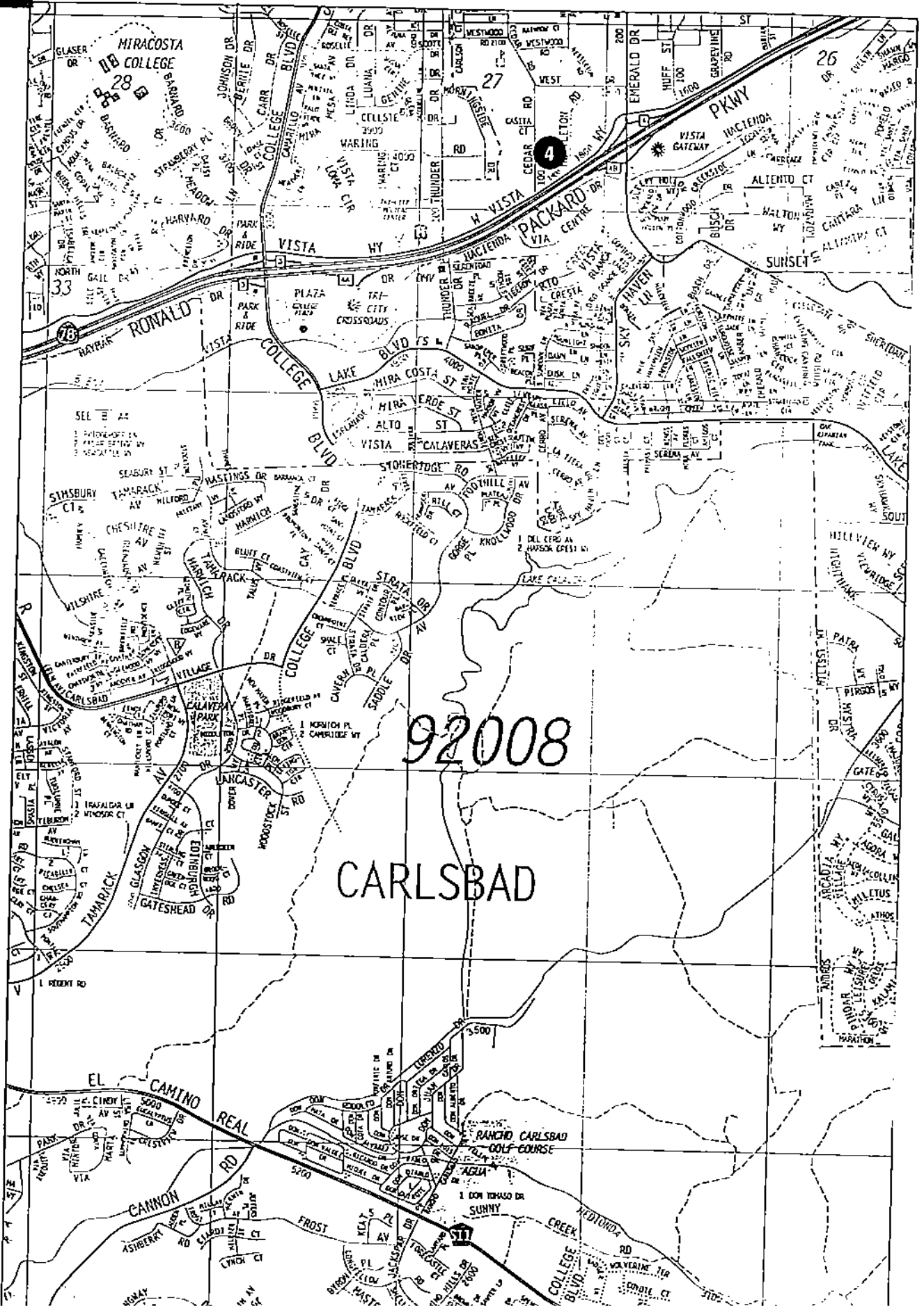
# Comparable Land Sales

Retail



# Comparable Land Sales

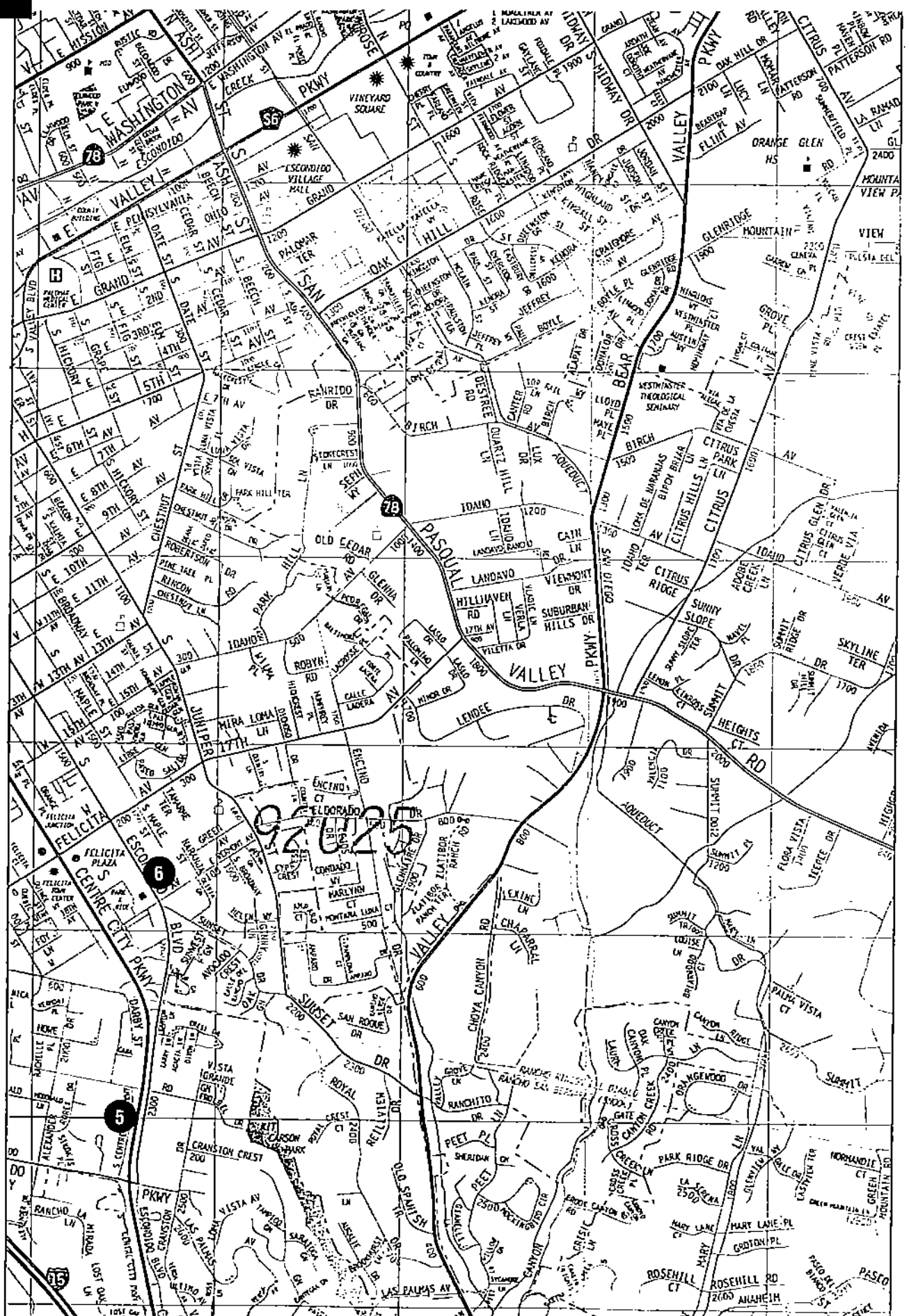
## Retail



# Comparable Land Sales

Retail

D.F. DAVIS  
REAL ESTATE  
INC.

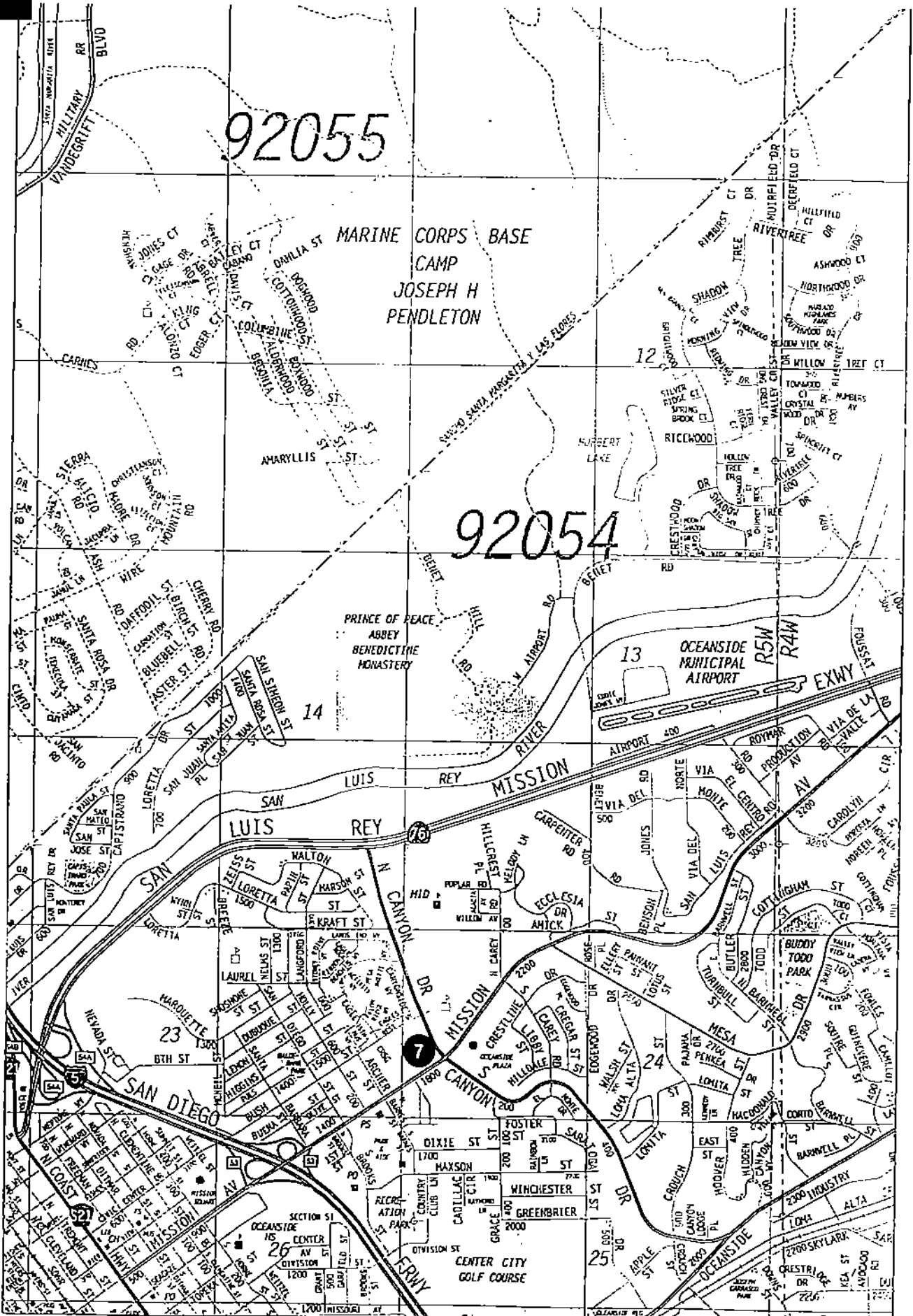




# Comparable Land Sales

Retail

D.F. DAVIS  
REAL ESTATE  
INC.





# **EXHIBIT O**

**Comparable Single Family Land Data 1**

**Project:** Sentinels at Santaluz

**Location:** West side of Santaluz Village Greens South; west side of Entrada Angelica; both sides of Entrada de Luz East; south side of Sentinel; and west side of Run of the Knolls, Santaluz Planned Community (both sides of Camino Ruiz north of Carmel Valley Road), San Diego

**Assessor's Parcel No.:** 269-222-15 through 38  
303-171-10 through 17  
303-172-01 through 08

**Thomas Bros.  
Map Code: 1189-A/B-1/2**

**Size:** 12.60 acres (80 lots of approximately 6,000 square feet)

**Zoning:** A1-10 modified pursuant to requirements of a Development Agreement

**Utilities:** Available

**Date of Sale:** Phased Takedown

**Document No.:** Various

**Sale Price:** \$14,100,000

**Price/Lot:** \$176,250

**Terms:** All cash

**Cash  
Equivalent Price:** \$14,100,000

**Buyer:** Baywood Development

**Seller:** Santaluz, LLC

**Source:** Appraisal documents

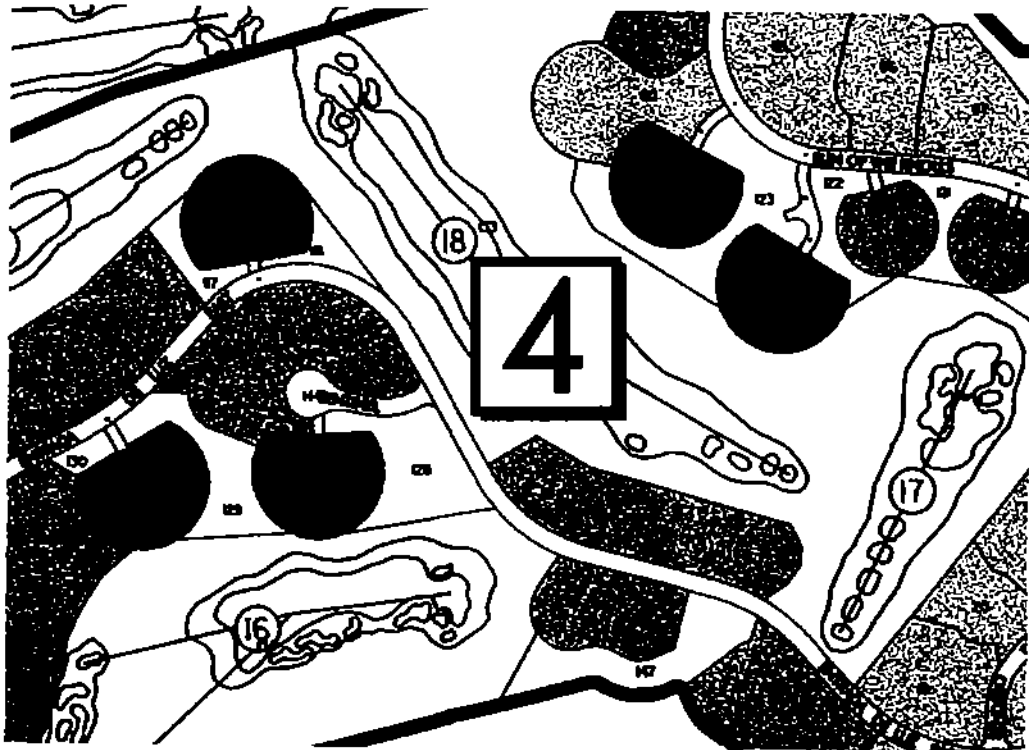
**Comments:** The following is a summary of the phased takedown purchase price:

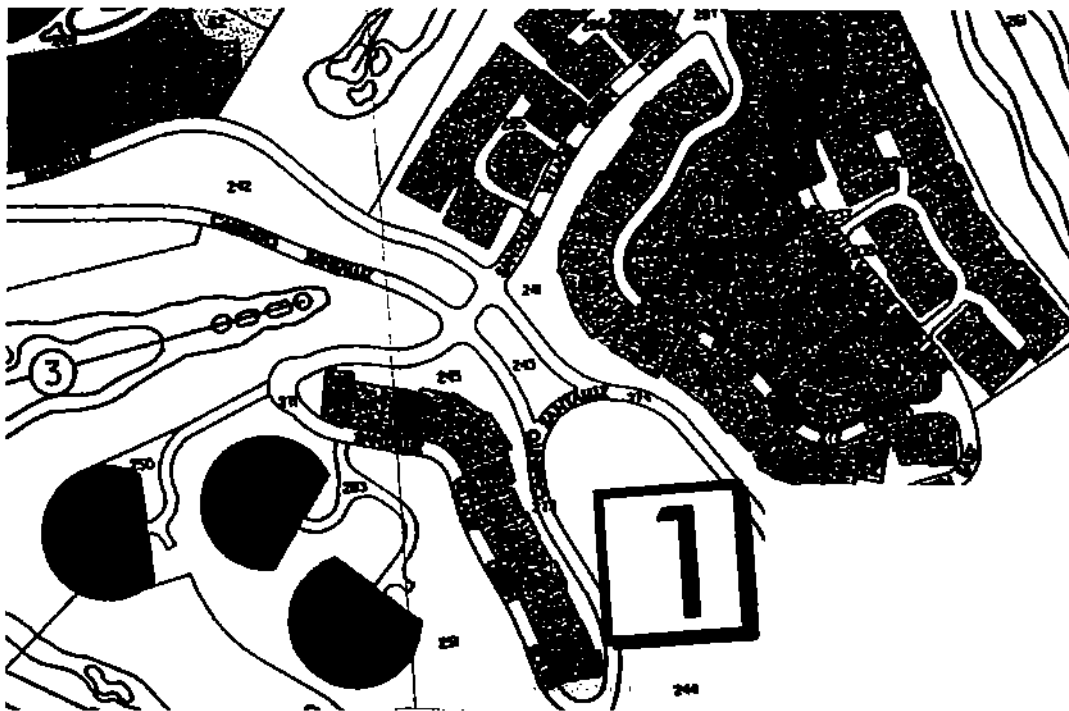
**CFD NO. 2 (SANTALUZ - IMPROVEMENT AREA 1)**

<u>Date(s)</u>	<u>Phasing</u>	<u>Sale Price</u>
4/00	Contract	
4/00	Deposit	\$410,000
9/00	Deposit	\$200,000
10/00	Deposit	\$800,000
12/00	8 Lots	\$1,140,000
1/01	16 Lots	\$2,820,000
10/01	16 Lots	\$2,820,000
12/01	24 Lots	\$2,820,000
2/02	16 Lots	<u>\$2,820,000</u>
Total Sale Price		\$14,100,000

This property consists of 10 groups of eight lots each with a common area access lot interspersed among other product types in the community being delivered in finished lot condition subject to an additional \$17,600 in fees (total finished lot cost \$193,850). The initial pricing ranges from \$620,000 to \$830,000 for unit sizes ranging from 2,179 to 2,888 square feet, averaging 2,503 square feet. The property is subject to Mello Roos Special Taxes of \$2,819 per year (average) and a Poway Unified School District Mello Roos Special Tax of \$737 per year. Association fees are \$382.75 per month.

Santaluz is a golf course oriented planned community with gated entry to all home sites off the major access road, Camino Ruiz.







**Comparable Single Family Land Data 2**

**Project:** Haciendas Sur at Santaluz

**Location:** South side of Doug Hill Court; both sides of Las Haciendas; both sides of Doug Hill; north side of Entrada de Luz West; south side of Run of the Knolls, Santaluz Planned Community (both sides of Camino Ruiz north of Carmel Valley Road), San Diego

**Assessor's Parcel No.:** 303-110-01 through 10  
303-111-01 through 10  
303-113-01 through 11  
303-114-18 through 26  
269-211-15 through 20

**Thomas Bros.  
Map Code: 1189-A/B-1/2**

**Size:** 27.20 acres (50 lots of approximately 25,000 square feet)

**Zoning:** A1-10 modified pursuant to requirements of a Development Agreement

**Utilities:** Available

**Date of Sale:** Phased Takedown **Document No.:** Various

**Sale Price:** \$13,750,000

**Price/Lot:** \$275,000

**Terms:** All cash

**Cash  
Equivalent Price:** \$13,750,000

**Buyer:** Centex Homes

**Seller:** Santaluz, LLC

**Source:** Appraisal documents

**Comments:** The following is a summary of the phased takedown purchase price:

**CFD NO. 2 (SANTALUZ - IMPROVEMENT AREA 1)**

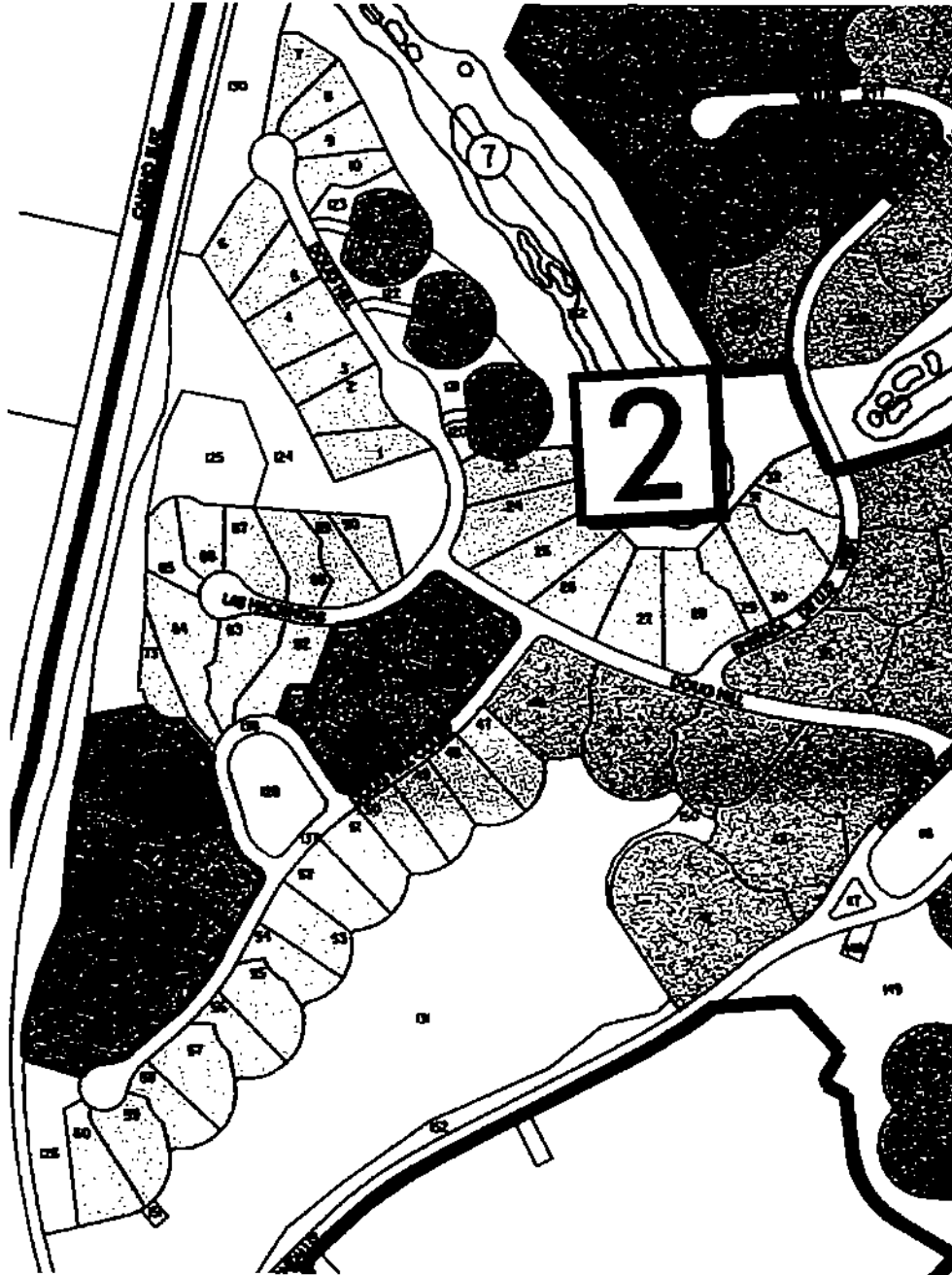
<u>Date(s)</u>	<u>Phasing</u>	<u>Sale Price</u>
6/00	Contract	
9/00	Deposit	\$687,500
12/00	14 Lots	\$9,900,000
6/01	36 Lots	<u>\$3,162,500</u>
Total Sale Price		\$13,750,000

This property consists of single family lots interspersed among other product types in the community being delivered in finished lot condition subject to an additional \$17,600 in fees (total finished lot cost \$292,600). The initial pricing ranges from \$842,055 to \$912,200 for unit sizes ranging from 3,217 to 3,703 square feet, averaging 3,431 square feet. The property is subject to Mello Roos Special Taxes of \$4,184 per year (average) and a Poway Unified School District Mello Roos Special Tax of \$737 per year. Association fees are \$382.75 per month.

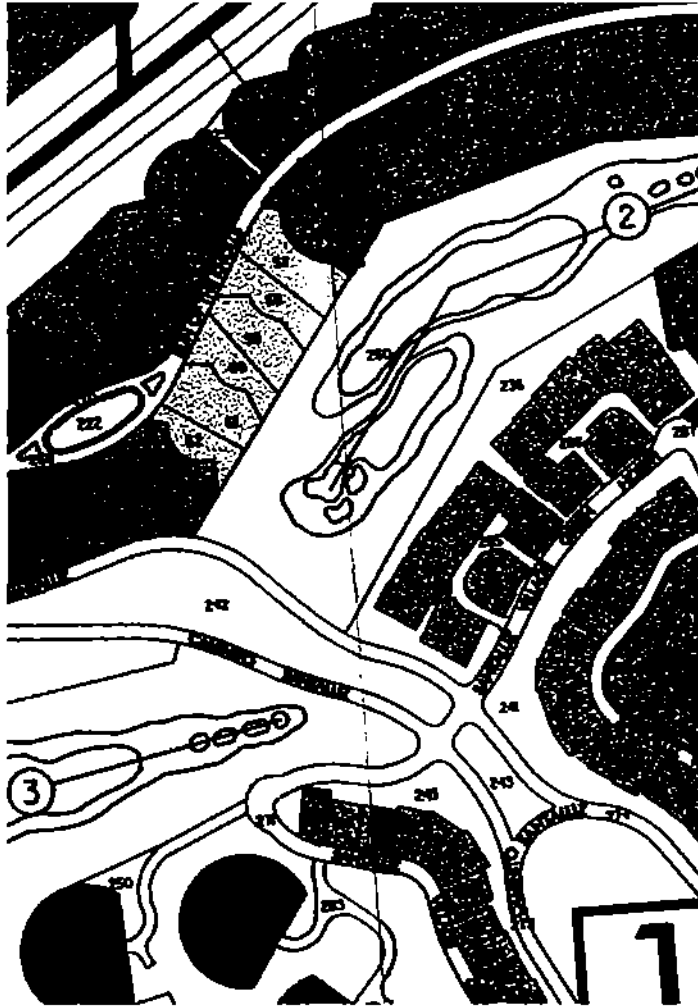
Santaluz is a golf course oriented planned community with gated entry to all home sites off the major access road, Camino Ruiz.



# Assessor's Map Haciendas Sur at Santaluz



# Assessor's Map Haciendas Sur at Santaluz



**Comparable Single Family Land Data 3**

**Project:** Spanish Bungalows at Santaluz

**Location:** South and west sides of La Zanja Drive, south of Camino de la Rosa; both sides of Luna Media; both sides of Caminito La Zanja; both sides of Delphia, Santaluz Planned Community (both sides of Camino Ruiz north of Carmel Valley Road), San Diego

**Assessor's Parcel No.:** 303-130-01 through 41  
303-131-01 through 23

**Thomas Bros.  
Map Code: 1189-A/B-1/2**

**Size:** 11.60 acres (64 lots of approximately 6,250 square feet)

**Zoning:** A1-10 modified pursuant to requirements of a Development Agreement

**Utilities:** Available

**Date of Sale:** Phased Takedown

**Document No.:** Various

**Sale Price:** \$11,005,058

**Price/Lot:** \$171,954

**Terms:** All cash

**Cash  
Equivalent Price:** \$11,005,058

**Buyer:** Christopher Homes

**Seller:** Santaluz, LLC

**Source:** Appraisal documents

**Comments:** The following is a summary of the phased takedown purchase price:

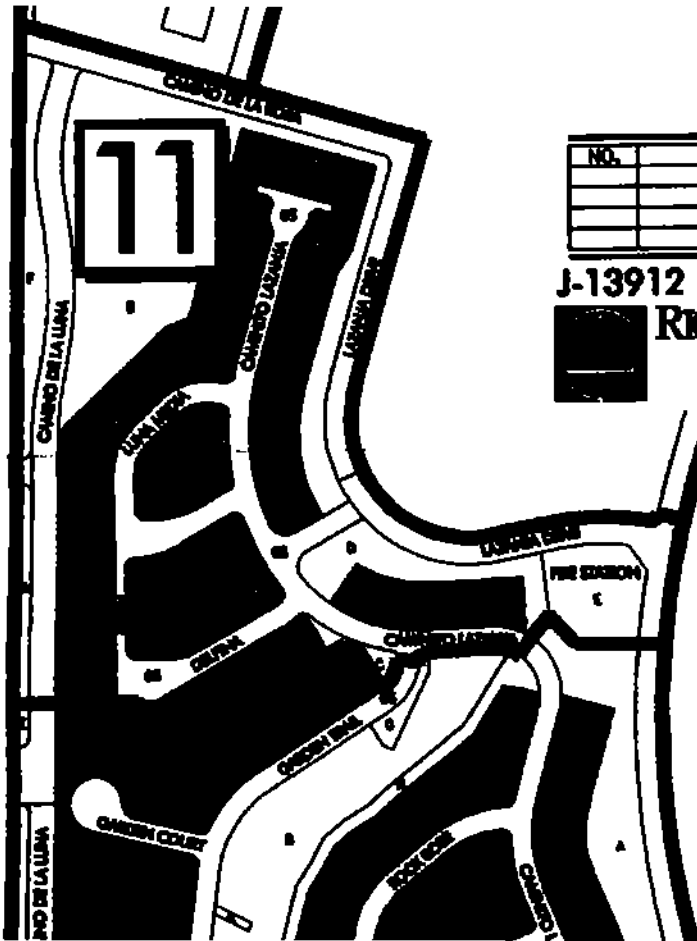
**CFD NO. 2 (SANTALUZ - IMPROVEMENT AREA 1)**

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<u>Date(s)</u>	<u>Phasing</u>	<u>Sale Price</u>
4/00	Contract	
4/00	Deposit	\$550,253
8/00	Deposit	\$550,253
12/00	29 Lots	\$4,952,277
7/01	3 Lots	\$515,862
8/01	32 Lots	<u>\$4,436,413</u>
Total Sale Price		\$11,005,058

The lots are located in the La Zanja Canyon portion of the project which contains four production builder lot groups on the west side of Camino Ruiz south of the Town Center portion of the community. These lots do not have golf course frontage and are designed in a more traditional subdivision fashion rather than interspersed among other products as is the case to the east. The lots were delivered in "blue top" condition subject to remaining construction costs of \$22,900 per lot and fees of \$17,600 in fees (total finished lot cost \$212,454). The initial pricing ranges from \$676,000 to \$821,765 for unit sizes ranging from 2,727 to 3,508 square feet, averaging 3,067 square feet. The property is subject to Mello Roos Special Taxes of \$3,531 per year (average) and a Poway Unified School District Mello Roos Special Tax of \$737 per year. Association fees are \$382.75 per month.

Santaluz is a golf course oriented planned community with gated entry to all home sites off the major access road, Camino Ruiz.



NO.	REVISION	PREPARED BY	DATE

**J-13912**

**1-2-02**



**RICK ENGINEERING COMPANY**

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**Comparable Single Family Land Data 4**

**Project:** Garden Homes at Santaluz

**Location:** Both sides of Caminto La Zanja; north and west sides of Garden Trail; both sides of Garden Court; both sides of Garden Terrace; both sides of Rock Rose, Santaluz Planned Community (both sides of Camino Ruiz north of Carmel Valley Road), San Diego

**Assessor's Parcel No.:** 303-140-01 through 37  
303-141-01 through 15  
303-142-01 through 11

**Thomas Bros.  
Map Code: 1189-A/B-1/2**

**Size:** 16.10 acres (63 lots of approximately 7,500 square feet)

**Zoning:** A1-10 modified pursuant to requirements of a Development Agreement

**Utilities:** Available

**Date of Sale:** Phased Takedown

**Document No.:** Various

**Sale Price:** \$12,175,521

**Price/Lot:** \$193,262

**Terms:** All cash

**Cash  
Equivalent Price:** \$12,175,521

**Buyer:** Reilly Homes

**Seller:** Santaluz, LLC

**Source:** Appraisal documents

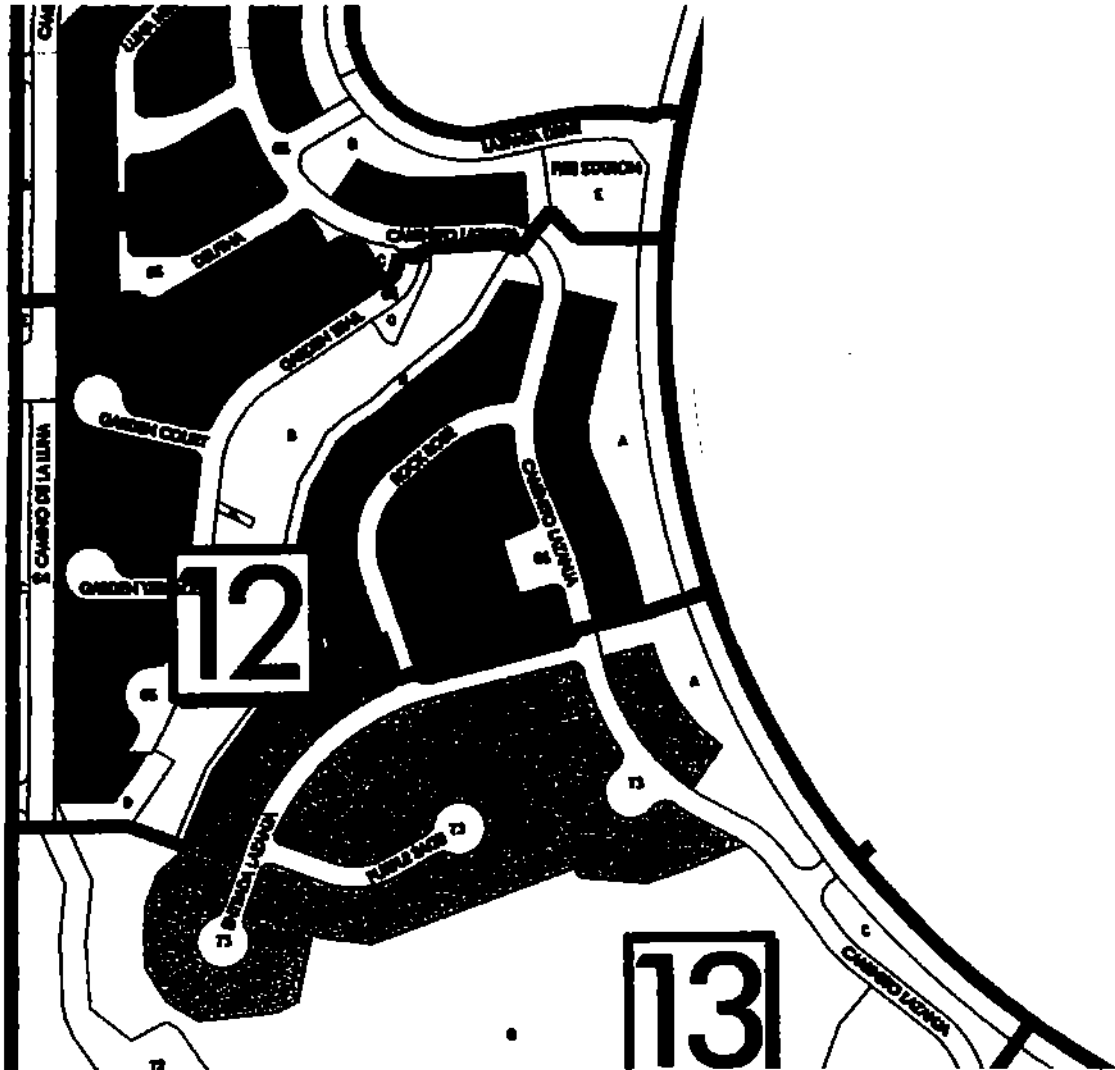
**Comments:** The following is a summary of the phased takedown purchase price:

**CFD NO. 2 (SANTALUZ - IMPROVEMENT AREA 1)**

<u>Date(s)</u>	<u>Phasing</u>	<u>Sale Price</u>
4/00	Contract	
4/00	Deposit	\$607,500
7/00	Deposit	\$607,500
1/01	30 Lots	\$5,811,235
6/01	30 Lots	<u>\$5,149,286</u>
Total Sale Price		\$12,175,521

The lots are located in the La Zanja Canyon portion of the project which contains four production builder lot groups on the west side of Camino Ruiz south of the Town Center portion of the community. These lots do not have golf course frontage and are designed in a more traditional subdivision fashion rather than interspersed among other products as is the case to the east. The lots were delivered in "blue top" condition subject to remaining construction costs of \$22,900 per lot and fees of \$17,600 in fees (total finished lot cost \$233,762). The average price is \$750,000 for unit sizes ranging from 3,347 to 4,002 square feet, averaging 3,659 square feet. The property is subject to Mello Roos Special Taxes of \$4,184 per year (average) and a Poway Unified School District Mello Roos Special Tax of \$737 per year. Association fees are \$382.75 per month.

Santaluz is a golf course oriented planned community with gated entry to all home sites off the major access road, Camino Ruiz.





**Comparable Single Family Land Data 4A**

**Project:** Garden Homes at Santaluz

**Location:** Both sides of Caminto La Zanja; north and west sides of Garden Trail; both sides of Garden Court; both sides of Garden Terrace; both sides of Rock Rose, Santaluz Planned Community (both sides of Camino Ruiz north of Carmel Valley Road), San Diego

**Assessor's Parcel No.:** 303-140-01 through 37  
303-141-01 through 15  
303-142-01 through 11

**Thomas Bros.  
Map Code:** 1189-A/B-1/2

**Size:** 16.10 acres (63 lots of approximately 7,500 square feet)

**Zoning:** A1-10 modified pursuant to requirements of a Development Agreement

**Utilities:** Available

**Date of Sale:** October, 2001  
Contract, August, 2001

**Document No.:** N/A

**Sale Price:** \$17,325,000

**Price/Lot:** \$275,000

**Terms:** All cash

**Cash  
Equivalent Price:** \$17,325,000

**Buyer:** D.R. Horton

**Seller:** Reilly Western Pacific Housing

**Source:** Appraisal documents; Stefan LaCasse, D.R. Horton, buyer

**Comments:** The property was purchased in "blue top" condition by the seller as follows:

**CFD NO. 2 (SANTALUZ - IMPROVEMENT AREA 1)**

<u>Date(s)</u>	<u>Phasing</u>	<u>Sale Price</u>
4/00	Contract	
4/00	Deposit	\$607,500
7/00	Deposit	\$607,500
1/01	30 Lots	\$5,811,235
6/01	30 Lots	<u>\$5,149,286</u>
Total Sale Price		\$12,175,521

The property was resold as finished lots subject to payment of \$17,600 per lot in fees, to D.R. Horton who also purchased the plans valued at \$150,000 (\$2,381 per lot)

The lots are located in the La Zanja Canyon portion of the project which contains four production builder lot groups on the west side of Camino Ruiz south of the Town Center portion of the community. These lots do not have golf course frontage and are designed in a more traditional subdivision fashion rather than interspersed among other products as is the case to the east. The average price is \$750,000 for unit sizes ranging from 3,347 to 4,002 square feet, averaging 3,659 square feet. The property is subject to Mello Roos Special Taxes of \$4,184 per year (average) and a Poway Unified School District Mello Roos Special Tax of \$737 per year. Association fees are \$382.75 per month.

Santaluz is a golf course oriented planned community with gated entry to all home sites off the major access road, Camino Ruiz.

**Comparable Single Family Land Data 5**

**Project:** Casitas at Santaluz

**Location:** East side of Santaluz Village Greens South; north and west sides of Santaluz Village Greens North; and east side of Santaluz Village Greens East, Santaluz Planned Community (both sides of Camino Ruiz north of Carmel Valley Road), San Diego

**Assessor's Parcel No.:** 269-222-01 through 14  
269-220-01 through 24, 33 through 40  
269-221-01 through 20, 29 through 42

**Thomas Bros.  
Map Code:** 1189-A/B-1/2

**Size:** 12.70 acres (80 lots of approximately 6,000 square feet)

**Zoning:** A1-10 modified pursuant to requirements of a Development Agreement

**Utilities:** Available

**Date of Sale:** Phased Takedown

**Document No.:** Various

**Sale Price:** \$14,275,200

**Price/Lot:** \$178,440

**Terms:** All cash

**Cash  
Equivalent Price:** \$14,275,200

**Buyer:** Taylor Woodrow Homes

**Seller:** Santaluz, LLC

**Source:** Appraisal documents

**Comments:** The following is a summary of the phased takedown purchase price:

**CFD NO. 2 (SANTALUZ - IMPROVEMENT AREA 1)**

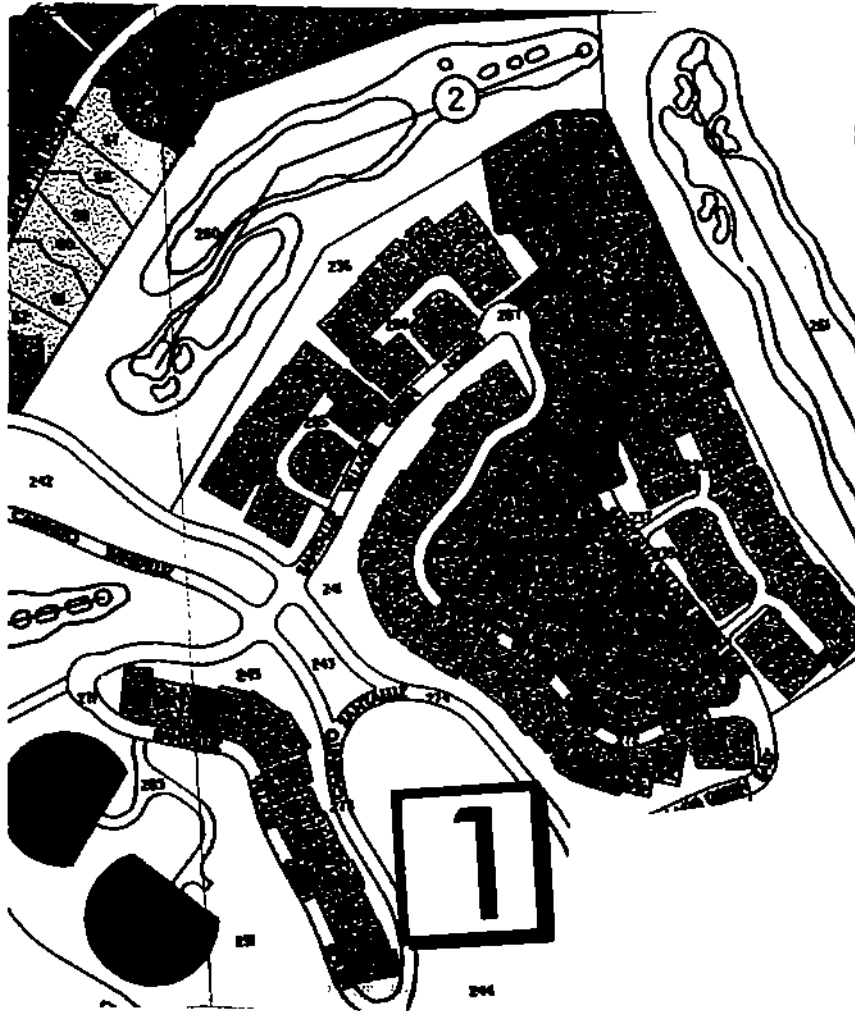
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<u>Date(s)</u>	<u>Phasing</u>	<u>Sale Price</u>
3/00	Contract	
3/00	Deposit	\$713,760
5/00	Deposit	\$713,760
11/00	40 Lots	\$7,137,600
6/01	40 Lots	<u>\$5,710,080</u>
Total Sale Price		\$14,275,200

This property consists of single family lots interspersed among other product types in the community being delivered in finished lot condition subject to an additional \$17,600 in fees (total finished lot cost \$196,040). The initial pricing ranges from \$571,000 to \$792,748 for unit sizes ranging from 2,180 to 2,340 square feet, averaging 2,250 square feet. The property is subject to Mello Roos Special Taxes of \$2,189 per year (average) and a Poway Unified School District Mello Roos Special Tax of \$737 per year. Association fees are \$382.75 per month.

Santaluz is a golf course oriented planned community with gated entry to all home sites off the major access road, Camino Ruiz.

Assessor's Map  
Casitas at Santaluz



**Comparable Single Family Land Data 6**

**Project:** Posadas at Santaluz

**Location:** Both sides of Entrada de Luz West; north side of Caminito Santaluz; both sides of Doug Hill; both sides of Sendero de Oro; west side of Santaluz Inlet cul-de-sac; south side of Sendero Angelica; both sides of Entrada de Luz East; both sides of Sendero de la Pradera; north side of Entrada de Luz East; both sides of Run of the Knolls; west side of Sendero del Alba cul-de-sac, Santaluz Planned Community (both sides of Camino Ruiz north of Carmel Valley Road), San Diego

**Assessor's Parcel No.:** Thomas Bros.  
269-230-01 through 04, 09 through 12 Map Code: 1189-A/B-1/2  
269-231-01, 18  
269-232-01, 02, 03  
303-111-11, 12, 13  
303-112-01 through 05  
303-114-01 through 04  
303-120-06  
303-121-02 through 07  
303-122-01 through 06  
303-170-18 through 21  
303-172-11  
303-173-01, 02  
303-174-02, 03

**Size:** 86.10 acres (66 lots of approximately 55,000 square feet)

**Zoning:** A1-10 modified pursuant to requirements of a Development Agreement

**Utilities:** Available

**Date of Sale:** Phased Takedown Document No.: Various

**Sale Price:** \$31,267,896

**Price/Lot:** \$473,756

**Terms:** All cash

**Cash  
Equivalent Price:** \$31,267,896

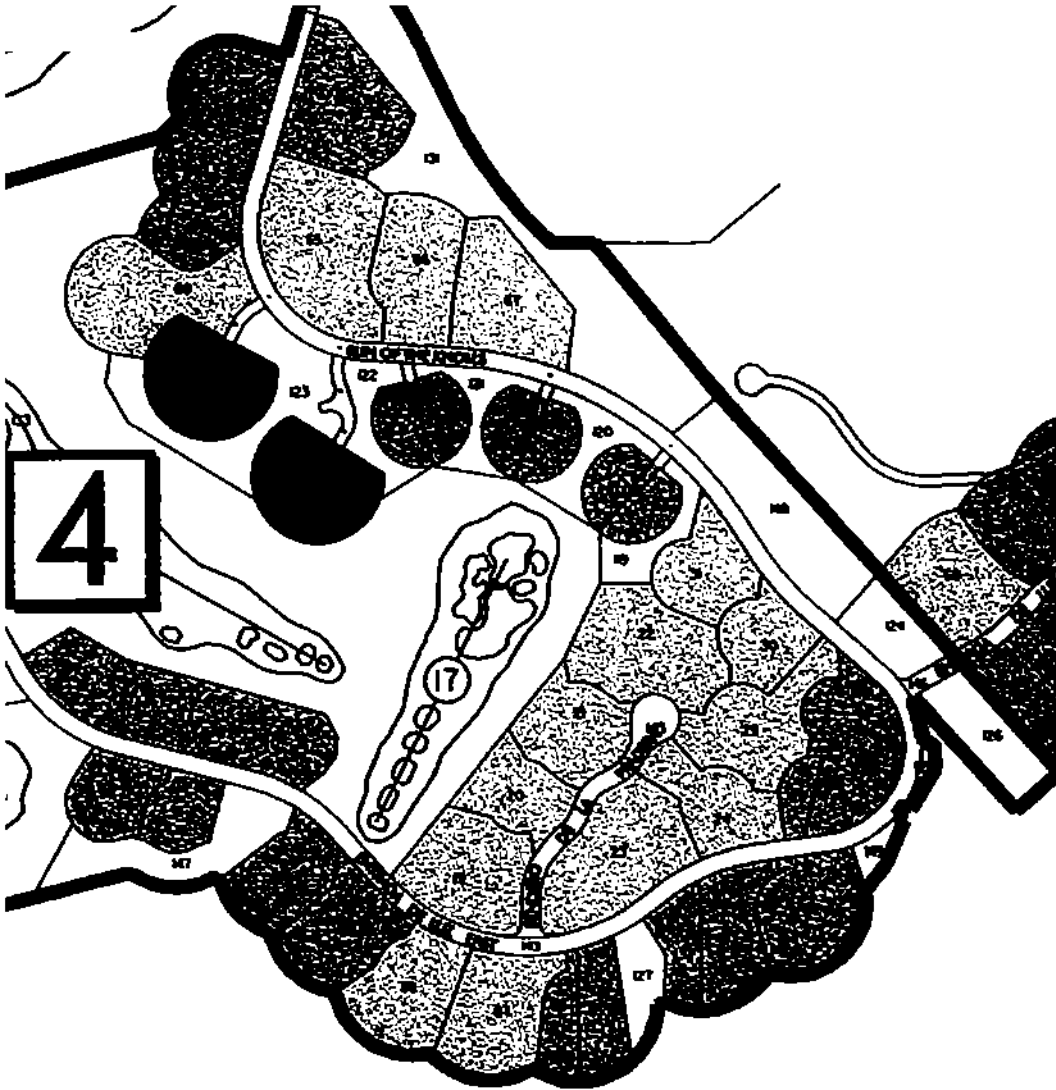
Buyer: Taylor Woodrow Homes  
Seller: Santaluz, LLC  
Source: Appraisal documents  
Comments: The following is a summary of the phased takedown purchase price:

<u>Date(s)</u>	<u>Phasing</u>	<u>Sale Price</u>
3/00	Contract	
3/00	Deposit	\$1,563,395
7/00	Deposit	\$1,563,395
12/00	13 Lots	\$6,158,828
1/01	8 Lots	\$3,790,048
7/01	15 Lots	\$7,106,340
10/01	15 Lots	\$7,106,340
4/02	15 Lots	<u>\$3,979,550</u>
Total Sale Price		\$31,267,896

This property consists of single family lots somewhat interspersed among other product types in the community being delivered in finished lot condition subject to an additional \$17,600 in fees (total finished lot cost \$491,356). The initial pricing ranges from \$1,323,000 to \$1,468,000 for unit sizes ranging from 4,776 to 5,565 square feet, averaging 5,188 square feet. The property is subject to Mello Roos Special Taxes of \$7,335 per year (average) and a Poway Unified School District Mello Roos Special Tax of \$737 per year. Association fees are \$382.75 per month.

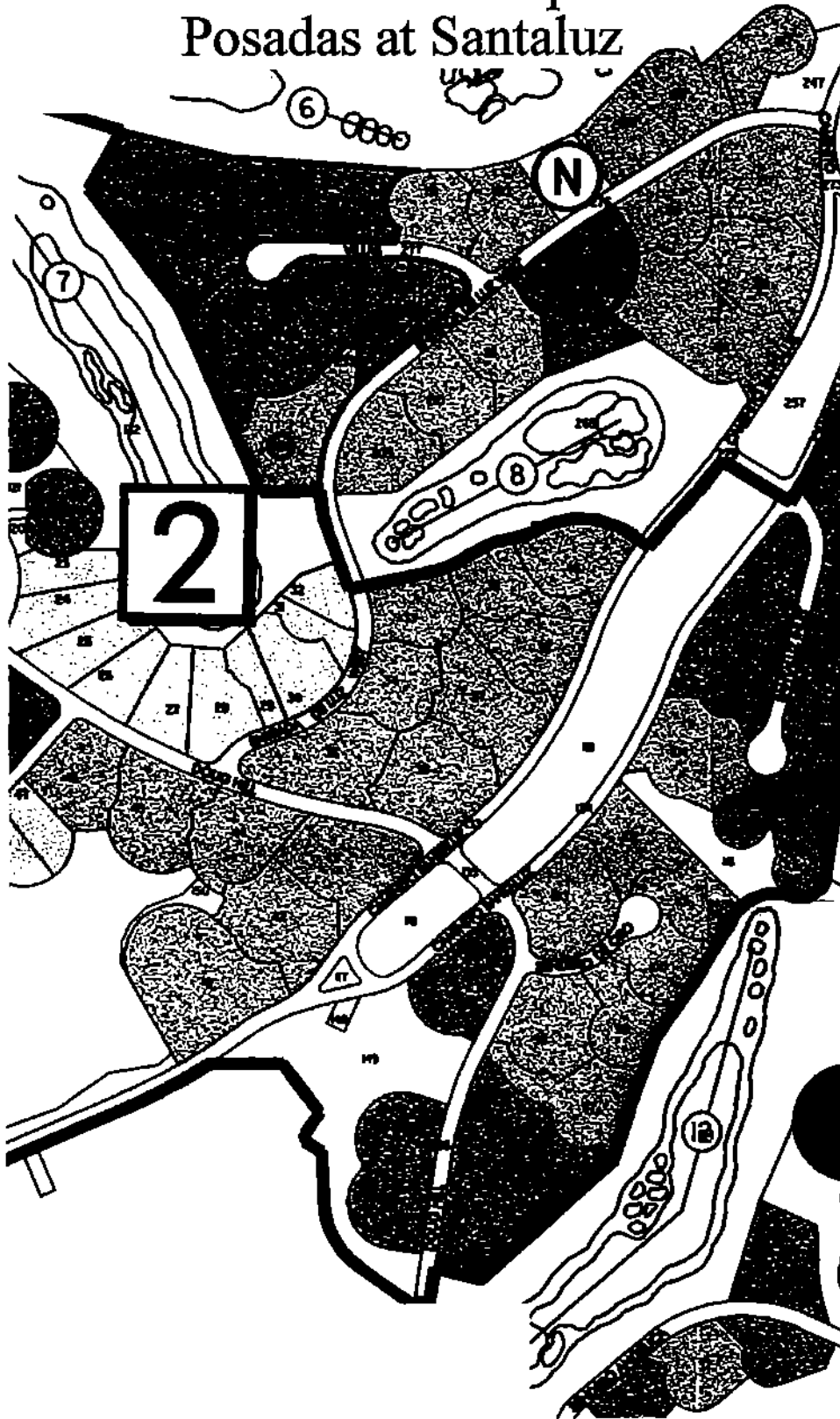
Santaluz is a golf course oriented planned community with gated entry to all home sites off the major access road, Camino Ruiz.

# Assessor's Map Posadas at Santaluz





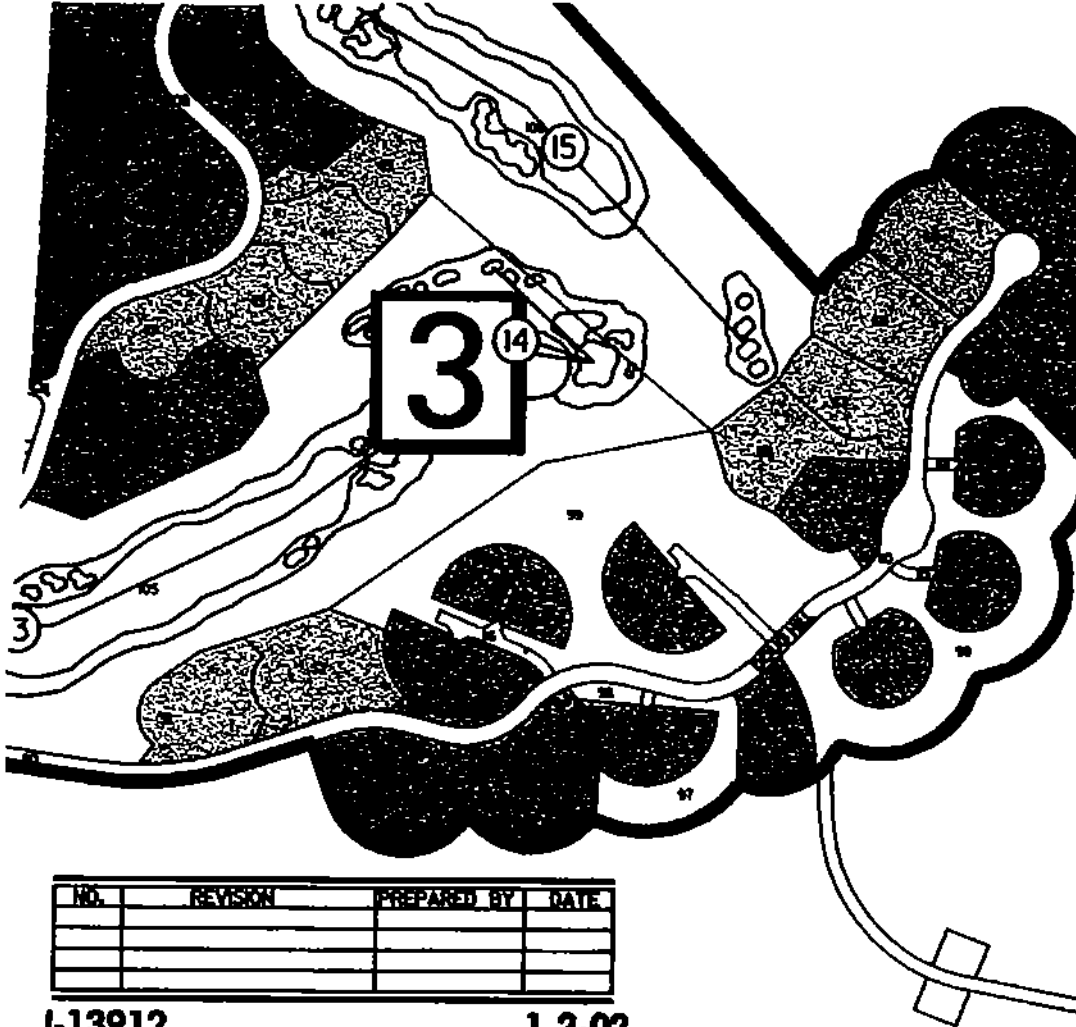
# Assessor's Map Posadas at Santaluz



# Assessor's Map Posadas at Santaluz



# Assessor's Map Posadas at Santaluz



NO.	REVISION	PREPARED BY	DATE

J-13912

1-2-02

**RICK ENGINEERING COMPANY**

**Comparable Single Family Land Data 7**

**Project:** Court Homes at Santaluz

**Location:** Both sides of Entrada La Zanja; both sides of Purple Sage; both sides of Vista La Zanja; both sides of Caminito Camella, Santaluz Planned Community (both sides of Camino Ruiz north of Carmel Valley Road), San Diego

**Assessor's Parcel No.:** 303-150-01 through 24  
303-151-01 through 47

**Assessor:** Thomas Bros.  
**Map Code:** 1189-A/B-1/2

**Size:** 19.60 acres (71 lots of approximately 8,600 square feet)

**Zoning:** A1-10 modified pursuant to requirements of a Development Agreement

**Utilities:** Available

**Date of Sale:** Under contract June, 2002  
Closed August 16, 2002

**Document No.:** 694958

**Sale Price:** \$17,492,754

**Price/Lot:** \$246,377

**Terms:** All cash

**Cash Equivalent Price:** \$17,492,754

**Buyer:** DW Black Mountain Ranch (Davidson Communities, LLC)

**Seller:** Santaluz, LLC

**Source:** Appraisal documents

**Comments:** The lots are located in the La Zanja Canyon portion of the project which contains four production builder lot groups on the west side of Camino Ruiz south of the Town Center portion of the community. These lots do not have golf course frontage and are designed in a more traditional subdivision fashion rather than interspersed among other products as is the case to the east. The lots were delivered in "blue top" condition subject to remaining construction costs of \$22,900 per lot and fees of \$17,600 in fees (total finished lot cost \$312,706). The average price range proposed was \$850,000 for unit sizes

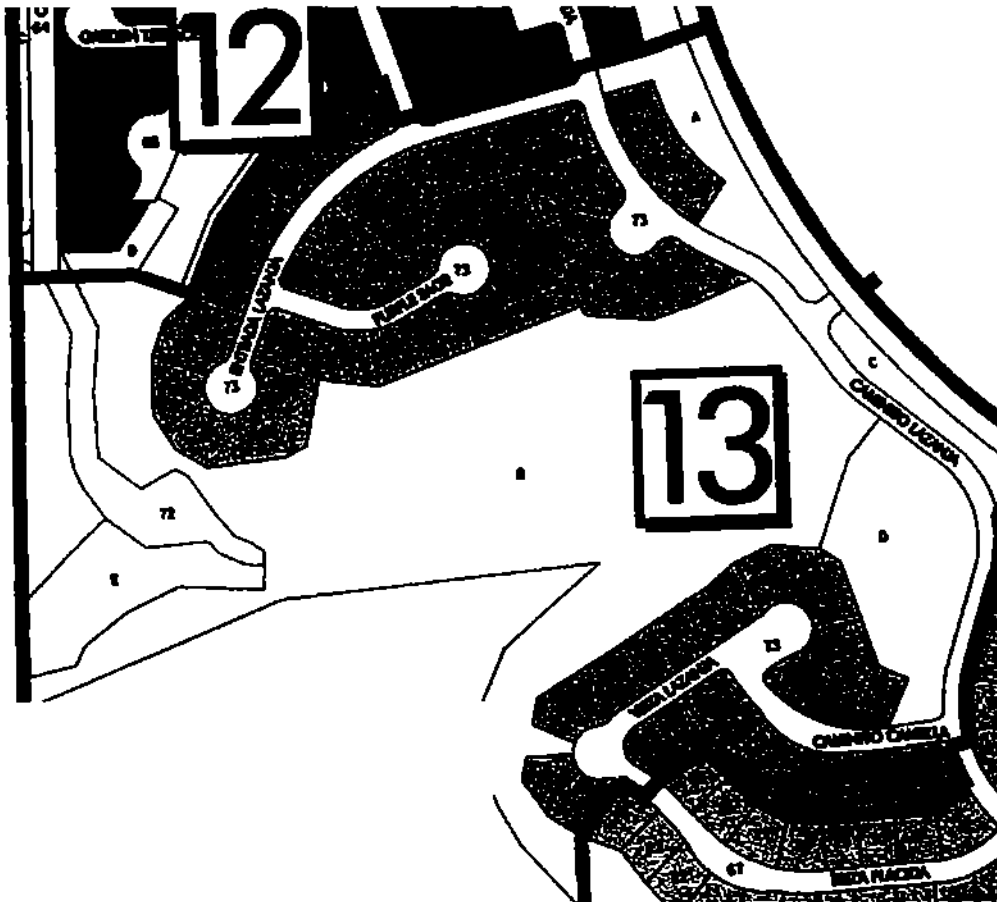
**CFD NO. 2 (SANTALUZ - IMPROVEMENT AREA 1)**

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ranging from 3,500 to 3,900 square feet, averaging 3,750 square feet. The property is subject to Mello Roos Special Taxes of \$4,950 per year (average) and a Poway Unified School District Mello Roos Special Tax of \$737 per year. Association fees are \$382.75 per month.

Santaluz is a golf course oriented planned community with gated entry to all home sites off the major access road, Camino Ruiz.

Assessor's Map  
Court Homes at Santaluz



**Comparable Single Family Land Data 7A**

**Project:** Court Homes at Santaluz

**Location:** Both sides of Entrada La Zanja; both sides of Purple Sage; both sides of Vista La Zanja; both sides of Caminito Camella, Santaluz Planned Community (both sides of Camino Ruiz north of Carmel Valley Road), San Diego

**Assessor's Parcel No.:** 303-150-01 through 24  
303-151-01 through 47

**Thomas Bros.  
Map Code: 1189-A/B-1/2**

**Size:** 19.60 acres (71 lots of approximately 8,600 square feet)

**Zoning:** A1-10 modified pursuant to requirements of a Development Agreement

**Utilities:** Available

**Date of Sale:** Letter of Intent (various)

**Document No.:** N/A

**Sale Price:** \$18,782,214

**Price/Lot:** \$272,206

**Terms:** All cash

**Cash  
Equivalent Price:** \$18,782,214

**Buyer:** Shea Homes

**Seller:** Santaluz, LLC

**Source:** Appraisal documents

**Comments:** The following is a summary of the phased takedown purchase price:

**CFD NO. 2 (SANTALUZ - IMPROVEMENT AREA 1)**

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<u>Date(s)</u>	<u>Phasing</u>	<u>Sale Price</u>
9/01	Letter of Intent	
12/01	16 Lots	\$4,355,296
4/02	16 Lots	\$5,716,326
7/02	21 Lots	\$4,355,296
10/02	16 Lots	<u>\$4,355,296</u>
Total Sale Price		\$18,782,214

This is a summary of a letter of intent for a phased takedown purchase that did not evolve into a purchase contract. The lots are located in the La Zanja Canyon portion of the project which contains four production builder lot groups on the west side of Camino Ruiz south of the Town Center portion of the community. These lots do not have golf course frontage and are designed in a more traditional subdivision fashion rather than interspersed among other products as is the case to the east. The lots were delivered in "blue top" condition subject to remaining construction costs of \$22,900 per lot and fees of \$17,600 in fees (total finished lot cost \$312,706). The average price range proposed was \$850,000 for unit sizes ranging from 3,500 to 3,900 square feet, averaging 3,750 square feet. The property is subject to Mello Roos Special Taxes of \$4,950 per year (average) and a Poway Unified School District Mello Roos Special Tax of \$737 per year. Association fees are \$382.75 per month.

Santaluz is a golf course oriented planned community with gated entry to all home sites off the major access road, Camino Ruiz.



**Comparable Single Family Land Data 8**

**Project:** Country Homes at Santaluz

**Location:** Both sides of Camino La Zanja; both sides of Briza Placiba; both sides of Tierra Tesoro; both sides of Salida del Sol, Santaluz Planned Community (both sides of Camino Ruiz north of Carmel Valley Road), San Diego

**Assessor's Parcel No.:** 303-160-01 through 46  
303-161-01 through 19

**Thomas Bros.**  
**Map Code:** 1189-A/B-1/2

**Size:** 18.80 acres (65 lots of approximately 9,750 square feet)

**Zoning:** A1-10 modified pursuant to requirements of a Development Agreement

**Utilities:** Available

**Date of Sale:** Phased Takedown

**Document No.:** N/A

**Sale Price:** \$19,350,000

**Price/Lot:** \$297,692

**Terms:** All cash

**Cash**  
**Equivalent Price:** \$19,350,000

**Buyer:** Warmington Homes California

**Seller:** Santaluz, LLC

**Source:** Appraisal documents

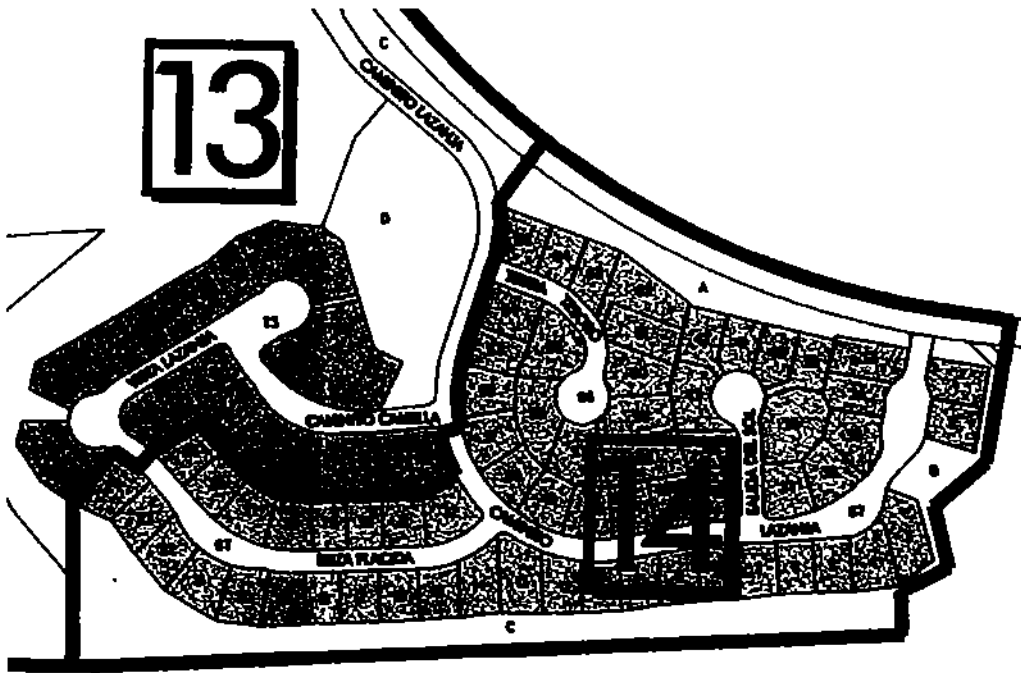
**Comments:** The following is a summary of the phased takedown purchase price:

<u>Date(s)</u>	<u>Phasing</u>	<u>Sale Price</u>
5/03	Letter of Intent	
7/03	35 Lots	\$10,419,230
8/04	30 Lots	<u>\$ 8,930,770</u>
<b>Total Sale Price</b>		<b>\$19,350,000</b>

The lots are located in the La Zanja Canyon portion of the project which contains four production builder lot groups on the west side of Camino Ruiz south of the Town Center portion of the community. These lots do not have golf course frontage and are designed in a more traditional subdivision fashion rather than interspersed among other products as is the case to the east. The lots were delivered in "blue top" condition subject to remaining construction costs of \$22,754 per lot and fees of \$17,600 in fees (total finished lot cost \$359,518). The projected price range is \$875,000 to \$940,000 for unit sizes ranging from 3,850 to 4,750 square feet. The property is subject to Mello Roos Special Taxes of \$3,531 per year (average) and a Poway Unified School District Mello Roos Special Tax of \$737 per year. Association fees are \$382.75 per month.

Santaluz is a golf course oriented planned community with gated entry to all home sites off the major access road, Camino Ruiz.

Assessor's Map  
Country Homes at Santaluz



**Comparable Single Family Land Data 8A**

**Project:** Country Homes at Santaluz

**Location:** Both sides of Camino La Zanja; both sides of Briza Placiba; both sides of Tierra Tesoro; both sides of Salida del Sol, Santaluz Planned Community (both sides of Camino Ruiz north of Carmel Valley Road), San Diego

**Assessor's Parcel No.:** 303-160-01 through 46  
303-161-01 through 19

**Thomas Bros.  
Map Code: 1189-A/B-1/2**

**Size:** 18.80 acres (65 lots of approximately 9,750 square feet)

**Zoning:** A1-10 modified pursuant to requirements of a Development Agreement

**Utilities:** Available

**Date of Sale:** Letter of Intent (various) **Document No.:** N/A

**Sale Price:** \$21,384,051

**Price/Lot:** \$319,165

**Terms:** All cash

**Cash  
Equivalent Price:** \$21,384,051

**Buyer:** Centex Homes

**Seller:** Santaluz, LLC

**Source:** Appraisal documents

**Comments:** The following is a summary of the phased takedown purchase price:

<b><u>Date(s)</u></b>	<b><u>Phasing</u></b>	<b><u>Sale Price</u></b>
6/01	Letter of Intent	
7/01	25 Lots	\$7,924,290
1/02	21 Lots	\$6,648,159
7/02	21 Lots	<u>\$6,811,602</u>

<u>Date(s)</u>	<u>Phasing</u>	<u>Sale Price</u>
Total Sale Price		\$21,384,051

This is a summary of a letter of intent for a phased takedown purchase that did not evolve into a purchase contract. The lots are located in the La Zanja Canyon portion of the project which contains four production builder lot groups on the west side of Camino Ruiz south of the Town Center portion of the community. These lots do not have golf course frontage and are designed in a more traditional subdivision fashion rather than interspersed among other products as is the case to the east. The lots were delivered in "blue top" condition subject to remaining construction costs of \$22,754 per lot and fees of \$17,600 in fees (total finished lot cost \$359,518). The average price range is \$925,000 for unit sizes ranging from 2,727 to 3,508 square feet, averaging 3,067 square feet. The property is subject to Mello Roos Special Taxes of \$3,531 per year (average) and a Poway Unified School District Mello Roos Special Tax of \$737 per year. Association fees are \$382.75 per month.

Santaluz is a golf course oriented planned community with gated entry to all home sites off the major access road, Camino Ruiz.

**Comparable Single Family Land Data 9**

**Project:** Stallions Crossing

**Location:** South side of El Camino Real east of old El Camino Real, San Diego

**Assessor's Parcel No.:** 304-021-17      **Thomas Bros.**  
**Map Code:** 1188-A-3

**Size:** 29.11 gross acres; 12.00 net acres; 47 lots (6,000 square foot minimum)

**Zoning:** R1

**Utilities:** Available (need extension)

**Date of Sale:** January 4, 2001      **Document No.:** 7563

**Sale Price:** \$9,700,000

**Price/Lot:** \$206,383

**Terms:** All cash

**Cash Equivalent Price:** \$9,700,000

**Buyer:** Sea Country Homes

**Seller:** CRV Stallions Crossings

**Source:** Gunder Creager, Colliers International, broker; Roy Collins, Managing Partner, CRV Stallions Crossings, seller

**Comments:** The property consists of 47 single family lots that were sold with a tentative map. The property went under contract in approximately September, 2000 and was subject only to approval of a Coastal Development Permit. The finishing costs and fees were \$121,145 per lot for a total finished lot cost of \$327,528. Pricing was proposed at between \$774,990 and \$914,990 for average sizes of 3,173 to 3,897 square feet in a gate-guarded community. There are some ocean and valley views of the surrounding terrain. There are no Mello Roos taxes.



**Comparable Single Family Land Data 10**

Project: Santa Monica

Location: North of Carmel Valley Road, east of Camino Ruiz, San Diego (Subarea I)

Assessor's Parcel No.: 303-070-07                      Thomas Bros.  
Map Code: 1189-AS-2

Size: 82.11 gross acres; 138 lots (approximately 10,000 square foot average).

Zoning: A1-10

Utilities: Available (need extension)

Date of Sale: Under contract, November, 2001;                      Document No.: N/A  
To close, January, 2002

Sale Price: \$36,294,000

Price/Lot: \$263,000

Terms: All cash

Cash  
Equivalent Price: \$36,294,000

Buyer: Western Pacific Housing

Seller: Security Trust Company

Source: Gunder Creager, Colliers International, broker

Comments: The property is being purchased for construction of 138 single family residences. Finishing costs are estimated at \$37,000 per lot for a total finished lot cost of \$300,000. There is a Poway Unified School District Mello Roos Special Tax. The property will close escrow with a final map and the project requirements include 26 affordable units.

Western Pacific is simultaneously selling 66 of these lots to Colrich Communities at, reportedly, the same price.



**Comparable Single Family Land Data 10A**

**Project:** Santa Monica

**Location:** North of Carmel Valley Road, east of Camino Ruiz, San Diego (Subarea I)

**Assessor's Parcel No.:** A portion of 303-070-07      **Thomas Bros.**  
Map Code: 1189-AS-2

**Size:** 39.27 gross acres (prorata share of 82.11 gross acre site), 66 approximately 10,000 square foot average size lots.

**Zoning:** A1-10

**Utilities:** Available (need extension)

**Date of Sale:** Under contract, December, 2001;      **Document No.:** 041021  
Closed, January 16, 2002

**Sale Price:** \$19,800,000 (see comments)

**Price/Lot:** \$300,000

**Terms:** All cash

**Cash Equivalent Price:** \$19,800,000 (see comments)

**Buyer:** Colrich Communities

**Seller:** Western Pacific Housing

**Source:** Steve Heinshon, Colrich Communities, buyer; Gunder Creager, Colliers International, broker

**Comments:** This is part of a property purchased for construction of 138 single family residences. Finishing costs are estimated at \$37,000 per lot for a total finished lot cost of \$300,000. These lots are being purchased on a finished basis. The price was \$19,140,000 but there is an additional \$10,000 per lot to be paid upon the closing of each home sale. There is a Poway Unified School District Mello Roos Special Tax. The property will close escrow with a final map and the project requirements include 26 affordable units.

**CFD NO. 2 (SANTALUZ - IMPROVEMENT AREA 1)**

---

Colrich Communities is purchasing a portion of this 138 lot property presently under contract to Western Pacific Housing. The proposed product will range in price from \$710,000 to \$790,000 and range from 3,200 to 4,300 square feet.

**Comparable Single Family Land Data 11**

**Project:** Fairbanks Summit

**Location:** Old Black Mountain Road, west of Camino de La Luna, north of Carmel Valley Road, San Diego (Subarea 1)

**Assessor's Parcel No.:** 303-070-09, 11      **Thomas Bros.  
Map Code:** 1189-A-2

**Size:** 31.1 gross acres; 21.77 net acres; 52 lots (averaging 18,000 square feet)

**Zoning:** A1-10

**Utilities:** Available (need extension)

**Date of Sale:** Under contract, November, 2001;      **Document No.:** 462711, 462712,  
Closed, May 31, 2002      462716, 462717

**Sale Price:** \$11,001,000

**Price/Lot:** \$211,558

**Terms:** All cash

**Cash Equivalent Price:** \$11,001,000

**Buyer:** Pardee Homes

**Seller:** Fairbanks Exchange, LLC & Fairbanks Summit

**Source:** Confidential

**Comments:** The property consists of two sites being purchased as follows:

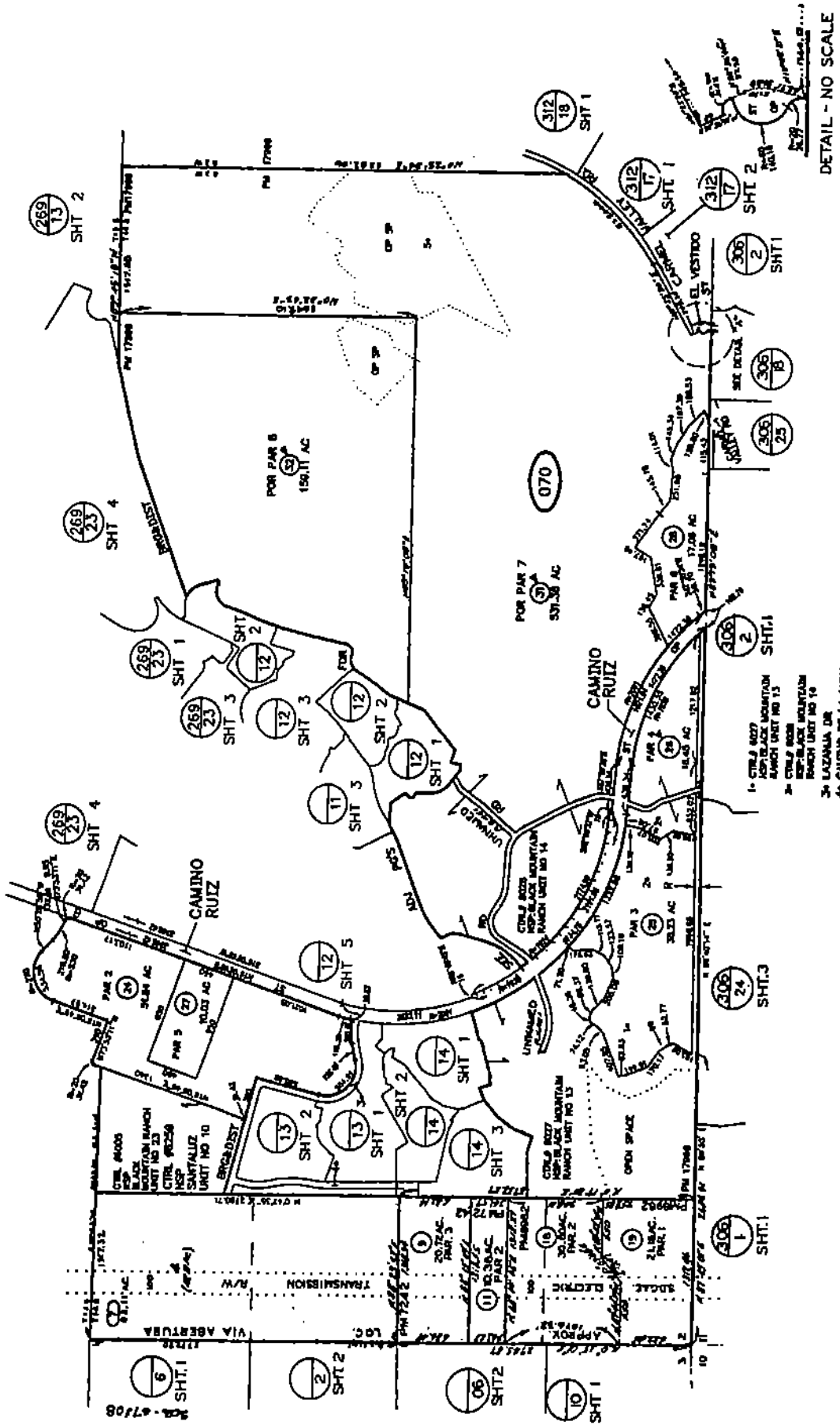
The property was purchased approximately two years prior as raw land with no entitlements. Subsequently, the property was entitled and the final map is ready to record. The property has excellent views of the surrounding terrain and has approximately 30% open space. There is an affordable housing requirement of 10 units on two acres which will be subsidized at approximately \$7,000 per unit (included in finished lot cost). Reportedly, there are two backup offers.

**CFD NO. 2 (SANTALUZ - IMPROVEMENT AREA 1)**

---

Proposed product will range from \$715,000 to \$935,000 and range in size from 3,100 to 4,700 square feet.

# Assessor's Map



SEC 1 - TMS-R3M  
SEC 2 - TMS-R3M  
ROS 9419,11509,16387

DETAIL - NO SCALE

**Comparable Single Family Land Data 12**

**Project:** Cordera

**Location:** North of SR 56, west of Black Mountain Parkway, San Diego

**Assessor's Parcel No.:** 306-340-57 through 63;  
306-341-01 through 30 and 34 through 71

**Thomas Bros.  
Map Code: 1189-B-4**

**Size:** 78 lots (5,280 square foot minimum, 5,500 square foot average)

**Zoning:** A1-10

**Utilities:** Available (need extension)

**Date of Sale:** July 11, 2001  
Under contract, April, 2001

**Document No.: 477941**

**Sale Price:** \$16,294,509

**Price/Lot:** \$208,904

**Terms:** All cash

**Cash  
Equivalent Price:** \$16,294,509

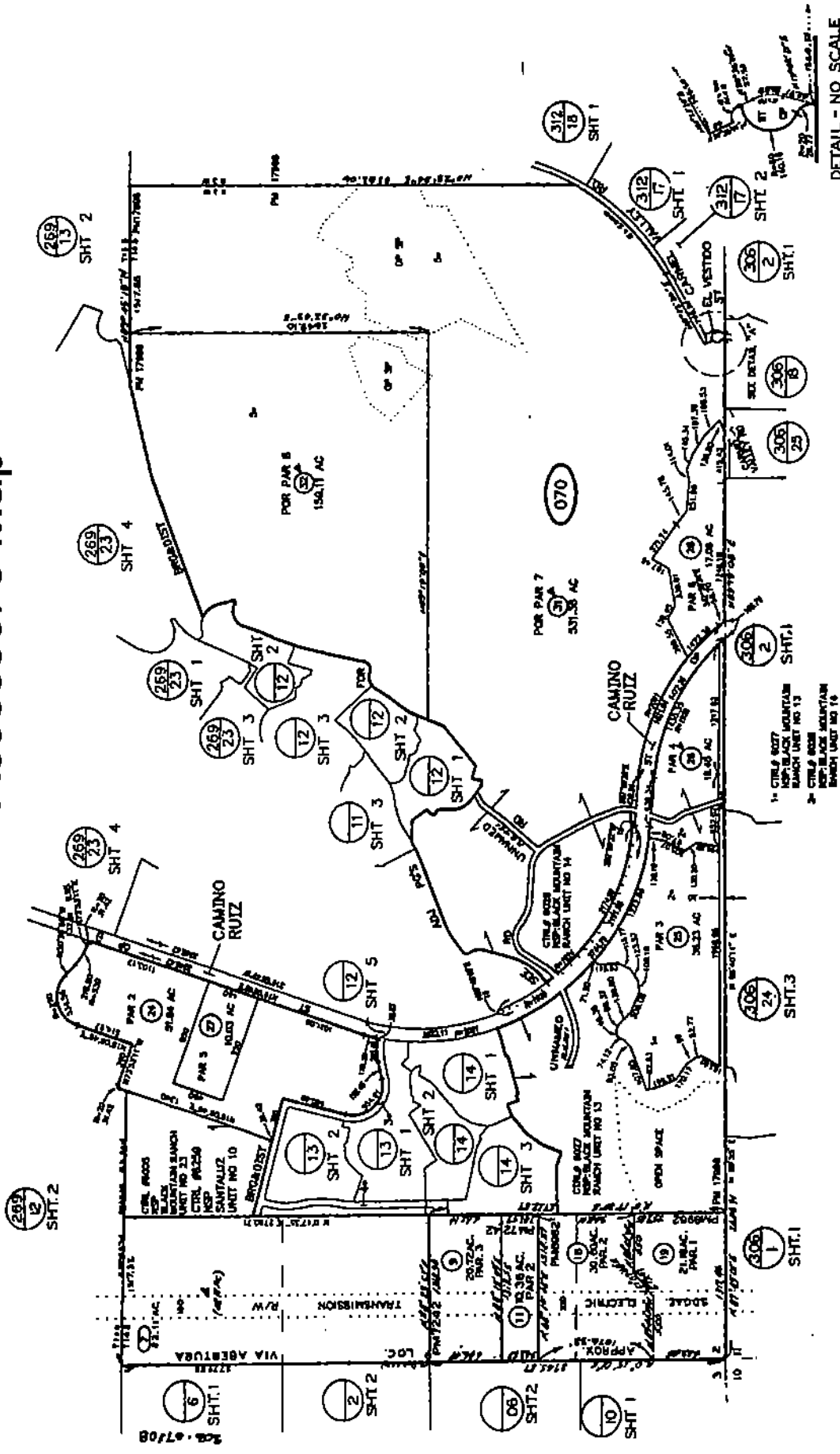
**Buyer:** Standard Pacific Properties

**Seller:** Greystone Homes, Inc.

**Source:** Joann Watanabi, Standard Pacific, buyer

**Comments:** This property was purchased at "blue top" condition with a recorded final map. The finishing costs and fees are \$4,096 per lot indicating a finished lot cost of \$250,000. There is a Poway Unified School District Mello Roos special tax. There are master project home owner's association fees of \$56.00 per month and the proposed product will be prices in the \$500,000 range and range in size from 2,836 square feet to 3,655 square feet.

# Assessor's Map



SEC 1 - T14S-R3W  
SEC 2 - T14S-R3W  
ROS 9419,11509,16387

**Comparable Single Family Land Data 13**

**Project:** Steven Walker Homes @ Crosby

**Location:** Lamour Lane and Going My Way, San Diego County (Crosby Estates)

**Assessor's Parcel No.:** 267-180-11 through 45      **Thomas Bros.**  
**Map Code:** 1169-A-1

**Size:** 35 lots (9,000 square foot minimum, 11,000 square foot average)

**Zoning:** Residential (Planned Community)

**Utilities:** Available

**Date of Sale:** February 12,2001      **Document No.:** 88110  
Under contract, May, 2000

**Sale Price:** \$14,280,000

**Price/Lot:** \$408,000

**Terms:** All cash

**Cash**  
**Equivalent Price:** \$14,280,000

**Buyer:** SWC Rancho Thirty-Five, LLC

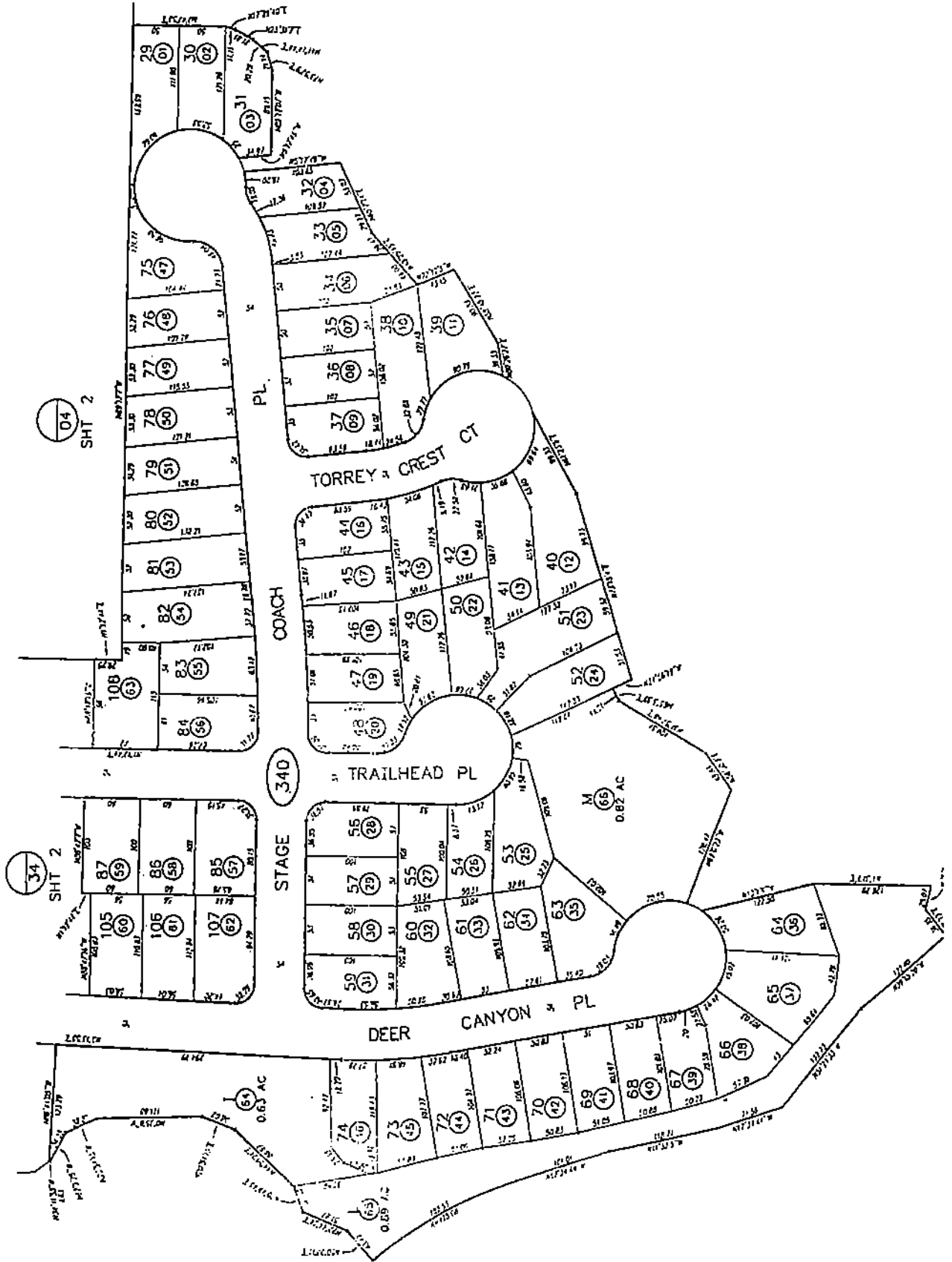
**Seller:** Starwood Santa Fe Valley Partners

**Source:** Steve Berzansky, Steven Walker Homes

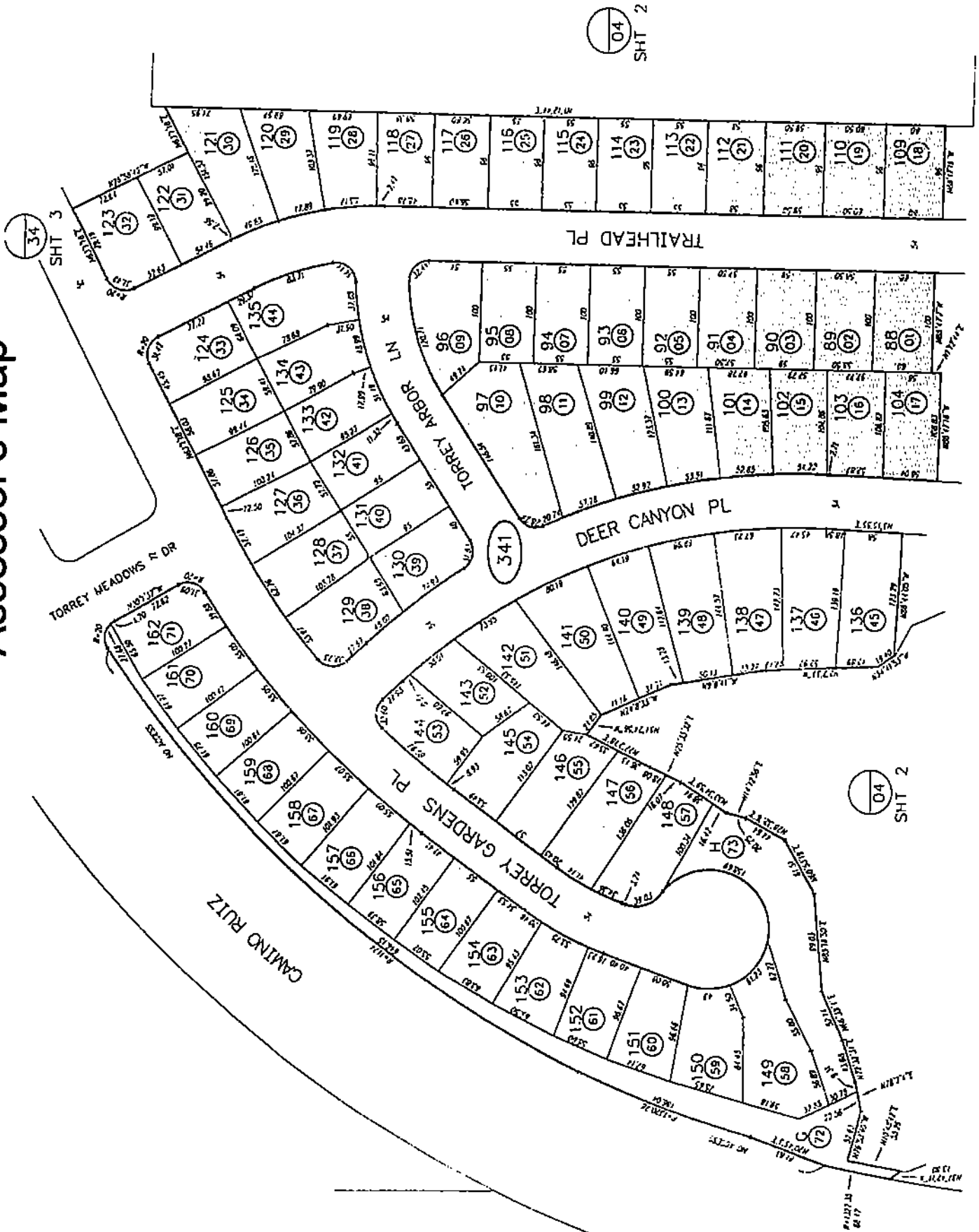
**Comments:** This is one of the initial production builder lot groups in the Crosby Estates Golf Course oriented planned community. There are fees of \$4,000 indicating a finished lot cost of \$412,000 per lot. Product is proposed between \$970,000 and \$1,055,000 in size ranges from 3,889 to 4,282.



# Assessor's Map



# Assessor's Map



04  
SHT 2

04  
SHT 2

34  
SHT 3

**Comparable Single Family Land Data 14**

**Project:** Davidson Communities @ Crosby

**Location:** Not Disclosed, San Diego County (Crosby Estates)

**Assessor's Parcel No.:** N/A **Thomas Bros.  
Map Code: 1169-A-1**

**Size:** 30 lots (15,900 square foot minimum, 24,500 square foot average)

**Zoning:** Residential (Planned Community)

**Utilities:** Available

**Date of Sale:** Under contract, August, 2003 **Document No.:** N/A

**Sale Price:** \$12,600,000

**Price/Lot:** \$420,000

**Terms:** All cash

**Cash  
Equivalent Price:** \$12,600,000

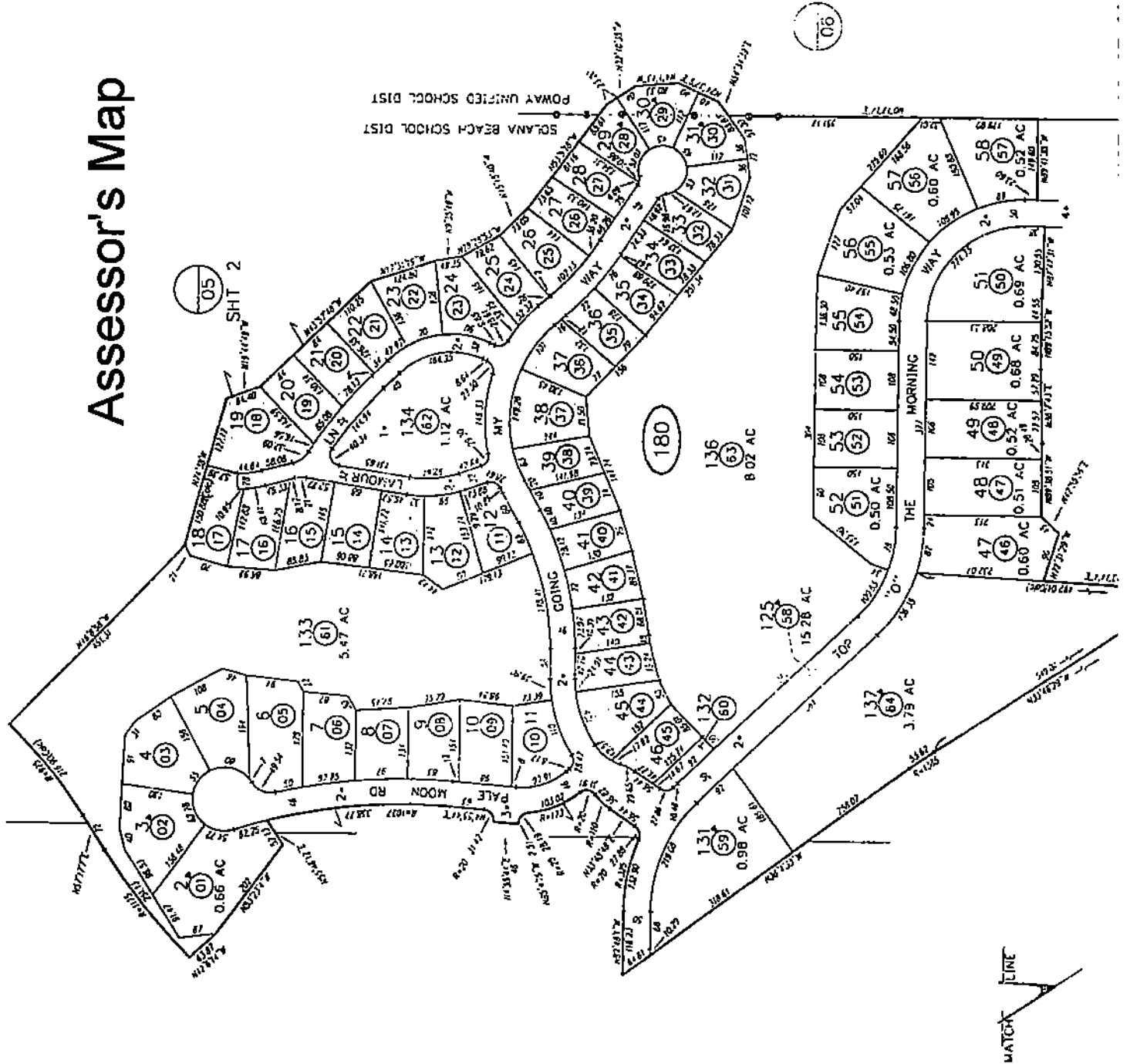
**Buyer:** Davidson Communities (or nominee)

**Seller:** Starwood Santa Fe Valley Partners

**Source:** Jerry Leaming, Davidson Communities, buyer

**Comments:** This is a production builder lot group planned for development by D. R. Horton as an extension of their existing project in the Crosby Estates Golf Course oriented planned community. D. R. Horton did not purchase this property which is now being purchased by Davidson Communities. There are fees and costs of \$22,917 indicating a finished lot cost of \$442,917 per lot. Product is proposed between \$1,200,000 and \$1,300,000 in size ranges from 4,200 to 4,700.

# Assessor's Map



**Comparable Single Family Land Data 15**

**Project:** Hearthside Homes @ Crosby

**Location:** Not Disclosed, San Diego County (Crosby Estates)

**Assessor's Parcel No.:** N/A **Thomas Bros.  
Map Code: 1169-A-1**

**Size:** 32 lots (21,400 square foot minimum, 22,000 square foot average)

**Zoning:** Residential (Planned Community)

**Utilities:** Available

**Date of Sale:** Under contract, August, 2003 **Document No.:** N/A

**Sale Price:** \$9,600,000

**Price/Lot:** \$300,000

**Terms:** All cash

**Cash  
Equivalent Price:** \$9,600,000

**Buyer:** Hearthside Homes (or nominee)

**Seller:** Starwood Santa Fe Valley Partners

**Source:** Starwood

**Comments:** These are finished lots. Product is proposed between \$970,000 and \$1,055,000 in size ranges from 3,889 to 4,282.

**Comparable Single Family Land Data 16**

**Project:** Barratt - Encinitas Ranch

**Location:** West of Quail Gardens Drive South of Paseo De Las Flores, Encinitas (Encinitas Ranch)

**Assessor's Parcel No.:** 254-613-06      **Thomas Bros.  
Map Code:** 1147-D-4/5

**Size:** 8 lots (20,000 square foot minimum)

**Zoning:** Residential

**Utilities:** Available

**Date of Sale:** Closed October 2, 2002      **Document No.:** 851825  
Under contract, July, 2002

**Sale Price:** \$2,644,160

**Price/Lot:** \$330,520

**Terms:** All cash

**Cash  
Equivalent Price:** \$2,644,160

**Buyer:** Barratt American, Inc.

**Seller:** Encinitas Ranch, LLC

**Source:** Confidential

**Comments:** There are fees and costs of \$169,480 per lot indicating a finished lot cost of \$500,000 per lot. Product is proposed between \$1,300,000 and \$1,500,000 in size ranges from 4,280 to 5,300.

**Comparable Church Land Data 1**

**Project:** Church, Day Care, Senior Center Site

**Location:** Southeast corner of Via Fiesta and Via Inez, San Diego

**Assessor's Parcel No.:** 269-241-11, 12, 13, 14      **Thomas Bros.  
Map Code:** 1168-J-7

**Size:** 10.346 gross acres; 10.0 net acres

**Zoning:** Subarea IV Plan commercial Limited (A1-10)

**Utilities:** Available (to be extended)

**Date of Sale:** In negotiation, September, 2003      **Document No.:** 392789  
Closed

**Sale Price:** \$6,098,400

**Price/Sq.Ft.:** \$14.00 net

**Terms:** All cash

**Cash  
Equivalent Price:** \$6,098,400

**Buyer:** Confidential

**Seller:** Santaluz, LLC

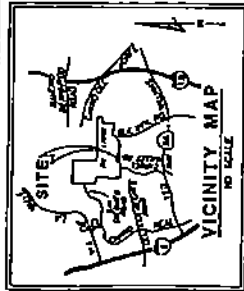
**Source:** Gunder Creager, David Santistevan, Colliers International, brokers

**Comments:** The property is being marketed as a "finished lot."

# Assessor's Map

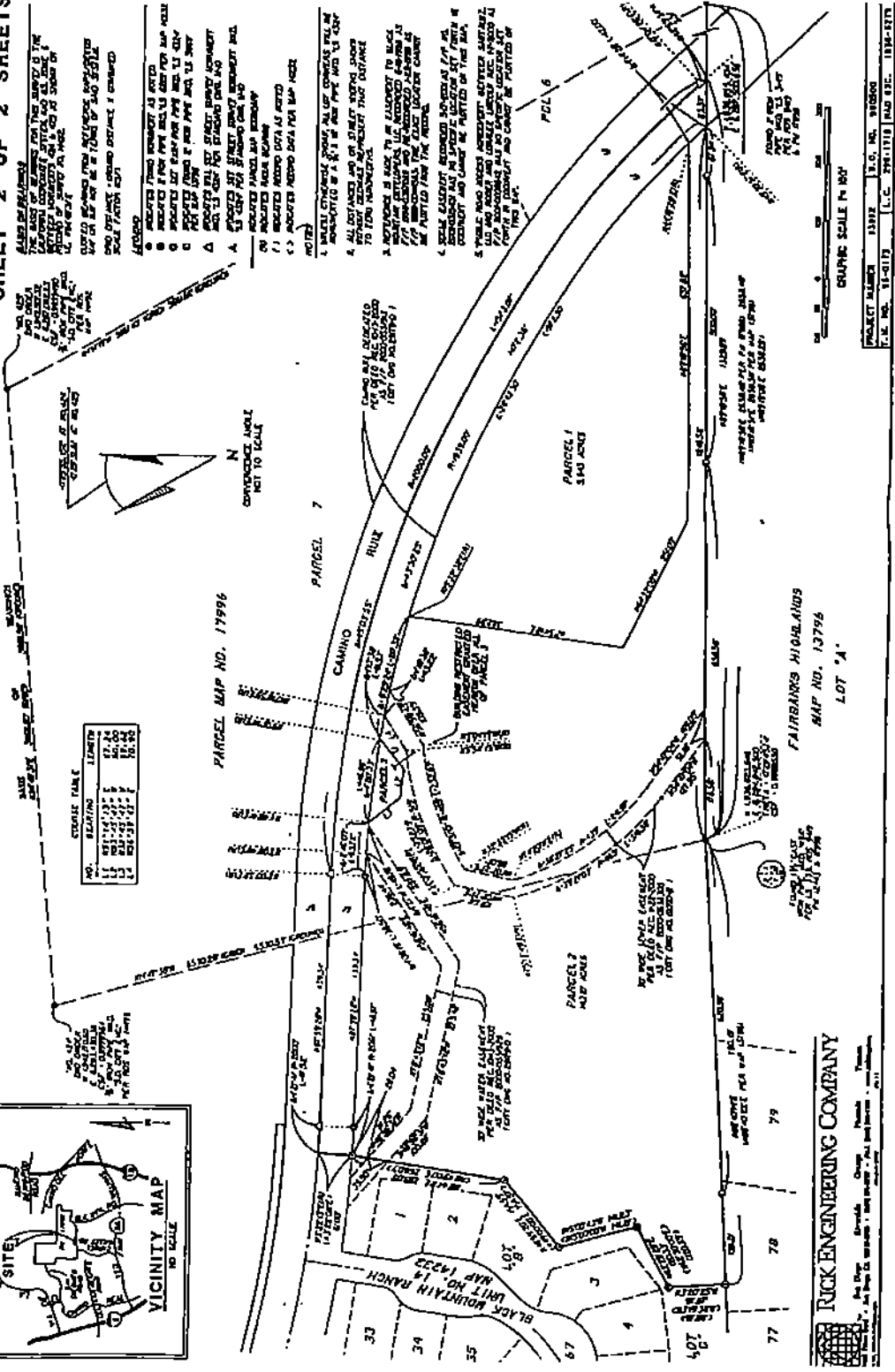
## PARCEL MAP NO.

SHEET 2 OF 2 SHEETS



CREATING TABLE

NO.	BEARING	LENGTH
1	N 81° 15' 00" E	52.44
2	S 89° 45' 00" W	11.11
3	S 81° 15' 00" E	18.30
4	N 81° 15' 00" E	52.44



- LEGEND
- 1. UNDEVELOPED LAND AS NOTED
  - 2. UNDEVELOPED LAND AS NOTED
  - 3. UNDEVELOPED LAND AS NOTED
  - 4. UNDEVELOPED LAND AS NOTED
  - 5. UNDEVELOPED LAND AS NOTED
  - 6. UNDEVELOPED LAND AS NOTED
  - 7. UNDEVELOPED LAND AS NOTED
  - 8. UNDEVELOPED LAND AS NOTED
  - 9. UNDEVELOPED LAND AS NOTED
  - 10. UNDEVELOPED LAND AS NOTED

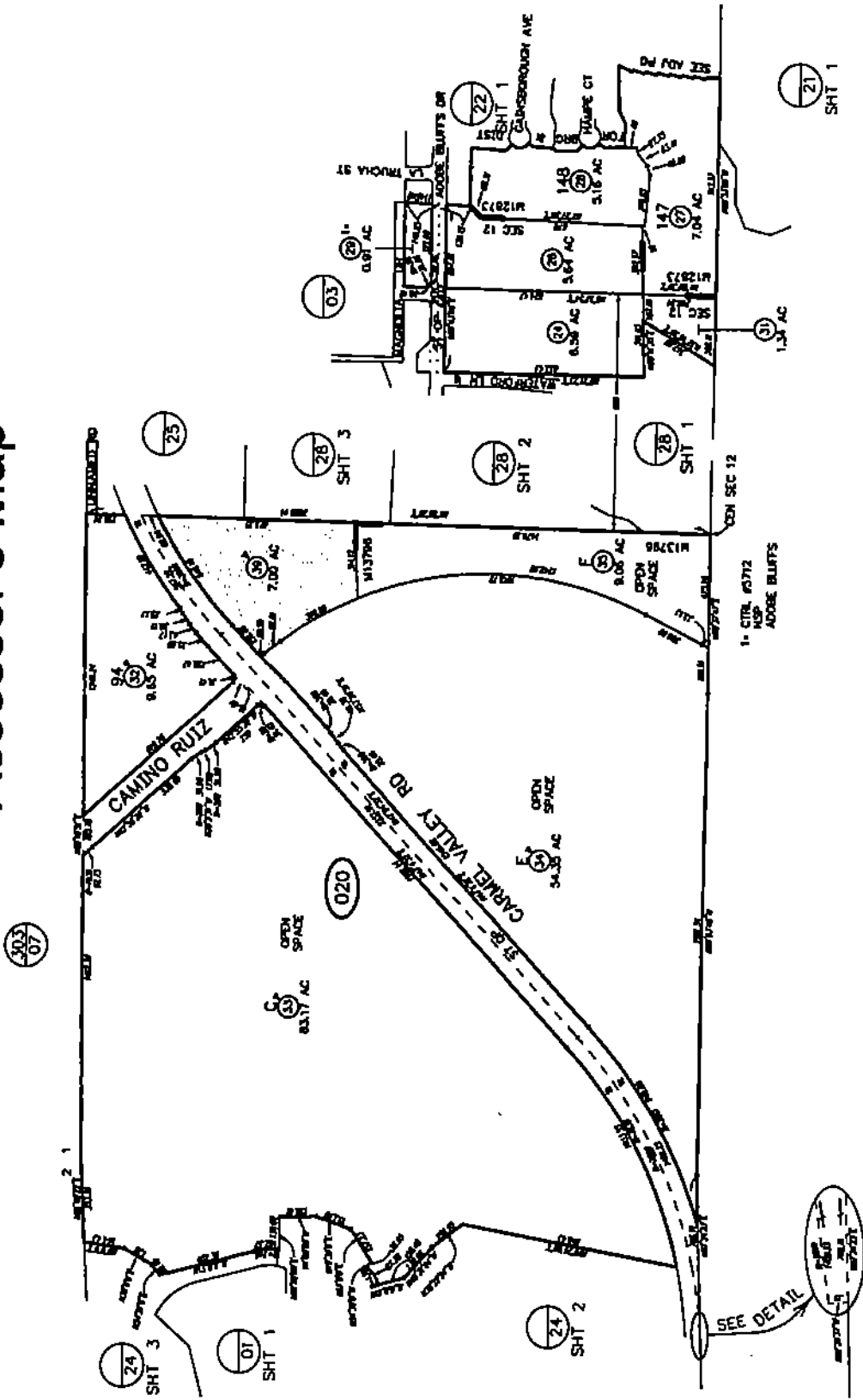
- NOTES
1. PARCEL 7 CHANGES FROM 100% OPEN SPACE TO 100% DEVELOPED.
  2. ALL DISTANCES AND OR SURVEY POINTS SHOWN TO BEON THE BASIS OF THE SURVEY.
  3. UNDEVELOPED LAND AS NOTED.
  4. UNDEVELOPED LAND AS NOTED.
  5. UNDEVELOPED LAND AS NOTED.
  6. UNDEVELOPED LAND AS NOTED.
  7. UNDEVELOPED LAND AS NOTED.
  8. UNDEVELOPED LAND AS NOTED.
  9. UNDEVELOPED LAND AS NOTED.
  10. UNDEVELOPED LAND AS NOTED.

**RICK ENGINEERING COMPANY**  
 1000 1st Ave. S.W. Fairbanks, Alaska  
 Phone: 475-1111  
 Fax: 475-1112

PROJECT NUMBER: 13796  
 S.E.O. NO. 100000  
 U.S. NO. 11-013  
 L.C. 29-11110 ROAD SEC. 1004-1010



# Assessor's Map



MAP 13796 - FAIRBANKS HIGHLANDS  
MAP 12873 - HAMPE HILLS  
SEC 12-TT4S-R3W - POR N H  
ROS 8366,9419,13225

**Comparable Church Land Data 2**

**Project:** Egyptian - Greek Orthodox Church

**Location:** South side of Camino Ruiz and north of Carmel Valley Road, San Diego

**Assessor's Parcel No.:** 303-070-42                      **Thomas Bros.  
Map Code:** 1189-A-1/2

**Size:** 5.643 gross acres; 4.2 net acres

**Zoning:** Subarea IV Plan commercial Limited (A1-10)

**Utilities:** Available (to be extended)

**Date of Sale:** In escrow, November, 2001                      **Document No.:** 392789  
Closed June 26, 2003

**Sale Price:** \$2,550,000

**Price/Sq.Ft.:** \$13.94 net

**Terms:** All cash

**Cash  
Equivalent Price:** \$2,550,000

**Buyer:** Saint Demiana Coptic Orthodox church

**Seller:** Santaluz, LLC

**Source:** Gunder Creager, David Santistevan, Colliers International, brokers

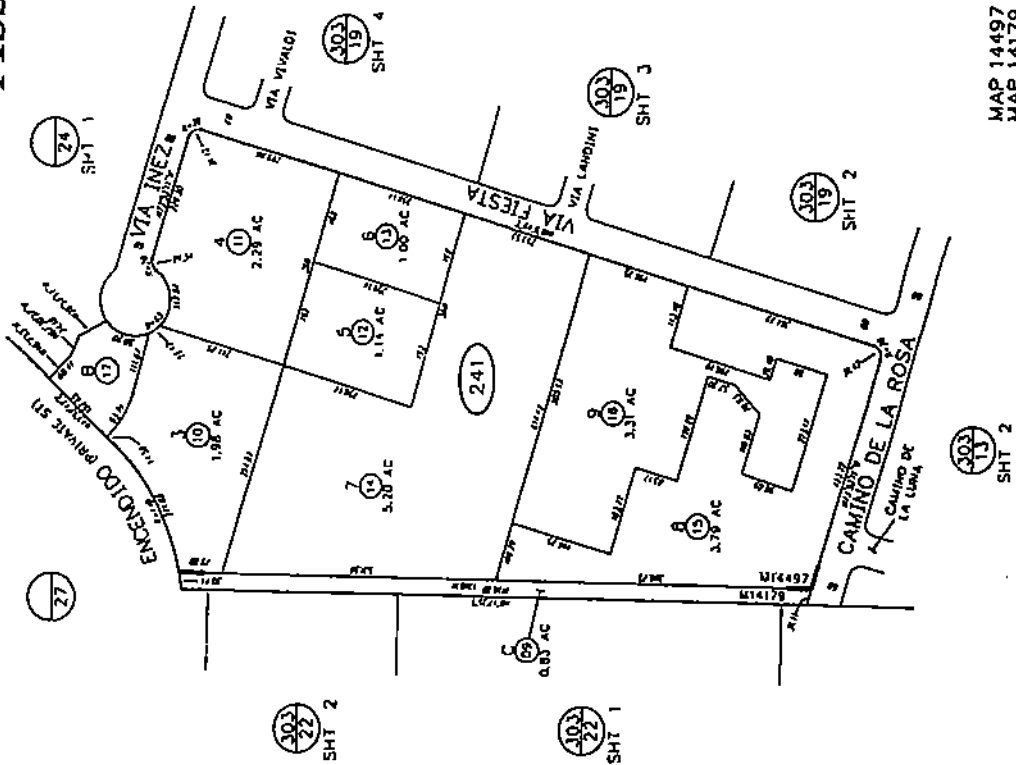
**Comments:** The property was purchased as a "finished lot."

# Assessor's Map

SAN DIEGO COUNTY ASSESSOR'S MAP  
269 - 24  
SHT 2 OF 2  
1" = 200'  
01/13/03 JAN

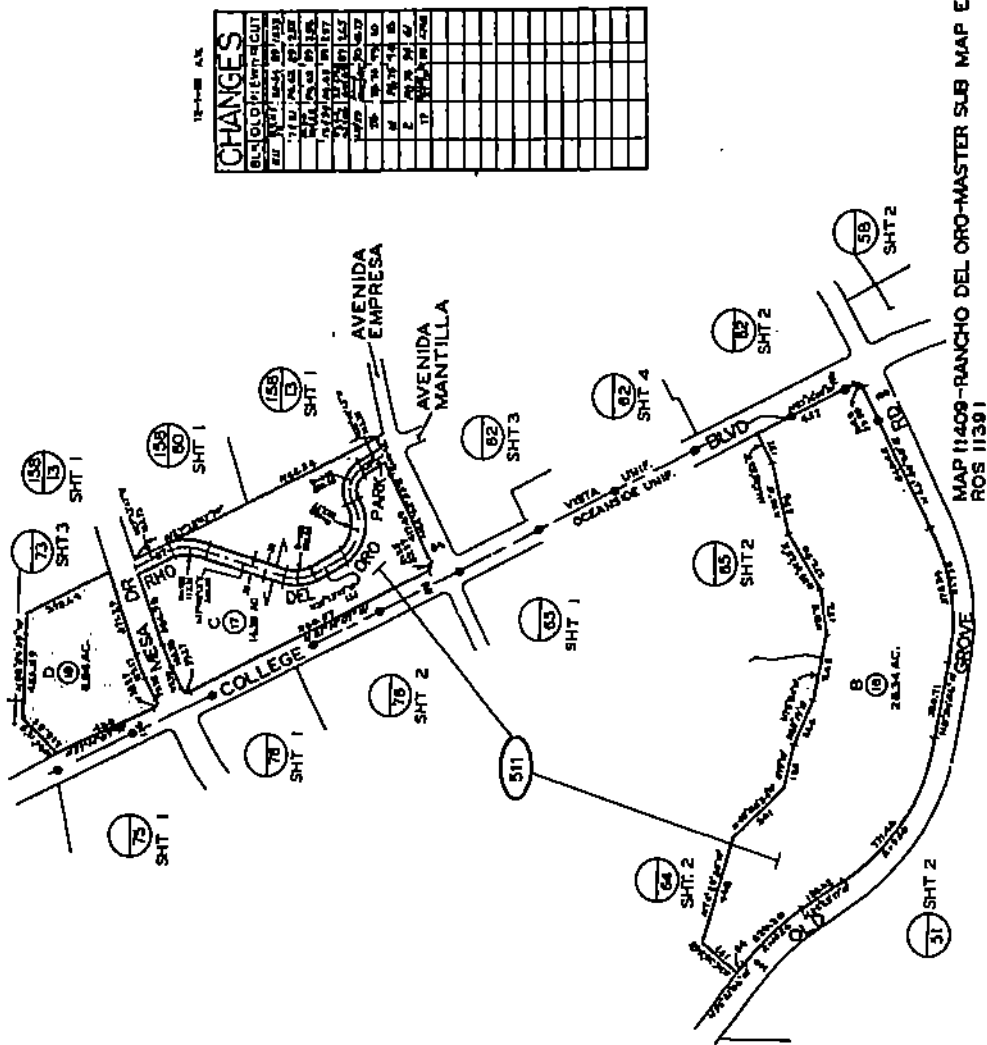
**CHANGES**

NO.	DATE	BY	REASON
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2	1/13/03	JAN	NEW
3	1/13/03	JAN	NEW
4	1/13/03	JAN	NEW
5	1/13/03	JAN	NEW
6	1/13/03	JAN	NEW
7	1/13/03	JAN	NEW
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100	1/13/03	JAN	NEW



MAP 14497 - BLACK MOUNTAIN RANCH UNIT NO 10A  
MAP 14179 - BLACK MOUNTAIN RANCH UNIT NO 10

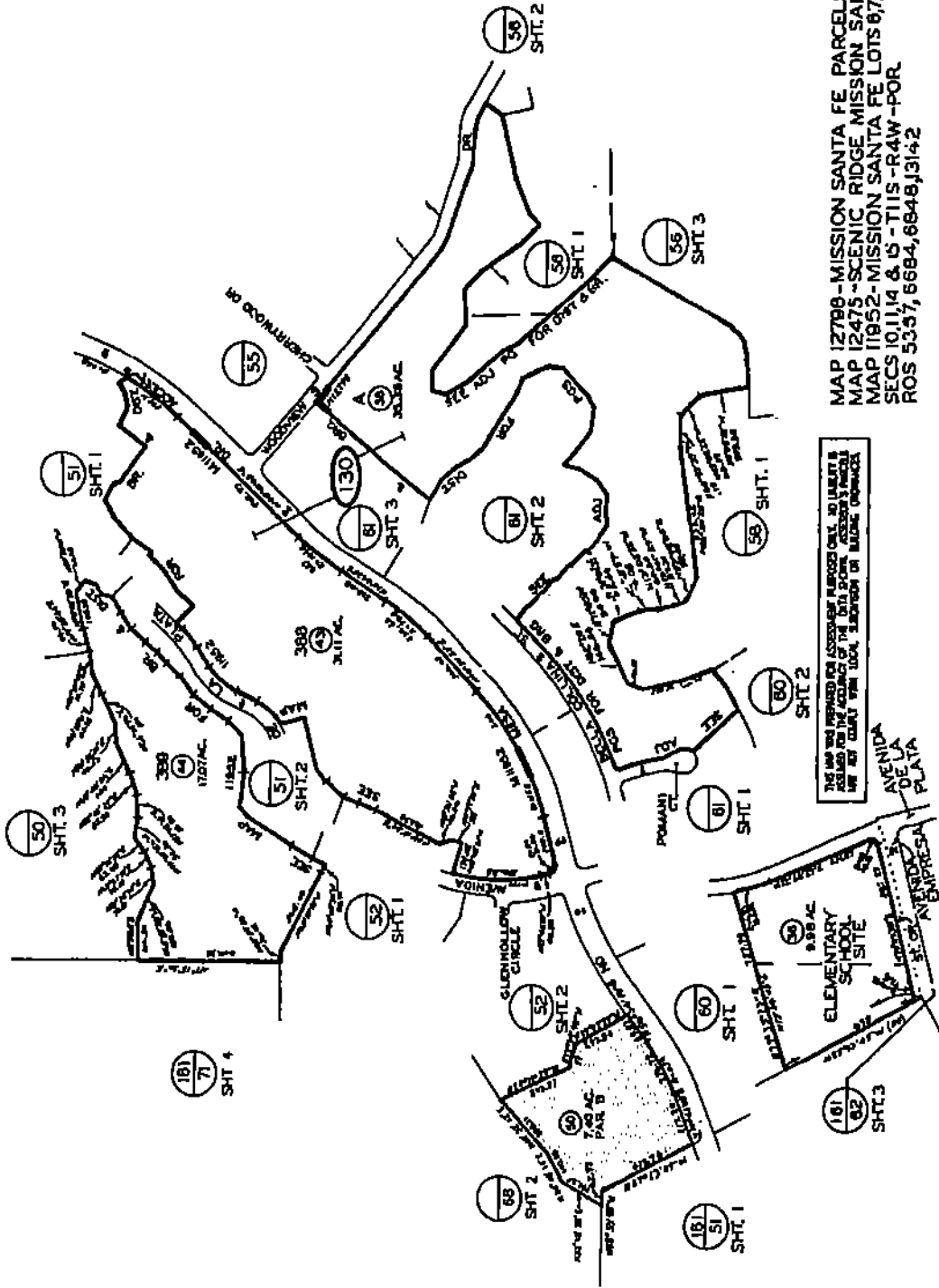
# Assessor's Map



11-18 AX		CHANGES	
BLK 100	11/18/18	11/18/18	11/18/18
BLK 101	11/18/18	11/18/18	11/18/18
BLK 102	11/18/18	11/18/18	11/18/18
BLK 103	11/18/18	11/18/18	11/18/18
BLK 104	11/18/18	11/18/18	11/18/18
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BLK 148	11/18/18	11/18/18	11/18/18
BLK 149	11/18/18	11/18/18	11/18/18
BLK 150	11/18/18	11/18/18	11/18/18

MAP 11409-RANCHO DEL ORO-MASTER SUB MAP EAST  
ROS 11391

# Assessor's Map



THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ACCESSOR'S RECORDS ARE THE MOST CURRENT WITH LOCAL, SUPERIOR OR BUREAU OFFICES.

MAP 12798 - MISSION SANTA FE PARCELS 5 & 6 - UNIT 2  
 MAP 12475 - SCENIC RIDGE MISSION SANTA FE UNIT 4  
 MAP 11952 - MISSION SANTA FE LOTS 67, 69 & 10  
 SECS 10, 11, 14 & 15 - T11S - R14W - P0R  
 ROS 5357, 5684, 6848, 13142

**Comparable Church Land Data 3**

Project: Church of Jesus Christ Latter Day Saints

Location: Southeast corner of Camino Ruiz and Carmel Valley Road, San Diego

Assessor's Parcel No.: 306-020-39 Thomas Bros.  
Map Code: 1189-B-2

Size: 7.0 gross acres; 5.5 net acres

Zoning: Subarea IV Plan commercial Limited (A1-10)

Utilities: Available (to be extended)

Date of Sale: In escrow, November, 2001 Document No.: 392789  
Closed May 8, 2002

Sale Price: \$3,300,000

Price/Sq.Ft.: \$13.77 net

Terms: All cash

Cash  
Equivalent Price: \$3,300,000

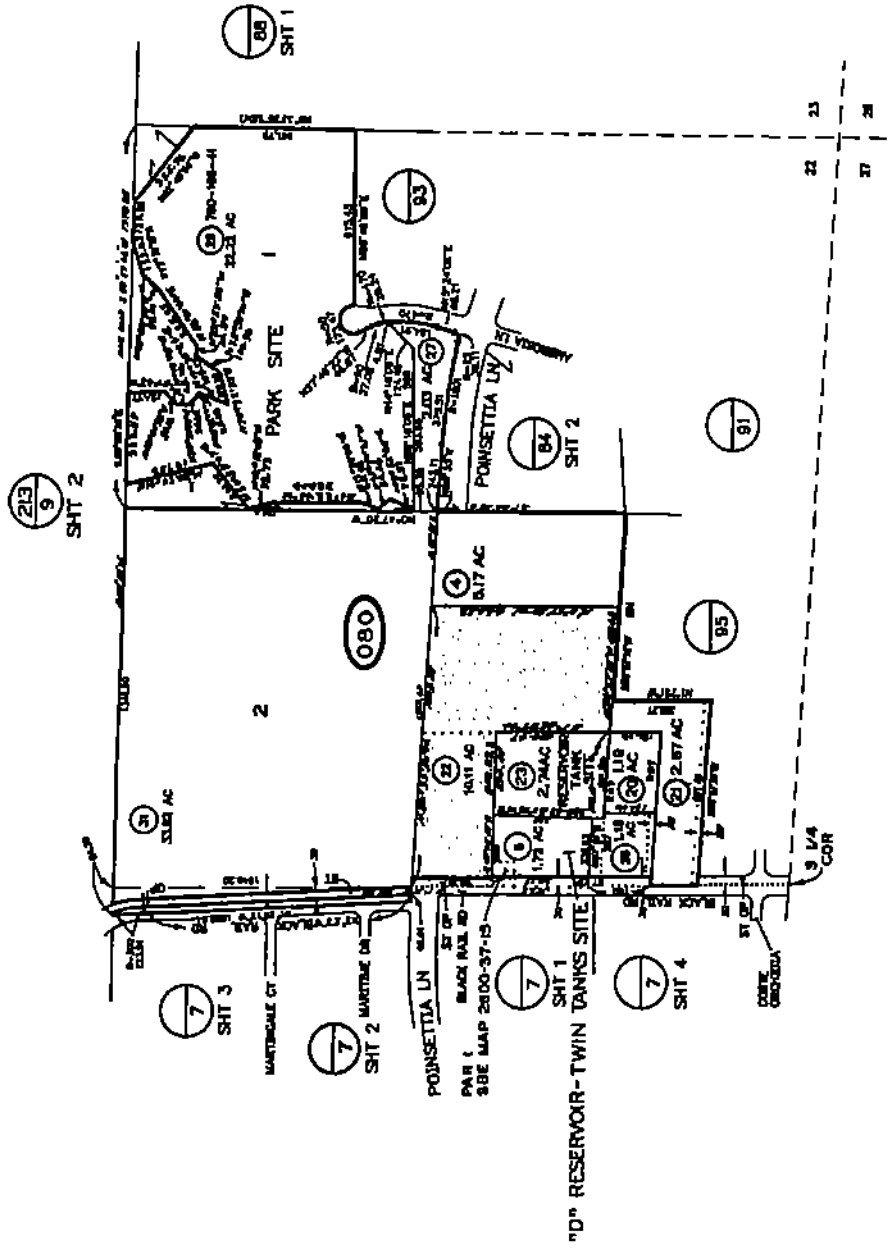
Buyer: Corporation of the Presiding Bishop (Church of Jesus Christ Latter Day Saints)

Seller: Carmel Valley Seven Acres, LLC

Source: Gunder Creager, David Santistevan, Colliers International, brokers

Comments: The property requires finishing costs of at least \$400,000 (\$1.67 per square foot) raising the finished lot cost to \$15.44 per square foot.

# Assessor's Map



SEC 22 - T12S-R4W - SE 1/4  
R0S 584, 6269, 10774, 13762

**Comparable Church Land Data 4**

**Project:** Twin Cities Christian Church

**Location:** Northeast corner Mesa Drive and College Boulevard, Oceanside

**Assessor's Parcel No.:** 158-130-50; 161-511-18      **Thomas Bros.  
Map Code:** 1087-C-2

**Size:** 14.24 gross acres; 11.00 net acres

**Zoning:** C, Oceanside

**Utilities:** Available

**Date of Sale:** September 26, 2001      **Document No.:** 692530

**Sale Price:** \$1,800,000

**Price/Sq.Ft.:** \$3.76 net

**Terms:** A first trust deed (construction loan) of \$3,707,479 by the seller, due in 10 years

**Cash Equivalent Price:** \$1,800,000

**Buyer:** Twin Cities Christian Church

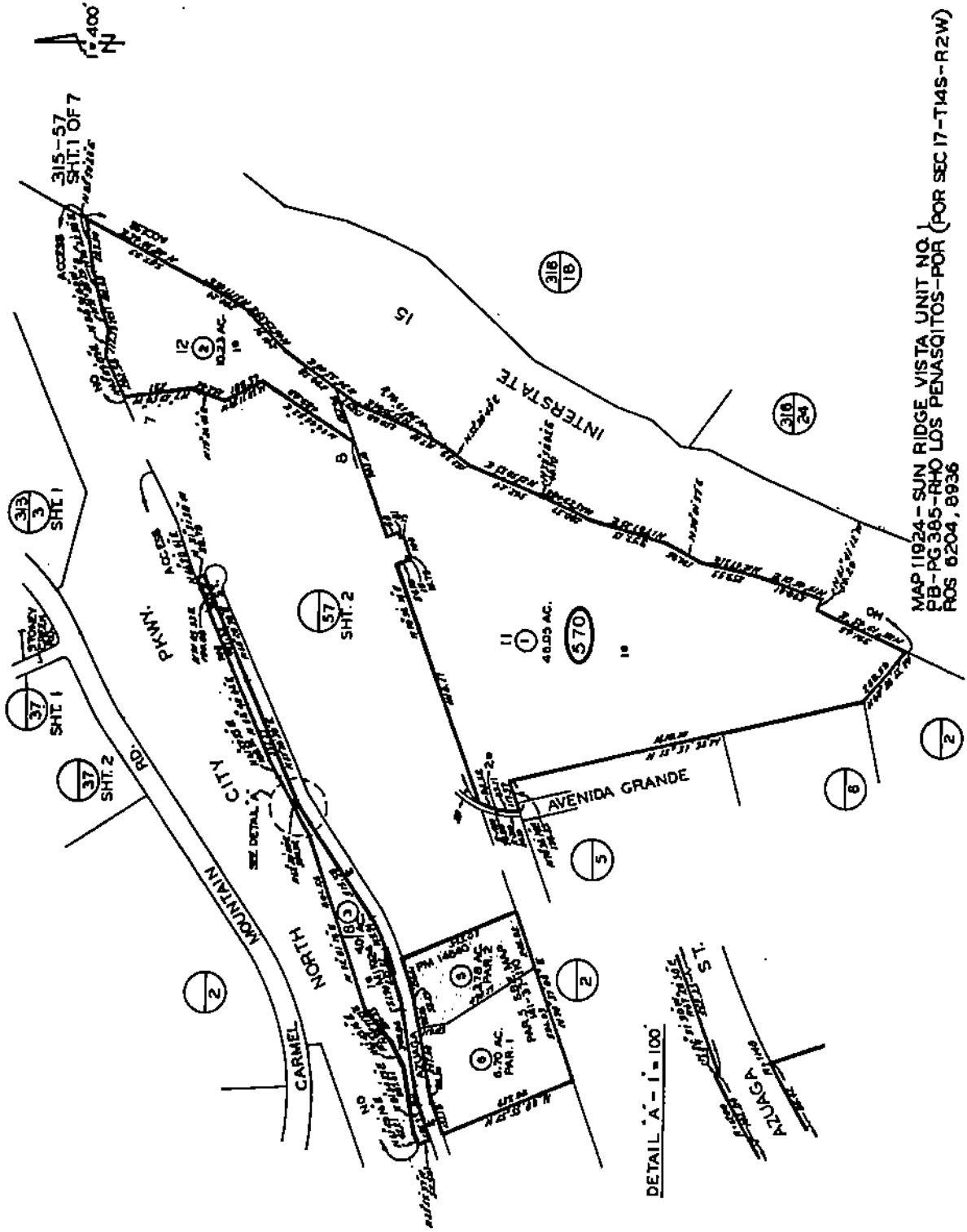
**Seller:** Church Development Fund, Inc.

**Source:** Amy Bailey, Twin Cities Christian Church, buyer

**Comments:** The property was purchased by Church Development Fund in approximately March, 2000 and sold to an affiliated entity, Twin Cities Christian Church. The property was vacant at the time of sale but required significant grading. The project will include three buildings and house a 1,000-seat sanctuary.



# Assessor's Map



**Comparable Church Land Data 5**

**Project:** Redeemer by the Sea Lutheran Church

**Location:** West side of Black Rail Road, west of West Ambrosia Lane, Carlsbad

**Assessor's Parcel No.:** 215-080-22      **Thomas Bros.  
Map Code:** 1127-C-4

**Size:** 10.11 gross acres

**Zoning:** PC, Carlsbad

**Utilities:** Available

**Date of Sale:** March 13, 2000      **Document No.:** 126353

**Sale Price:** \$2,200,000

**Price/Sq.Ft.:** \$5.00

**Terms:** \$91,780 cash down payment; \$2,108,220 first trust deed with Lutheran Church Extension Fund at 7.625% (VIR)

**Cash  
Equivalent Price:** \$2,200,000

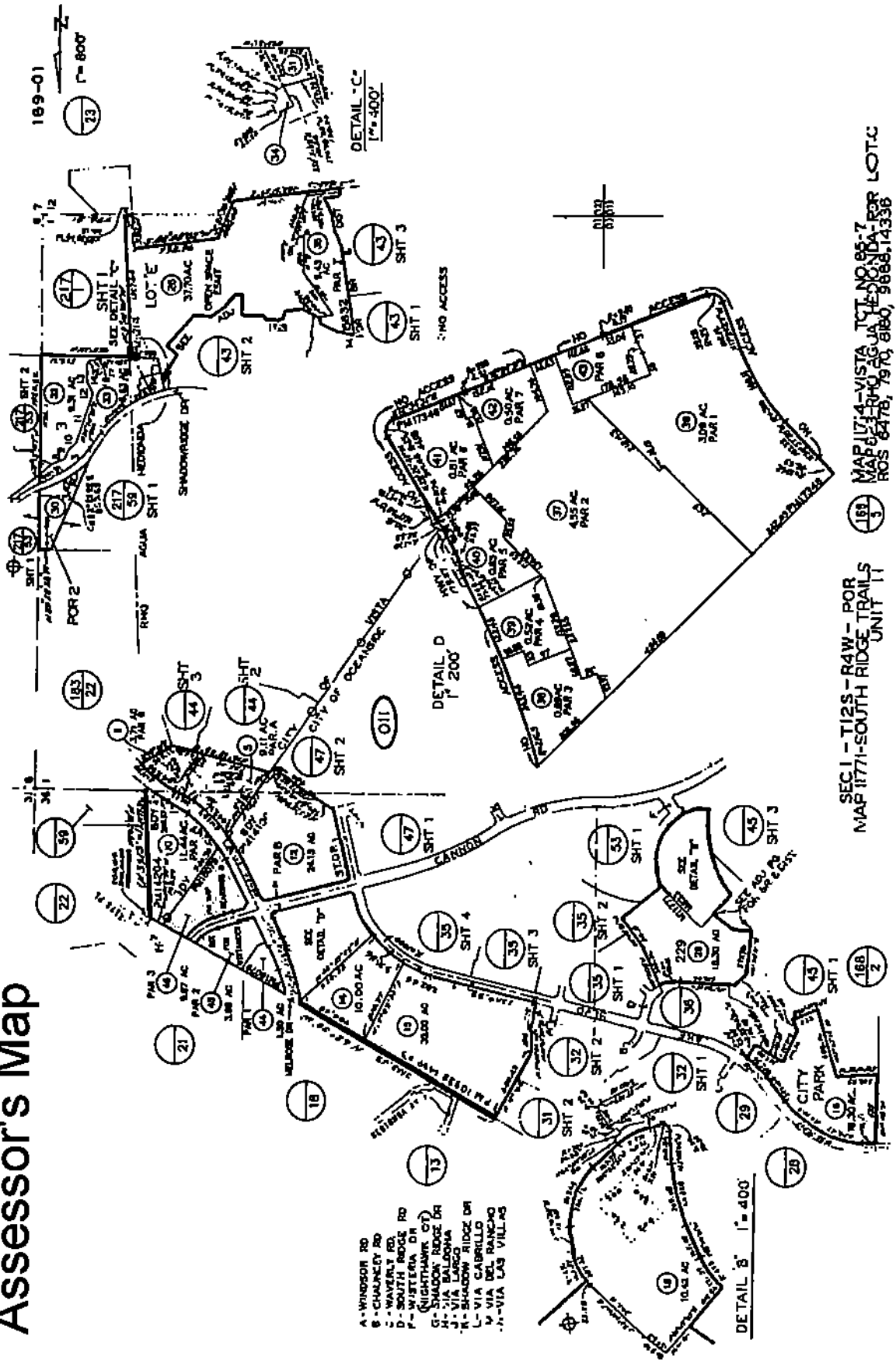
**Buyer:** Redeemer by the Sea Lutheran Church

**Seller:** Theresa K. Spencer (et.al.), Kaiser & Associates

**Source:** Comps.com; Michael Kassinger, Dyson & Dyson Real Estate, broker

**Comments:** The property consists of raw land with one farm building requiring site development costs that are significant but were not disclosed.

Assessor's Map



SEC 1 - T12S - R4W - POR  
 MAP 1771 - SOUTH RIDGE TRAILS  
 UNIT 11

MAP 1771 - 4 - VISTA TC  
 NO 95-7  
 MAP 6747B, 757D, 819D, 966B, 1435B

**Comparable Church Land Data 6**

**Project:** Taiwanese Lutheran Church

**Location:** South side of Azuaga, west of Caminito Ciera, San Diego (Rancho Bernardo/Penasquitos)

**Assessor's Parcel No.:** 315-570-05      **Thomas Bros.  
Map Code:** 1189-F-4

**Size:** 3.780 net acres

**Zoning:** CA-CP, San Diego

**Utilities:** Available

**Date of Sale:** January 10, 2000      **Document No.:** 014474

**Sale Price:** \$930,000

**Price/Sq.Ft.:** \$5.65

**Terms:** All cash

**Cash  
Equivalent Price:** \$930,000

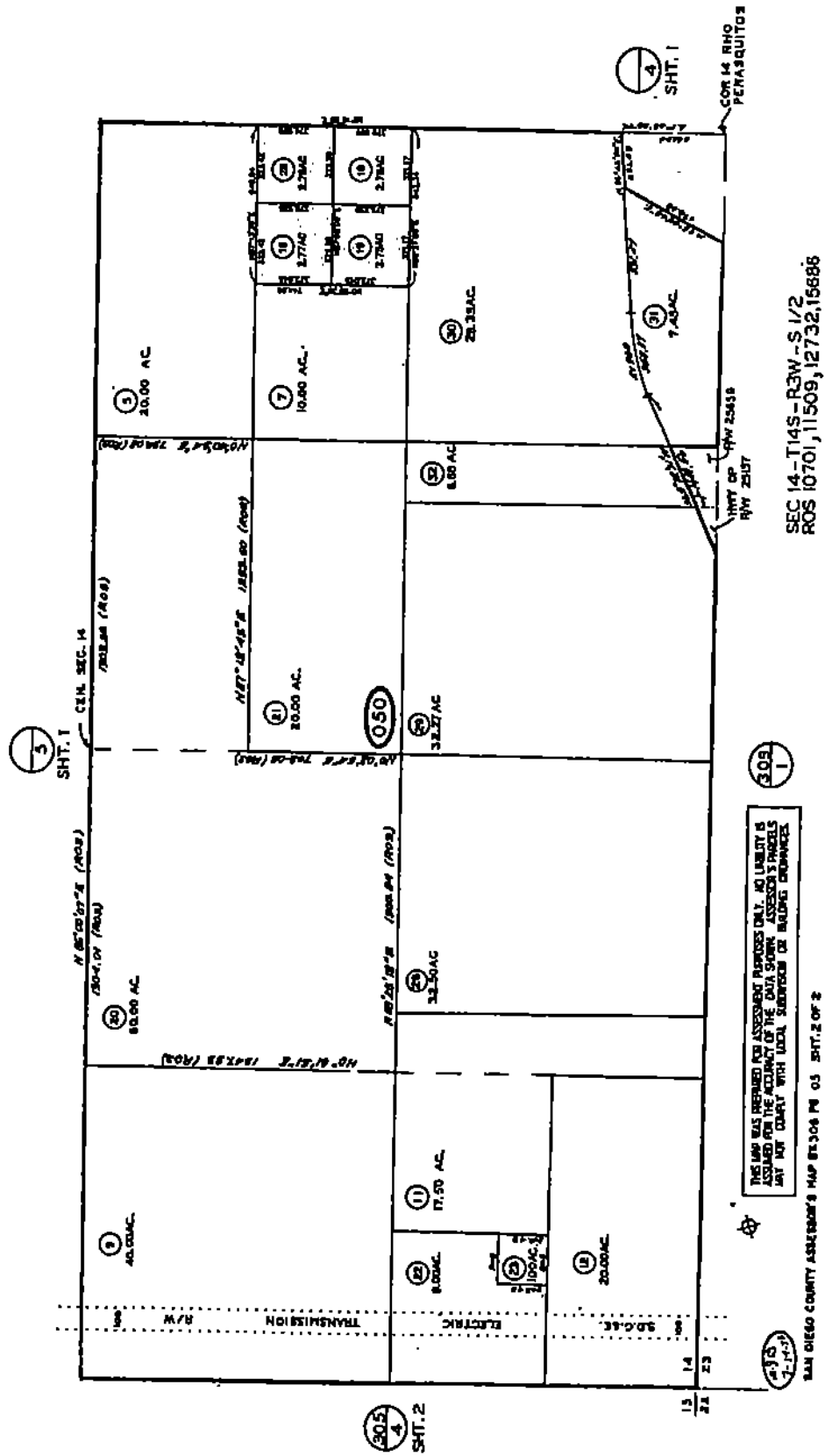
**Buyer:** Taiwanese Lutheran Church San Diego

**Seller:** San Diego Gas & Electric Company

**Source:** Comps.com; Terry Jackson, Burnham Real Estate Service, broker

**Comments:** This property had a one year escrow/under contract period.

# Assessor's Map



**Comparable Church Land Data 7**

**Project:** Roman Catholic Church

**Location:** Southeast corner of Cannon Road and Melrose Drive, Oceanside

**Assessor's Parcel No.:** 169-011-46 **Thomas Bros.  
Map Code: 1107-G-3**

**Size:** 11.50 gross acres; 9.870 net acres

**Zoning:** C-G-PBD, Oceanside

**Utilities:** Available

**Date of Sale:** July 31, 1998 **Document No.:** 479771

**Sale Price:** \$1,315,000

**Price/Sq.Ft.:** \$3.06 net

**Terms:** All cash

**Cash  
Equivalent Price:** \$1,315,000

**Buyer:** Roman Catholic Bishop of San Diego

**Seller:** Melrose/Cannon Partnership

**Source:** Comps.com; Reg Kobzi, Grubb & Ellis, broker

**Comments:** This property had some loss from gross to net size due to a natural habitat issue involving Coastal Sage Scrub. There are also offsite costs which were not disclosed.

**Comparable Church Land Data 8**

Project: Roman Catholic Church

Location: Future intersection of Camino Ruiz and Ted Williams Parkway (State Route 56); current terminus of Carmel Mountain Road, San Diego

Assessor's Parcel No.: 306-050-16, 19, 28                      Thomas Bros.  
Map Code: 1189-A/B-5/6

Size: 8.32 net acres

Zoning: Subarea IV Plan Commercial Limited (A1-10)

Utilities: Available (to be extended)

Date of Sale: In escrow, August, 1998                      Document No.: 026406  
Closed January 15, 1999

Sale Price: \$2,750,000

Price/Sq.Ft.: \$7.59

Terms: All cash

Cash  
Equivalent Price: \$2,750,000

Buyer: Roman Catholic Bishop

Seller: Raymond B. Schodey

Source: Gunder Creager, Colliers International, broker; Gary Rasmuson, MAI, appraiser

Comments: The property has a very limited zoning overlay which permits residential, veterinarians, nurseries (growing), storage, churches and trade schools. The property was identified after a two year site search. Finishing costs are estimated to be \$3.00 per square foot.

**Comparable Retail Land Data 1**

**Project:** Office - Retail Site

**Location:** North side of Vista Way west of Snead Drive, Oceanside, CA

**Assessor's Parcel No.:** 165-350-36                      **Thomas Bros.  
Map Code:** 1106-H-2

**Size:** 1.820 acres gross

**Zoning:** CSHO, Vista

**Utilities:** All available

**Date of Sale:** July 24, 2003                      **Document No.:** 0884535

**Sale Price:** \$1,300,000

**Price/Sq.Ft.:** \$16.40

**Terms:** Unknown amount of cash down payment; first trust deed with 1st Mission Bank for \$2,939,000.

**Cash Equivalent Price:** \$1,300,000

**Buyer:** FS Real Estate Holdings, LLC

**Seller:** L&H Associates - Vista Way 3.5, LP, et al

**Source:** Bruce Schiff, BRE Commercial/NAI, broker

**Comments:** The listing broker reported the property was in escrow for more than a year, with a very lengthy market time. It was reported that additional financing will go toward the construction of the property. However, it could not be determined what portion of the loan amount was allocated to the acquisition versus to the rehabilitation. Thus, the down payment amount is not available.

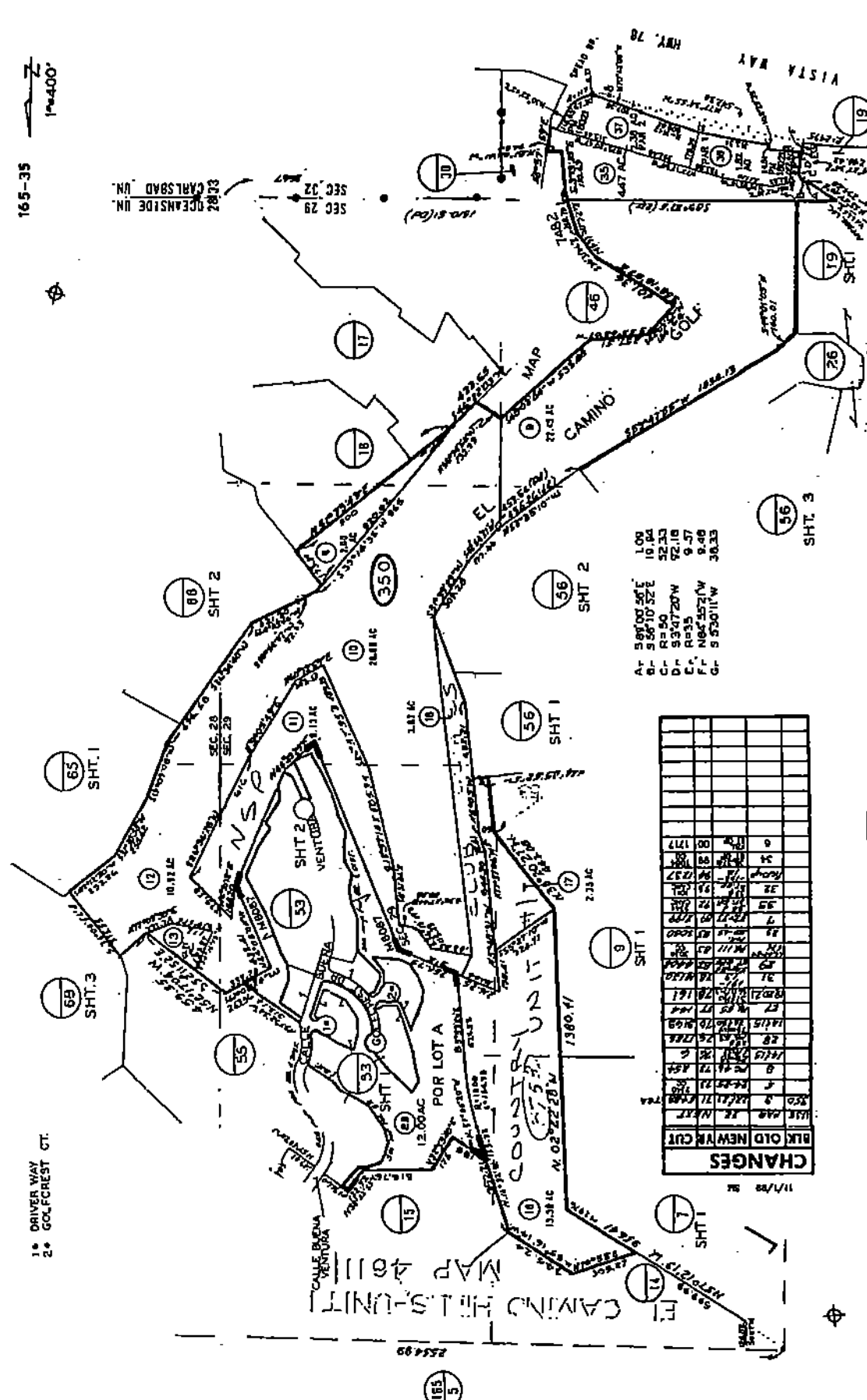
The listing broker reported that the buyer plans to construct a three-story building, with the ground floor being retail space and the second and third floors being office space.



# Assessor's Map

**1-800-345-7334**

SCALE IN 1/10 OF AN INCH



A	5 59'00" S 65' E	10.99
B	5 58'10" S 72' E	10.44
C	R=50	52.33
D	5 57'20" W	92.18
E	R=35	9.57
F	N 65' 52" W	9.46
G	5 57'01" W	30.33

BLK	OLD	NEW	TR	CUT
117	00	00	0	0
118	00	00	0	0
119	00	00	0	0
120	00	00	0	0
121	00	00	0	0
122	00	00	0	0
123	00	00	0	0
124	00	00	0	0
125	00	00	0	0
126	00	00	0	0
127	00	00	0	0
128	00	00	0	0
129	00	00	0	0
130	00	00	0	0
131	00	00	0	0
132	00	00	0	0
133	00	00	0	0
134	00	00	0	0
135	00	00	0	0
136	00	00	0	0
137	00	00	0	0
138	00	00	0	0
139	00	00	0	0
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141	00	00	0	0
142	00	00	0	0
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147	00	00	0	0
148	00	00	0	0
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189	00	00	0	0
190	00	00	0	0
191	00	00	0	0
192	00	00	0	0
193	00	00	0	0
194	00	00	0	0
195	00	00	0	0
196	00	00	0	0
197	00	00	0	0
198	00	00	0	0
199	00	00	0	0
200	00	00	0	0

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT CORRELATE WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

MAP 8087 - CAMINO REAL UNIT NO. 1  
POR SECS 28, 29 & 32 - T11S-R4W  
ROS 1938, 2878, 3505, 3623, 4435, 5588, 1146, 13896, 14480

DEC 02, 1999

- 1\* DRIVER WAY
- 2\* GOLFCREST CT.

165-35  
1"=400'

147-1-150 COUNTY ASSESSOR'S MAP 81 05 PG 24

**Comparable Retail Land Data 2**

**Project:** Commercial Zoned Acreage

**Location:** 100-199 South Bent Avenue, San Marcos

**Assessor's Parcel No.:** 219-180-54, 55, 56; 219-180-37      **Thomas Bros.**  
**Map Code:** 1128-F-1

**Size:** 1.260 acres

**Zoning:** M, San Marcos

**Utilities:** All available

**Date of Sale:** June 20, 2003      **Document No.:** 0729581

**Sale Price:** \$650,000

**Price/Sq.Ft.:** \$11.84

**Terms:** \$65,000 (10%) cash downpayment; first trust deed with California Bank & Trust of \$325,000 at undisclosed terms; second trust deed with California Bank & Trust of \$260,000 at undisclosed terms.

**Cash Equivalent Price:** \$650,000

**Buyer:** Sean M. Feeney

**Seller:** Robert L. Nielsen, et al

**Source:** Matt Mendoza, CoStar Realty Information

**Comments:** The property is a corner lot, with one frame/wood structure. It is currently being used as a manufactured homes sales site.

# Assessor's Map

**D.F. DAVIS  
REAL ESTATE  
INC.**

SAN DIEGO COUNTY ASSESSOR'S MAP  
219 - 18

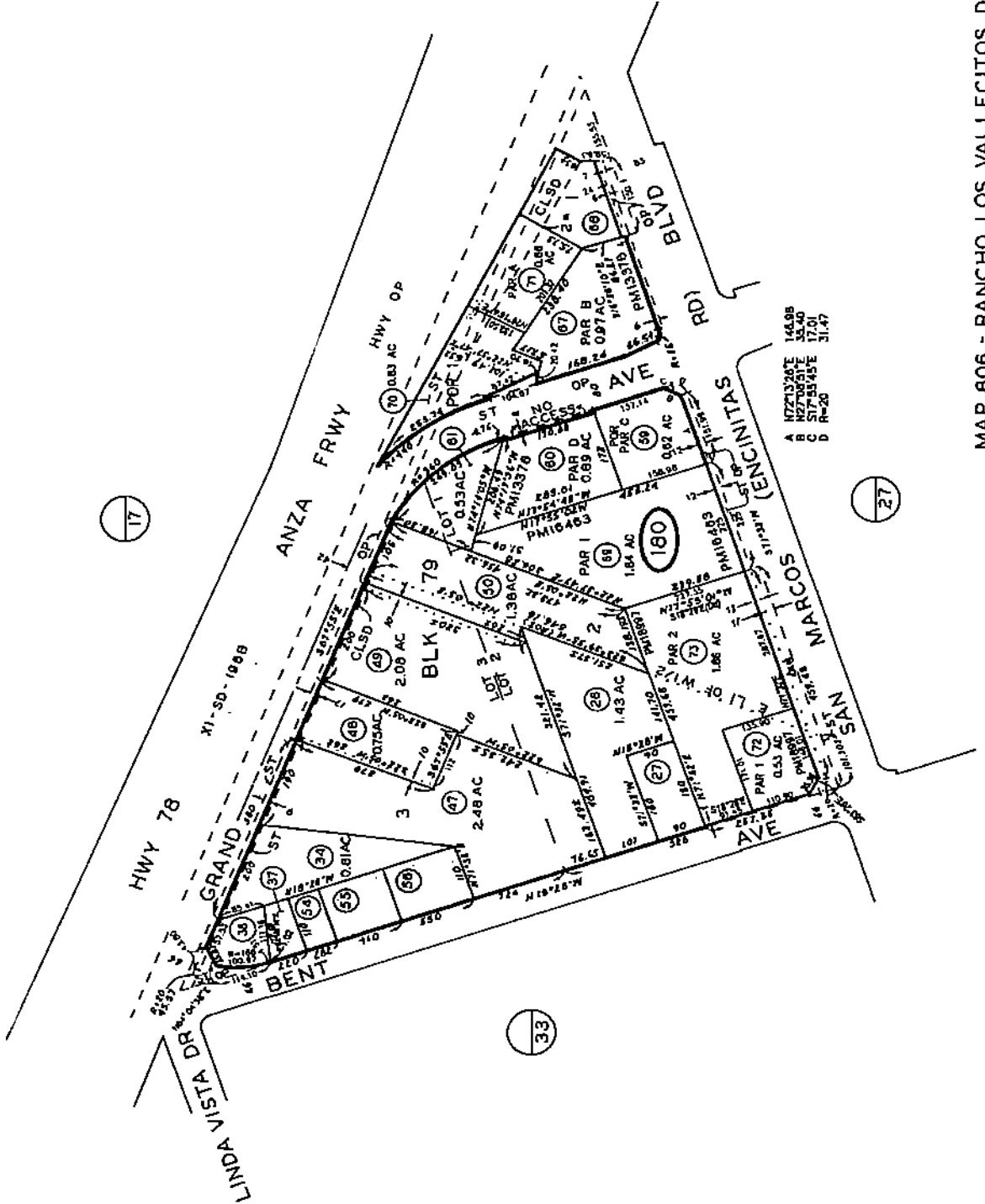
1" = 200'

6/9/2006 RFD

7/1/91 3/1/02 6/18/18 9/18/18

BLK	PROJ	AC	APR	EST	AC
80	3/1/91	61	4773		
218	63	69	52,1995		
219	64	70	51,4037		
220	65	71	01,1336		
221	66	72	02,1664		
222	67	73	02,4726		
223	68	74	03,1259		
224	69	75	03,4752		
225	70	76	04,1013		

2 - NLY COR  
DOC 61-144835  
3 - CTR F 8765  
TIN  
PL # 587



MAP 806 - RANCHO LOS VALLECITOS DE SAN MARCOS  
ROS 12823, 14663, 16707

**Comparable Retail Land Data 3**

**Project:** Office Building Site

**Location:** West side of La Tortuga Drive North at Breeze Hill Road, Vista

**Assessor's Parcel No.:** 166-150-73      **Thomas Bros.  
Map Code:** 1107-F-1

**Size:** 2.07 gross acres; 1.94 net acres

**Zoning:** C, Vista

**Utilities:** All available

**Date of Sale:** June 06, 2003      **Document No.:** 0673473

**Sale Price:** \$1,042,000

**Price/Sq.Ft.:** \$11.56 gross; \$12.33 net

**Terms:** Undisclosed cash down payment; first trust deed with Valley Independent Bank (construction loan) of \$3,255,631 for undisclosed terms

**Cash Equivalent Price:** \$1,042,000

**Buyer:** Vista Imperial, LLC

**Seller:** Breeze Hill Ranch, LP

**Source:** Stephanie Cavanaugh, Century 21 - Broker

**Comments:** The broker reports that the intended use is to develop a 25,000 square foot office building.

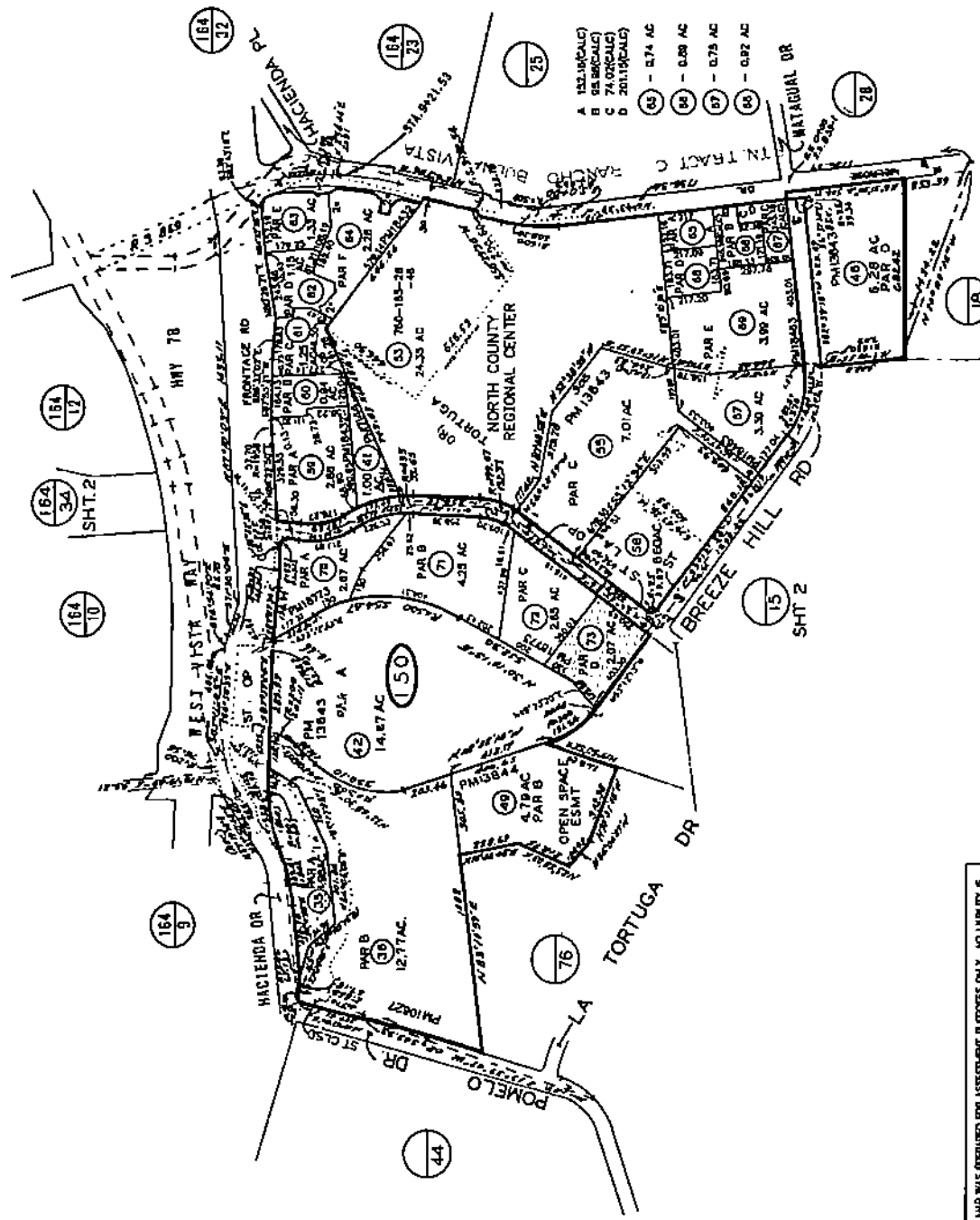
# Assessor's Map

166-15  
SHT 1 OF 6  
1"=400'  
N

11/27/75 AW

CHANGES	
BLK	OLD NEW YR CUT
162	28 10/44 10/56/73 10/48
163	37 10/44 10/56/73 10/48
164	9 10/44 10/56/73 10/48
164	10 10/44 10/56/73 10/48
164	17 10/44 10/56/73 10/48
164	33 10/44 10/56/73 10/48
164	42 10/44 10/56/73 10/48
164	43 10/44 10/56/73 10/48
164	44 10/44 10/56/73 10/48
164	45 10/44 10/56/73 10/48
164	46 10/44 10/56/73 10/48
164	47 10/44 10/56/73 10/48
164	48 10/44 10/56/73 10/48
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164	50 10/44 10/56/73 10/48
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164	61 10/44 10/56/73 10/48
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164	80 10/44 10/56/73 10/48
164	81 10/44 10/56/73 10/48
164	82 10/44 10/56/73 10/48
164	83 10/44 10/56/73 10/48
164	84 10/44 10/56/73 10/48
164	85 10/44 10/56/73 10/48
164	86 10/44 10/56/73 10/48
164	87 10/44 10/56/73 10/48
164	88 10/44 10/56/73 10/48
164	89 10/44 10/56/73 10/48
164	90 10/44 10/56/73 10/48
164	91 10/44 10/56/73 10/48
164	92 10/44 10/56/73 10/48
164	93 10/44 10/56/73 10/48
164	94 10/44 10/56/73 10/48
164	95 10/44 10/56/73 10/48
164	96 10/44 10/56/73 10/48
164	97 10/44 10/56/73 10/48
164	98 10/44 10/56/73 10/48
164	99 10/44 10/56/73 10/48
164	100 10/44 10/56/73 10/48

1. OPEN SPACE  
2. PEDESTRIAN ACCESS  
FOR COMPLETE BRGS & DIST  
SEE PM15432



SHT 1  
MAP 2110-LA TORTUGA HACIENDA-POR  
ROS 7043,13648,16965

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT CORRELATE WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

34M 01600 COUNTY ASSESSOR'S MAP BK 166 PG 15 SHT 1 OF 6

**Comparable Retail Land Data 4**

Project: Commercial Zoned Acreage

Location: 2800-2823 Cedar Road, Vista

Assessor's Parcel No.: 166-630-05, 12      Thomas Bros.  
Map Code: 1107-C-1

Size: 1.239 acres

Zoning: C3, Vista

Utilities: All available

Date of Sale: February 11, 2003      Document No.: 0155001

Sale Price: \$630,000

Price/Sq.Ft.: \$11.67

Terms: All cash

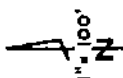
Cash  
Equivalent Price: \$630,000

Buyer: Las Vegas II Storage, LLC

Seller: John M. and Helen P. Zelt-Seelig, et al

Source: Matt Mendoza, Costar Realty Information

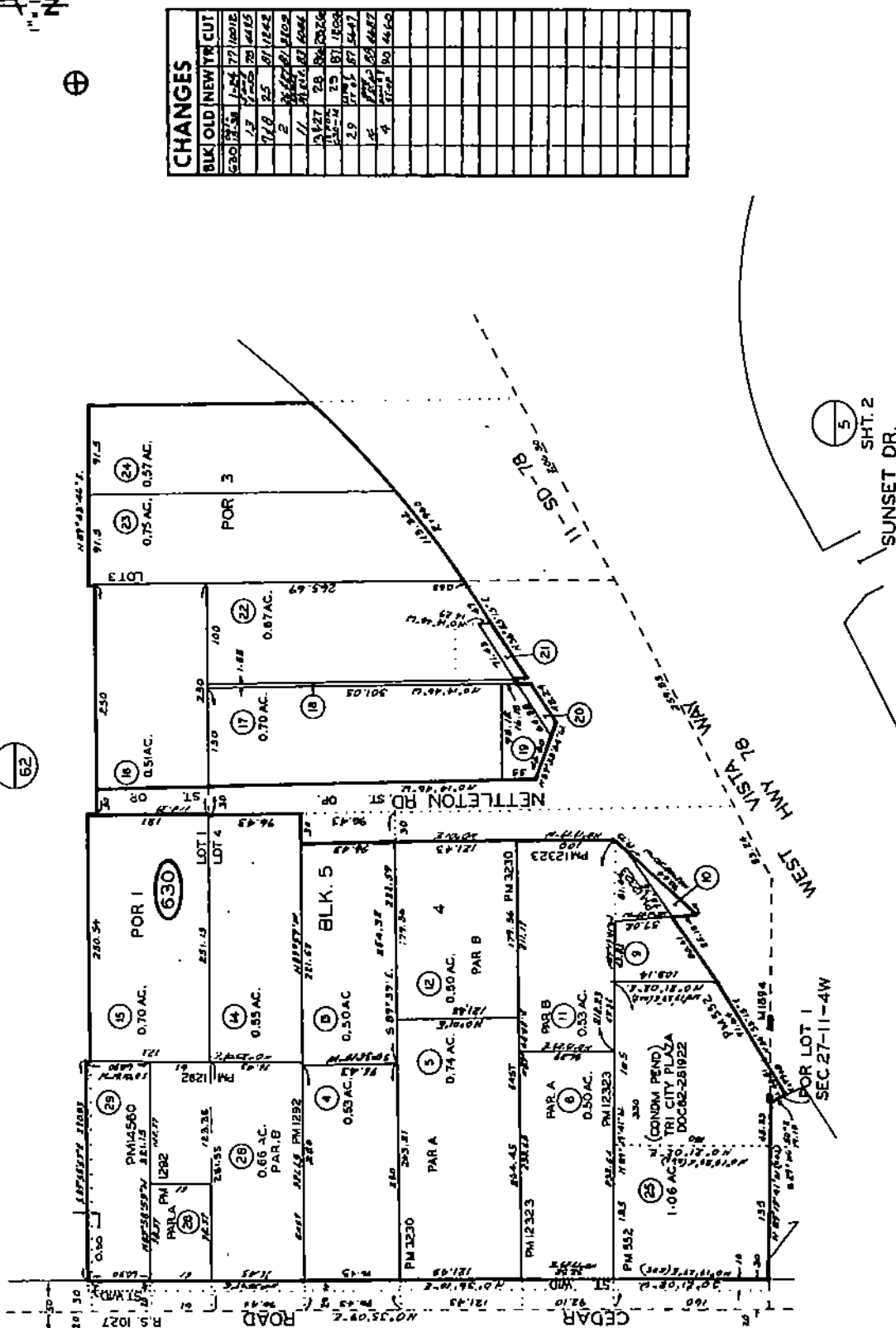
Comments: The property is currently being held for future development.



166-63



# Assessor's Map



MAP 1894 - VISTA FARMS  
 SEC 27 - T11S-R4W - POR  
 ROS 6215, 9023

CHANGES	BLK	OLD	NEW	TR	CUT
630	1230	1-54	77	10012	
		1-7	25	79	14125
		1718	15	97	12442
		2	8	87	1709
		11	8	83	1006
		21	28	84	20306
		17	74	83	17508
		23	87	17508	
		23-74	87	15447	
		29	77-81	87	15447
		15	87-15	85	16627
		4	1109	80	14666

**Comparable Retail Land Data 5**

**Project:** Corporate Office/Showroom Site

**Location:** West side of Centre City Parkway and south of Brotherton Road, Escondido

**Assessor's Parcel No.:** 238-130-35, 36      **Thomas Bros.  
Map Code:** 1130-A-6

**Size:** 1.44 acres

**Zoning:** CG, Escondido

**Utilities:** All available

**Date of Sale:** December 26, 2002      **Document No.:** 1184788

**Sale Price:** \$706,000

**Price/Sq.Ft.:** \$11.26

**Terms:** \$491,000 (70%) cash downpayment; first deed of trust with Seller of \$215,000 for undisclosed terms.

**Cash Equivalent Price:** \$706,000

**Buyer:** Jon T. Benke

**Seller:** Gary Wooden

**Source:** Jefferson Jallo, CoStar Realty Information

**Comments:** The buyer plans to develop one parcel to use as a 7,0000 square foot corporate office and showroom for kitchen and bath remodeling. The second parcel will be developed into a strip center for additional income.





**Comparable Retail Land Data 6**

**Project:** Office Building Site

**Location:** 1784 South Escondido Boulevard, Escondido

**Assessor's Parcel No.:** 236-260-05 **Thomas Bros.  
Map Code:** 1130-A-5

**Size:** 0.60 acres

**Zoning:** CG, Escondido

**Utilities:** All available

**Date of Sale:** November 14, 2002 **Document No.:** 1020586

**Sale Price:** \$285,000

**Price/Sq.Ft.:** \$10.90

**Terms:** All cash

**Cash  
Equivalent Price:** \$285,000

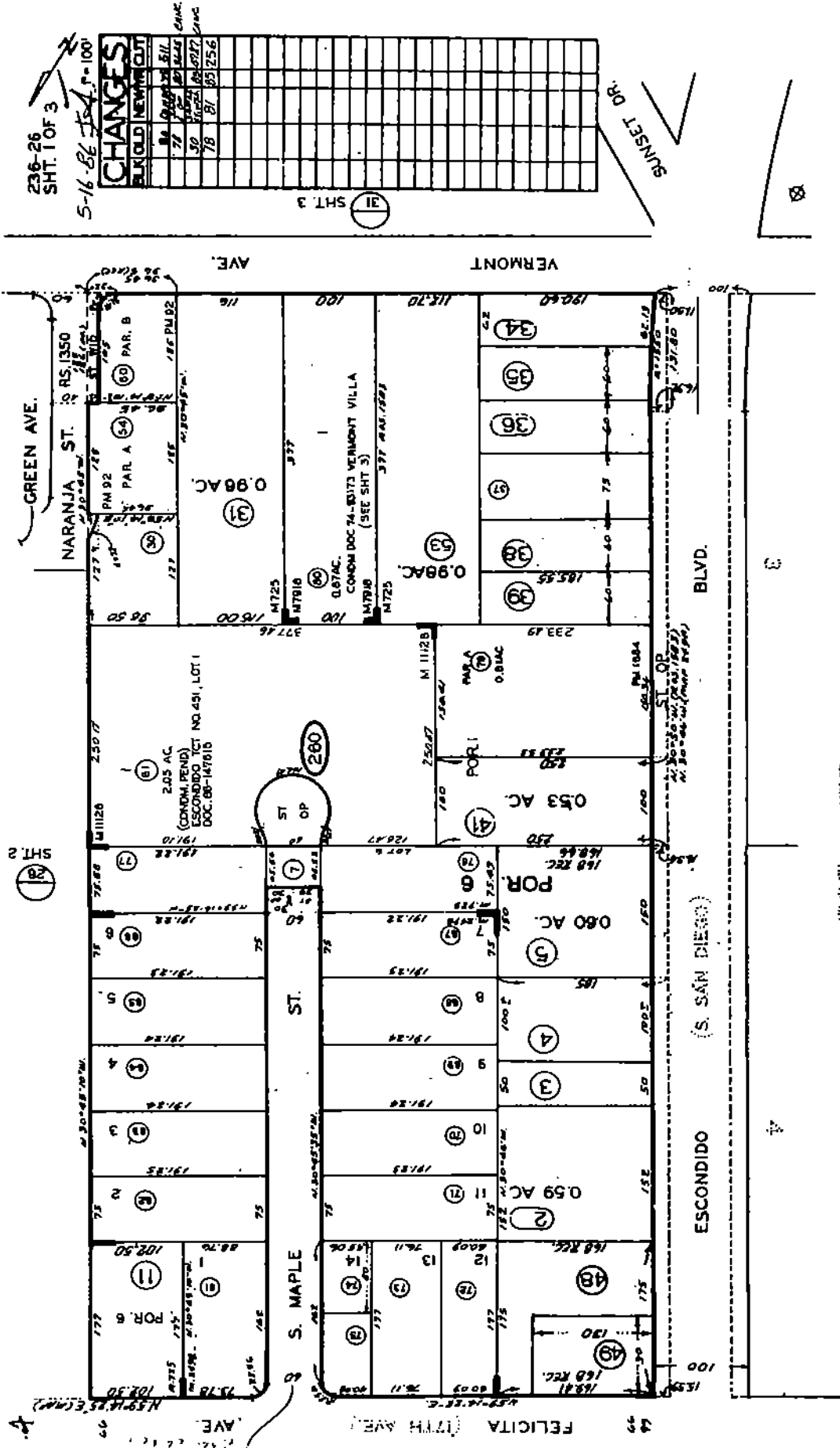
**Buyer:** Saul G. and Victoria B. Mendoza

**Seller:** Alan R. and Elsie M. Winkler Trustees

**Source:** Ray Suttles, Hanson Commercial Real Estate, broker

**Comments:** The buyer intends to construct an office building.

# Assessor's Map



MAP 11128 - ESCONDIDO TCT. NO. 451 (CONDOM)  
 MAP 7918 - ESCONDIDO TCT. NO. 229  
 MAP 2498 - CRESTVIEW - LOTS 1-14  
 MAP 7251 3491 - RHO RINCON DEL DIABLO RESURVEY SHT C  
 POR BLK 253  
 SOS 1583.2789

SHT 1  
 25

BLK 252

(4)

**Comparable Retail Land Data 7**

**Project:** Fast Food Restaurant Site

**Location:** Northwest corner of Canyon Drive and Mission Avenue, Oceanside

**Assessor's Parcel No.:** 145-180-12 (portion) **Thomas Bros.  
Map Code:** 1086-C-6

**Size:** 3.35 acres

**Zoning:** C, Oceanside

**Utilities:** All available

**Date of Sale:** September 17, 2002 **Document No.:** 792371

**Sale Price:** \$1,499,000

**Price/Sq.Ft.:** \$10.27

**Terms:** \$600,000 (40%) cash downpayment; first trust deed with South Bay Exchange Corporation in the amount of \$899,000 for undisclosed terms

**Cash Equivalent Price:** \$1,499,000

**Buyer:** H&S Brothers Enterprises, LLC

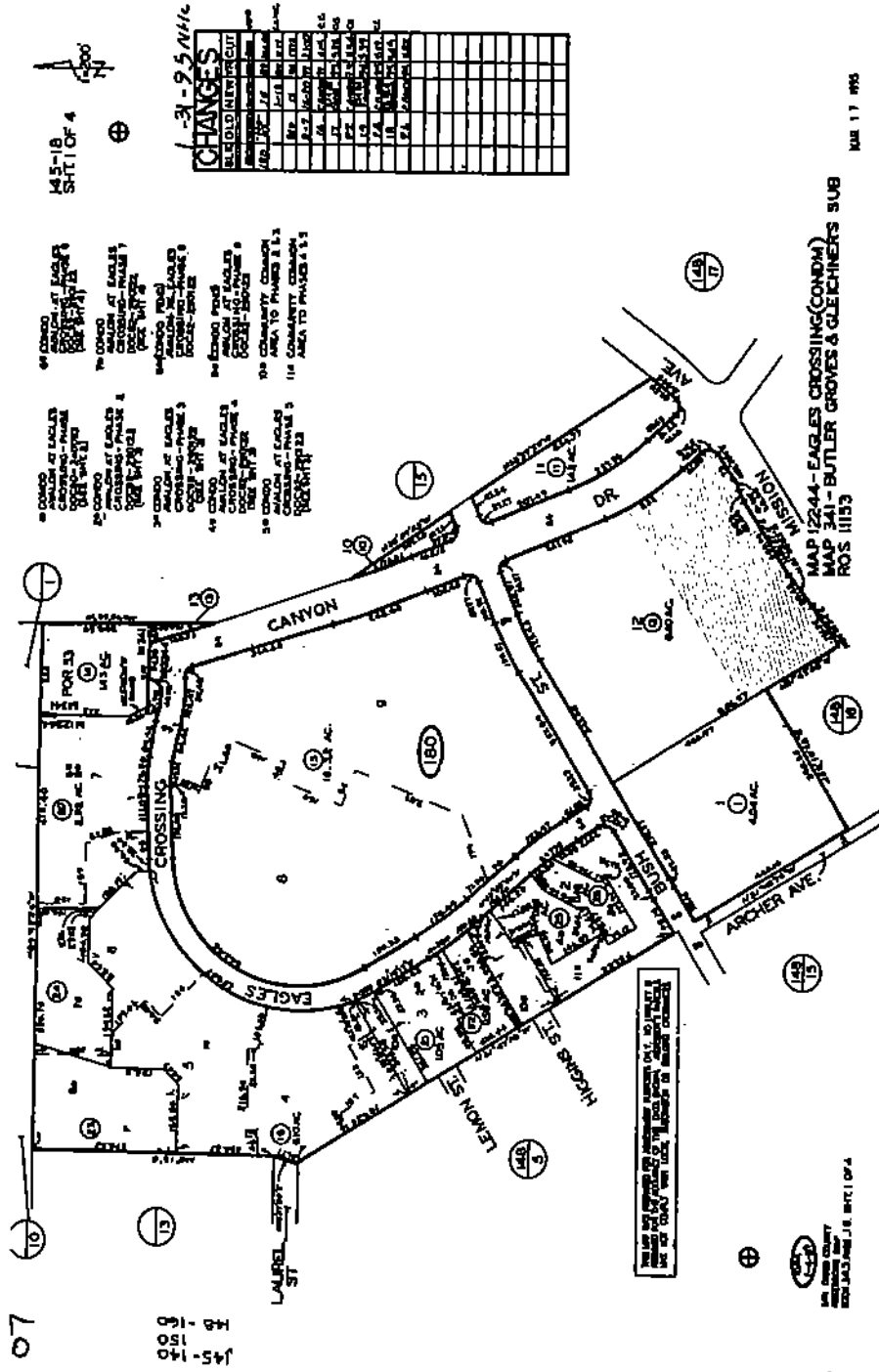
**Seller:** NA Properties, Inc.

**Source:** Steve Warfield, BRE/NAI, broker

**Comments:** The broker reports that the intended use is to develop a fast food restaurant with drive thru.

The broker reports that there was a long escrow due to zone change which was entitled in March, 2002, and site plan approval which occurred in May, 2002.

# Assessor's Map

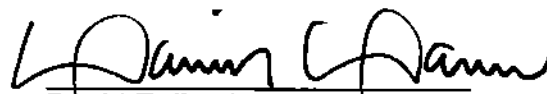


# **EXHIBIT P**

## CERTIFICATION

I certify that, to the best of my knowledge and belief...

- 1) The statements of fact contained in this report are true and correct.
- 2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions.
- 3) I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- 4) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6) My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 7) My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professions Ethics and the Uniform Standards of Professional Appraisal Practice.
- 8) I have made a personal inspection of the property that is the subject of this report.
- 9) No one provided significant real property appraisal assistance to the person signing this certification.
- 10) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 11) As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.
- 12) I do not authorize any out-of-context quotations or partial reprintings, or the resale of this appraisal report to third parties. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of media or public communication without the prior written consent of the appraiser.
- 13) The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

  
David F. Davis, MAI  
State Certificate #AG002752

# **EXHIBIT Q**



## QUALIFICATIONS

**DAVID F. DAVIS, MAI**

### **APPRAISAL EXPERIENCE**

- 02/86 - Present Independent Real Estate Appraiser and Consultant. President, D.F. Davis Real Estate, Inc., specializing in appraisals of proposed construction and development projects.
- 06/84 - 01/86 Vice President, Diversified Equity Investments, Inc., a real estate development firm. Specialized in acquisitions, construction, leasing and property management.
- 06/83 - 05/84 Appraisal Officer, Wells Fargo Real Estate Industries Group. Specialized in major proposed commercial and residential projects.
- 10/77 - 05/83 Union Bank - Appraisal Officer. Similar experience to Wells Fargo.
- 05/76 - 10/77 F.M. Tarbell Company, residential real estate sales.

### **EDUCATION**

San Diego State University, B.S. Degree in Business Administration with an emphasis in Real Estate, 1977.

Society of Real Estate Appraisers and Appraisal Institute - Courses and Seminars:

- Course 101 Principles of Residential Appraisal, 1978  
Course 201 Principles of Income Property Appraisal, 1978  
Seminar Cash Equivalency Analysis, 1981  
Course 202 Applied Income Property Valuation, 1982

American Institute of Real Estate Appraisers - Courses and Seminars:

- Course 2-1 Case Studies in Real Estate Valuation, 1981  
Course 2-2 Real Estate Analysis and Report Writing, 1981  
Course 2-3 Standards of Professional Practice, 1982  
Course 004 Litigation Valuation, 1982  
Seminar Financial Calculator HP 38E/12C, 1983  
Seminar Subdivision Analysis, 1985  
Seminar FHLBB R41b Requirements, 1986  
Course 004 Litigation Valuation, 1987  
Course 007 Industrial Valuation, 1987  
Seminar Standards of Professional Practice Update, 1988  
Seminar Discounted Cash Flow Analysis, 1988  
Course 8-2 Residential Valuation, 1990  
Course 410/420 Standards of Professional Practice, 1990  
Course 310 Basic Income Capitalization, 1993  
Course 410/420 Standards of Professional Practice Parts A and B, 1993  
Seminar Understanding Limited Appraisals and Appraisal Reporting Options - General, 1994  
Seminar Fair Lending and the Appraiser, 1994  
Seminar How to Verify Market Data, 1994

**Qualifications of David F. Davis, MAI (Continued)**

Seminar	Marketing Your Appraisal Services Effectively, 1995
Seminar	Federal and State Laws and Regulations Workshop, 1995
Seminar	Market Analysis from the Buyer's Viewpoint, 1996
Seminar	Attorneys, Appraisers and Real Estate, 1996
Seminar	Apartment Seminar Update, 1997
Seminar	An Overview of the FHA HUD 203(k) Program, 1997
Seminar	Property Profile of Operating Expense, 1997
Course 430	Standards of Professional Practice, Part C, 1998
Course 667	Valuation of Detrimental Conditions in Real Estate, 1998
Seminar	Operating Expense, 1999
Seminar	Applying Economic Forecast - Update, 2000 and 2001

Numerous other courses and seminars

**PROFESSIONAL**

**MAI Designation:** Appraisal Institute, formerly the American Institute of Real Estate Appraisers, Certificate No. 6892 (since 1984)

**State Certification:** California Certified General Real Estate Appraiser - State of California - Certificate No. AG002752, expires August 14, 2004

**Admissions Committee:** American Institute of Real Estate Appraisers 1985-87; Vice Chairman, 1988; Chairman, 1989 and 1990; Appraisal Institute since 1991, Admissions Coordinator, General Appraisal category, 1991

**Appraisal Institute  
San Diego Chapter:**

1991	Director
1992	Treasurer and Member, Board of Directors
1993	Secretary and Member, Board of Directors
1994	Second Vice President and Member, Board of Directors
1995	First Vice President and Member, Board of Directors
1996	President and Member, Board of Directors
1997	Past President and Member, Board of Directors
2001	Member, Board of Directors

**San Diego Board  
of Realtors:** Affiliate member 1984-1989, Realtor member since 1989

**Real Estate Broker:** Licensed in the State of California since 1978 (held salesman licence 1976-1977)

**Expert Witness:** San Diego Superior and Municipal Courts and U.S. Bankruptcy Court (San Diego and Orange County)

**Advisory Committee:** Member, University of San Diego Real Estate Institute Commercial Real Estate Advisory Committee since 2001

## APPENDIX C

### SUPPLEMENTAL INFORMATION CONCERNING THE CITY OF SAN DIEGO

*The information set forth herein is included to provide certain economic and demographic data regarding the City. The Bonds are not general or special obligations of the City and are not payable from any funds of the City. See "SOURCES OF PAYMENT FOR THE BONDS – Limited Obligations"*

*The information and expressions of opinion set forth herein have been obtained from sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness. Statements contained herein which involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale thereafter of the securities offered hereby shall under any circumstances create any implication that there has been no change in the affairs of the City or in any other information contained herein since the date of the Official Statement.*

### PENDING INVESTIGATIONS REGARDING PRIOR BOND ISSUES OF THE CITY

On February 13, 2004, the City was notified by the U.S. Securities and Exchange Commission of an investigation into certain previous bond issues by the City. At the same time, the United States Attorney's office began its own investigation regarding previous bond issues by the City. The City intends to fully cooperate with both investigations. To the best knowledge of the City and the District, these investigations do not involve matters directly related to the Bonds or the 2000 Bonds.

### INTRODUCTION

With a total population of approximately 1.3 million in 2003, and a land area of approximately 330 square miles, the City of San Diego (the "City") is the seventh largest city in the nation and the second largest city in California. The City is the county seat for the County of San Diego (the "County") and is the County's business and financial center.

Based on estimates published by the California Department of Finance in May 2003, the City's population grew by 11.4% between 1994 and 2003, with an average increase of approximately 14,544 annually. A major factor in the City's growth is its quality of life. In addition to having a favorable climate, the City offers a wide range of cultural and recreational services to both residents and visitors. With mild temperatures year round, the City's numerous beaches, parks, tennis courts, and golf courses are in constant use.

Another factor in the City's growth is its diversified economy. Recent growth has been concentrated in four major areas: high tech manufacturing and research (including electronics, telecommunications, scientific instruments, drugs, and biomedical equipment); professional services; tourism; and international trade. Historically, the City has also benefited from a stable economic foundation composed of basic manufacturing (ship building, industrial machinery, television & video equipment, and printing & publishing), public and private higher education, health services, military, and local government.

### ECONOMIC AND DEMOGRAPHIC INFORMATION

*Data contained under this caption is intended to portray economic, demographic, and business trends within the City. While not constituting direct revenue sources as such, these trends help explain changes in revenue sources such as property taxes, sales taxes, and transient occupancy taxes, which could be affected by changes in economic conditions.*

## Population

As set forth in Table 1 below, between January 1, 1994, and January 1, 2003, the City's population has increased by 130,900 (or by approximately 14,544 new residents annually during this period).

**Table 1**  
**POPULATION GROWTH**  
*Calendar Years 1994 through 2003*

<i>Calendar Year<sup>(1)</sup></i>	<i>City of San Diego</i>	<i>Annual Growth Rate</i>	<i>County of San Diego</i>	<i>Annual Growth Rate</i>	<i>State of California</i>	<i>Annual Growth Rate</i>
1994	1,144,200	0.0%	2,604,400	0.4%	31,418,000	0.9%
1995	1,145,400	0.1%	2,613,100	0.3%	31,617,000	0.6%
1996	1,146,900	0.1%	2,621,100	0.3%	31,837,000	0.7%
1997	1,159,100	1.1%	2,653,400	1.2%	32,207,000	1.2%
1998	1,176,900	1.5%	2,702,800	1.9%	32,657,000	1.4%
1999	1,200,800	2.0%	2,751,000	1.8%	33,140,000	1.5%
2000	1,221,200	1.7%	2,805,900	2.0%	33,753,000	1.8%
2001	1,238,500	1.4%	2,856,000	1.8%	34,367,000	1.8%
2002	1,251,700	1.1%	2,908,500	1.8%	35,000,000	1.8%
2003	1,275,100	1.9%	2,961,600	1.8%	35,591,000	1.7%

<sup>(1)</sup> As of January 1 of the calendar year.  
Source: State of California, Department of Finance

## Employment Summary

As seen in Table 2, the City's unemployment rate for calendar year 2002 averaged 4.4%, up from a rate of 3.3% during calendar year 2001. The City's 2002 unemployment rate was below both the national rate of 5.8% and the State's rate of 6.7%. During 2002, average employment in the City was up by approximately 10,710 from 2001 levels. Preliminary data for December 2003, the latest available data, indicates that the City's unemployment rate was 3.7%, which continues to be lower than both the national rate of 5.4% and the State's rate of 6.1% for the same period.

**Table 2**  
**ESTIMATED AVERAGE ANNUAL EMPLOYMENT AND UNEMPLOYMENT OF CITY OF SAN DIEGO RESIDENT LABOR FORCE**  
*Calendar Years 1998 through 2002*

	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2000</i>	<i>2002<sup>(1)</sup></i>
<b>Civilian Labor Force</b>					
City of San Diego					
Employed	584,100	604,700	623,200	633,620	644,330
Unemployed	21,700	19,600	19,600	21,620	29,410
<b>Unemployment Rates</b>					
City	3.6%	3.1%	3.1%	3.3%	4.4%
County	3.5%	3.1%	3.0%	3.2%	4.3%
California	5.9%	5.2%	4.9%	5.3%	6.7%
United States	4.5%	4.2%	4.0%	4.8%	5.8%

<sup>(1)</sup> Subject to future revision.  
Source: State of California Employment Development Department, Labor Market Information Division; and the U.S. Department of Labor, Bureau of Labor Statistics.

Table 3 provides the California Employment Development Department's estimates of total annual civilian nonagricultural wage and salary employment by number of employees in each major industry in the County from calendar years 1998 through 2002. Annual employment information is not regularly compiled by sector for the City alone. In prior years, industry data from Labor Market Information Division programs were classified using the Standard Industrial Classification (SIC). This method has now been replaced by the new North American Industry Classification System (NAICS). The table below reflects figures classified under the new system. As shown, total nonagricultural wage and salary employment in the County increased by 123,000 new jobs during this period. During calendar year 2002, employment in San Diego County increased by 10,100 new jobs over the prior year.

**Table 3**  
**SAN DIEGO COUNTY**  
**WAGE AND SALARY EMPLOYMENT**  
*Calendar Years 1998 through 2002*

<i>INDUSTRY CATEGORY</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002<sup>(1)</sup></i>
Natural Resources & Mining	300	300	300	300	300
Construction	60,200	67,000	69,700	75,100	76,000
Manufacturing	124,000	122,900	122,600	119,000	112,200
Nondurable Goods	30,400	30,500	30,400	29,800	27,800
Durable Goods	93,600	92,400	92,200	89,300	84,500
Transportation & Utilities	28,600	29,200	29,800	32,000	30,700
Trade	159,400	165,000	172,900	177,100	178,800
Wholesale	34,700	36,800	39,100	41,500	41,300
Retail	124,700	128,200	133,800	135,600	137,500
Financial Activities <sup>(2)</sup>	66,000	70,400	71,200	72,000	73,800
Services <sup>(3)</sup>	472,600	498,700	520,900	529,300	535,700
Government	194,500	199,300	206,600	213,800	221,000
Federal	43,300	42,500	42,100	40,200	39,900
State and Local	<u>151,200</u>	<u>156,800</u>	<u>164,600</u>	<u>173,600</u>	<u>181,100</u>
TOTAL NONAGRICULTURAL <sup>(4)</sup>	<u>1,105,500</u>	<u>1,152,900</u>	<u>1,193,800</u>	<u>1,218,400</u>	<u>1,228,500</u>

<sup>(1)</sup> Subject to future revision.

<sup>(2)</sup> Includes finance, insurance, and real estate.

<sup>(3)</sup> Includes professional and business, information, educational and health, leisure and hospitality, and other services.

<sup>(4)</sup> Figures may not add to total due to independent rounding.

Source: State of California Employment Development Department.

During calendar year 2002, while the manufacturing sector experienced a decline (-6,800), there was a significant employment growth in the Government sector (+7,200) and the services sector (+6,400). The increase in the Government sector, which accounted for 18% of the total nonagricultural wage and salary employment in the County in 2002, occurred in State and local government agencies. Almost all of the increase in State and local government agencies is due to gains in public education and the Other Local Government category, which includes Special Districts and Indian Tribal Governments. Preliminary estimates of the total nonagricultural wage and salary employment for the County for December 2003 reflect a slight increase (0.06%) over December 2002.

### **Taxable Sales**

Taxable transactions at retail and other outlets in the City for calendar year 2002, the most recent data available from the California State Board of Equalization, totaled \$16.6 billion, up 1.6% from the calendar year 2001 and up 24.9% from calendar year 1998. Table 4 provides annual sales information by type of outlet for calendar years 1998 through 2002.

**Table 4**  
**CITY OF SAN DIEGO**  
**TAXABLE TRANSACTIONS**  
*Calendar Years 1998 through 2002*  
*(in thousands)*

	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002<sup>(1)</sup></i>
<b>RETAIL STORES</b>					
Apparel	\$ 530,734	\$ 542,041	\$ 588,012	\$ 616,146	\$ 681,338
General Merchandise	1,436,535	1,597,102	1,794,468	1,861,711	1,926,369
Food	582,183	622,909	662,346	673,384	690,819
Eating and Drinking	1,496,032	1,603,968	1,772,507	1,851,340	1,931,214
Home Furnishings and Appliances	469,158	546,746	619,383	684,858	664,607
Building Materials and Farm Implements	716,231	809,022	944,386	1,093,716	1,160,915
Auto Dealers & Supplies	1,331,411	1,519,137	1,745,186	1,868,692	2,033,999
Service Stations	614,156	742,143	977,675	966,913	959,059
Other	<u>1,790,441</u>	<u>1,948,871</u>	<u>2,173,098</u>	<u>2,114,389</u>	<u>2,085,876</u>
Total Retail Stores	\$ 8,966,881	\$ 9,931,939	\$ 11,277,061	\$ 11,731,149	\$ 12,134,196
All Other Outlets	<u>\$ 4,343,598</u>	<u>\$ 4,563,715</u>	<u>\$ 4,822,132</u>	<u>\$ 4,640,363</u>	<u>\$ 4,491,659</u>
<b>TOTAL ALL OUTLETS</b>	<u>\$ 13,310,479</u>	<u>\$ 14,495,654</u>	<u>\$ 16,099,193</u>	<u>\$ 16,371,512</u>	<u>\$ 16,625,855</u>

<sup>(1)</sup> Data for calendar year 2002 were calculated by adding quarterly reports published by the California State Board of Equalization, and may be subject to future revision.

Source: California State Board of Equalization.

### **Tourism**

Based on year-end data for 2003 from Smith Travel Research (“Smith Travel”), San Diego outperformed most major markets, ranking third highest among the top 25 hotel markets in terms of average occupancy rate during 2003 and fifth highest in terms of average daily room rate.

According to the San Diego Chamber of Commerce, the visitor industry is the County’s third largest industry in terms of income generation, behind manufacturing and the military. As shown in Table 5, visitor spending in the County totaled \$5.04 billion in 2002, up 7.2% from 1998 but down 1.6% from 2001. The San Diego Convention and Visitor’s Bureau also reported that there were 7.5 million passenger arrivals at Lindbergh Field in 2002, down by approximately 1.5% from 2001. However, for the eleven months ended November 30, 2003, visitor spending totaled \$4.9 billion, a 5.3% increase from the same period in calendar year 2002, and the number of passenger arrivals totaled approximately 7.0 million, a 1.9% increase from the same period in calendar year 2002. Both visitor numbers and spending include effects of the Super Bowl XXXVII in January 2003.

**Table 5**  
**SAN DIEGO COUNTY**  
**TOTAL VISITOR SPENDING<sup>(1)</sup>**  
*Calendar Years 1998 through 2002*  
*(in billions)*

<i>Calendar Year</i>	<i>Amount</i>
1998	\$4.70
1999	\$4.88
2000	\$5.23
2001	\$5.12
2002	\$5.04

<sup>(1)</sup> Visitor spending is an estimate of total direct and indirect visitor expenditures as derived from the Visitor Activity Model/Visitor Profile Study prepared by CIC Research, Inc. for the San Diego Convention and Visitors Bureau.  
Source: San Diego Convention and Visitors Bureau.

The City is the focal point for tourism in the County. The San Diego Convention Center (the “Convention Center”), approximately 70% of the County’s hotel and motel rooms, and most of the County’s major tourist attractions, including the world-renowned San Diego Zoo, the San Diego Wild Animal Park, and Sea World, are located in the City. Other attractions located in the City include the Cabrillo National Monument on Point Loma, the historic Gaslamp Quarter in the downtown area, the Old Town State Park, and Balboa Park – home to the San Diego Zoo and a host of other cultural and recreational activities.

In addition to the many permanent attractions available to visitors, the City has also been host to a number of major events. The City annually hosts the Buick Invitational, a Professional Golfers’ Association Tour Event played at the Torrey Pines Golf Course, a world-renowned golf course, owned and operated by the City of San Diego. In addition, since 1978, the City has annually hosted the Holiday Bowl, a post season contest of elite college football teams.

The City also hosted the America’s Cup in 1992 and 1995, the Super Bowl and World Series in 1998, and more recently the Super Bowl in 2003. In addition, the City was the site for the Republican National Convention held in August 1996. The Torrey Pines’ South Course is scheduled to play host to the United States Open Golf Tournament in 2008.

In September 2001, the expansion of the City’s Convention Center was completed, doubling the size of the existing facility to 2.6 million total gross square feet. According to the San Diego Convention Center Corporation, in Fiscal Year 2003 the Convention Center generated approximately \$996.1 million in total regional economic impact (direct and indirect spending).

**Military**

Military and related defense spending is the second most important component of the San Diego economy, with only manufacturing making a larger contribution to San Diego County’s Gross Regional Product. Prior to 1990, San Diego’s civilian defense contractors were primarily concentrated in aerospace manufacturing. During the 1990’s, the focus of local defense contracting shifted from aerospace manufacturing to research and development, with shipbuilding and repair remaining an important component. This transformation received additional impetus with the relocation of the Space and Naval Warfare Systems Command (SPAWAR) to San Diego from Virginia, in 1997. SPAWAR is responsible for administering contracts to meet the Navy’s continuing need for state-of-the-art command and communications systems.

According to the San Diego Chamber of Commerce, defense related expenditures (active duty payroll and retirement benefits, base expenditures, and defense contracts) in the County during the federal Fiscal Year

ended September 30, 2002, totaled approximately \$13.6 billion, up 30.1% from \$10.0 billion in 2001. With a total active duty military and civilian payroll of \$4.3 billion in the federal Fiscal Year 2002, San Diego continued to lead all counties in the nation in terms of combined military and civilian payrolls. In addition to active duty and civilian payroll, retirement benefits totaled approximately \$1.1 billion. Total defense contracts awarded to County-based businesses totaled \$6.9 billion during the federal Fiscal Year 2002, of which \$5.4 billion were awarded to procurement contracts and another \$1.5 billion to various classified contracts and subcontracts of less than \$1,000 each. According to the San Diego Chamber of Commerce estimate of June 1, 2002, active duty military personnel in the County totaled 104,734 and the civilian employment totaled 23,515.

**International Trade**

The value of exports presented in the table below is from RAND California, Merchandise Exports from U.S. Customs District series. In prior years, exports were reported based on Metropolitan Areas as reported by the International Trade Administration. The Customs District classification has been adopted because of the availability of more current data. Export values reflect exports of merchandise grown, produced, or manufactured in the U.S. as well as re-exports of foreign merchandise. The total value of exports from San Diego Customs District grew approximately 32% in the five-year period from 1998 to 2002. While there was a slight decline in annual exports from 2000 to 2001, an increase was experienced in calendar year 2002, with the value of exports totaling approximately \$12.9 billion, up 4.9% from calendar year 2001. Year-to-date data as of September 2003 shows that the value of exports totaled approximately \$9.4 billion, a 2.7% drop from the same period in 2002.

**Table 6**  
**VALUATION OF EXPORTS**  
**ORIGINATING IN SAN DIEGO**  
*Calendar Years 1998 through 2002*  
*(in billions)*

<i>Calendar Year</i>	<i>Amount</i>
1998	\$ 9.8
1999	\$ 10.8
2000	\$ 12.7
2001	\$ 12.3
2002	\$ 12.9

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Source: RAND California, Business and Economic Statistics.

**Major Employers**

The City is host to a diverse mix of major employers representing industries ranging from education and health services, to diversified manufacturing, financial services, retail trade and amusement and recreation. Table 7 lists the City’s major employers. The list is compiled from information gathered by the City of San Diego. All of the businesses listed in the table have their main offices in the City, with many having branch offices and/or production facilities in other areas of the County. Accordingly, not all employees of these businesses work within the City. The City makes no representation that the level of employment by these employers will continue or that such employer will be unaffected by economic downturns.



**Table 7**  
**CITY OF SAN DIEGO**  
**MAJOR EMPLOYERS<sup>(1)</sup>**  
*As of January 2003*

<i>Employer</i>	<i>Product/Service</i>
<b>10,000 or More Employees:</b>	
San Diego Unified School District	Education
Sharp Health Care	Health Care
University of California, San Diego	Higher Education
<b>5,000 - 9,999 Employees:</b>	
Jack in the Box	Restaurant
Kaiser Permanente	Health Care
Qualcomm	Wireless Communications
San Diego Community College District	Higher Education
Scripps Health	Health Care
SBC/Pacific Bell	Utility
<b>3,000 - 4,999 Employees:</b>	
Children's Hospital and Health Care	Health Care
Kyocera	Wireless Communications
Manpower Temporary Services	Employment Services
National Steel & Shipbuilding Company	Shipbuilding, Repair
San Diego State University	Higher Education
Science Applications International Corporation	Research and Development
Seaworld of California	Entertainment
Sempra Energy	Utility
Sony Technology Center	Electronics
UCSD Health Care	Health Care
United Parcel Service	Delivery Service
University of San Diego	Higher Education
<b>2,000 – 2,999 Employees:</b>	
Cox Communications	Communications
Grossmont-Cuyamaca Community College	Higher Education
Hewlett Packard Company	Electronic Instruments
Nordstrom	Department Store
Palomar Pomerado Health System	Health Care
Scripps Research Institute	Biomedical Research
Solar Turbines	Gas Turbine Manufacturing
Zoological Society of San Diego	Entertainment

<sup>(1)</sup> Does not include various major public employers, including the City, the County, the State, and the Federal Government with a combined total County employment of 221,000 as of January 2003.

Source: City of San Diego.

### **Effective Buying Income**

Table 8 shows the per capita Effective Buying Income (EBI) for the City, the County, the State, and the United States for calendar years 1998 through 2002.

**Table 8**  
**PER CAPITA EFFECTIVE BUYING INCOME<sup>(1)</sup>**  
*Calendar Years 1998 through 2002*

<i>Calendar Year</i>	<i>City of San Diego</i>	<i>County of San Diego</i>	<i>State of California</i>	<i>United States</i>
1998	\$16,291	\$16,101	\$16,299	\$16,895
1999	\$17,443	\$17,270	\$17,245	\$17,691
2000	\$19,238	\$19,498	\$19,081	\$18,426
2001	\$19,723	\$19,092	\$18,652	\$18,491
2002	\$19,077	\$18,524	\$18,236	\$18,375

<sup>(1)</sup> Effective Buying Income is defined as the aggregate of wages, salaries, interest earnings, and all forms of public assistance income (such as Social Security and unemployment compensation) less personal tax payments, contributions to Social Security, and the value of income “in kind” from food stamps, public housing subsidies, medical care etc. Effective Buying Income is a proxy for “disposable” or “after-tax” income.

Source: Sales & Marketing Management Magazine “Survey of Buying Power”.

### **Building Permits**

Table 9 provides a summary of the building permit valuations, and the number of new dwelling units authorized in the City, for Fiscal Years 1999 through 2003. The valuation of non-residential permits includes both private, commercial construction and publicly funded, non-tax generating projects. The total valuation building permits in the City have grown by approximately 16% in the past 5 year period ended June 30, 2003. While data for Fiscal Year 2003, the latest data available, reflects a 9% drop in the valuation of building permits from Fiscal Year 2002, the decline was entirely due to a 40% drop in the valuation of non-residential building permits. The valuation of residential building permits continued to show a strong growth, with a 12% rise in the same period.

**Table 9**  
**CITY OF SAN DIEGO**  
**BUILDING PERMIT VALUATIONS**  
**AND NUMBER OF DWELLING UNITS**  
*Fiscal Years Ended June 30, 1999 through 2003*

	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
<b>Valuation (in thousands)</b>					
Residential	\$ 857,747	\$ 1,185,999	\$ 1,181,385	\$ 1,244,917	\$ 1,395,286
Nonresidential	<u>783,106</u>	<u>960,479</u>	<u>693,687</u>	<u>854,831</u>	<u>511,743</u>
Total	<u>\$ 1,640,853</u>	<u>\$ 2,146,478</u>	<u>\$ 1,875,072</u>	<u>\$ 2,099,748</u>	<u>\$ 1,907,029</u>
<b>Number of New Dwelling Units:</b>					
Single Family	2,612	2,084	2,075	2,347	2,351
Multiple Family	<u>2,856</u>	<u>5,662</u>	<u>3,829</u>	<u>4,000</u>	<u>5,272</u>
Total	<u>5,468</u>	<u>7,746</u>	<u>5,904</u>	<u>6,347</u>	<u>7,623</u>

Source: City of San Diego, Planning and Development Review Department.

### **Business Development Program**

The City actively supports economic development and job creation activities. A key element of these activities is the Business Expansion and Retention Program (BEAR Program), a proactive effort on the part of the City to work directly with businesses to retain local firms and help them expand their investment and job

growth. This program was created in 1995 by integrating the City's existing business development activities to provide centralized coordination and data management, and to expand operational relationships with partnership agencies such as the San Diego Regional Economic Development Corporation, Semptra Energy, the San Diego Science and Technology Commission, and the San Diego Workforce Partnership. BEAR Program components include business incentives, targeted assistance, and sales and use tax rebates through the Business Cooperation Program, Business Outreach Program, and Business Finance Program.

A further element of the City's overall business development effort has focused on streamlining the permitting process and, when feasible, eliminating or reducing fees and permits. A major component of this streamlining effort has been to reduce development permit processing time by one-half.

The City also operates the Office of Small Business, which provides a broad range of assistance programs for the many small businesses in the City. In 1995, the City Council reduced the annual Business License Tax for all businesses with 12 or fewer employees to a flat fee of \$34 per business with no per employee charge. The City charges an annual fee of \$125 plus \$5 per employee for businesses with 13 or more employees.

## **Transportation**

San Diego has a well-developed highway system. Access in and out of the region is provided by five major freeways running north and south and three freeways running east and west. Another major east-west connector, Route 56, is under construction; it is expected to be completed and open to traffic by summer 2004.

Public transportation through the City and surrounding communities is provided by the San Diego Metropolitan Transit Development Board ("MTDB"). A new State law (SB 1703) that became effective January 1, 2003, initiated the formation of a consolidated transportation agency under which certain functions of existing transportation agencies serving the region (the San Diego Association of Governments ("SANDAG"), the San Diego MTDB, and the North San Diego County Transit Board) would be combined.

The San Diego Trolley, Inc. operates a fleet of electric trolleys that provides transportation for commuters and tourists from downtown San Diego to San Ysidro (adjacent to Tijuana), and from downtown San Diego to the southern part of the County and East County. The East Line extension to Santee was completed in 1996. This 3.6-mile extension connects the cities of El Cajon and Santee. The trolley also provides service from downtown San Diego to the waterfront area, including the Convention Center. An extension providing additional service from downtown to the historical Old Town section of the City was completed in 1996. In addition, the Mission Valley extension, which connects Old Town with Qualcomm Stadium and the Mission Valley shopping area, ending at the Mission San Diego, opened in 1997.

Construction is in progress on the 6-mile Mission Valley East Trolley Extension. The project, scheduled for completion in 2004, will extend east from Qualcomm Stadium connecting Mission Valley with San Diego State University, La Mesa, and East County. The extension will include four new trolley stops, including a subterranean station at San Diego State University. The project is estimated to cost approximately \$435 million, including \$330 million in appropriations from the federal government. In May 2003, the project received an additional \$63.9 million grant from the U.S. Department of Transportation.

A 43-mile Coaster Commuter rail line from Oceanside to downtown San Diego came into service in 1995. This line links the communities along the coast from Oceanside to Del Mar with downtown San Diego and is operated by North County Transit District.

Recently, MTDB granted the rights to operate an east-west rail line to the Carrizo Gorge Railway. It is anticipated that the line, which will connect San Diego and northern Baja California with the rest of Mexico and the United States, will open and begin shipping freight in calendar year 2003. This additional rail line will

complement already existing rail service coming into San Diego County from the north and reduce shipping rates and times for companies moving products between San Diego, Mexico, and the Southwest.

In November 1987, voters approved Proposition A which, authorized a one-half cent increase to the local sales tax to fund transportation improvements for the San Diego region. The City's budget for Fiscal Year 2004 included \$27.7 million in Proposition A funds. The one-half cent increase to the local sales tax, authorized by Proposition A, is scheduled to expire in 2008.

In June 1990, voters approved State Propositions 108, 111, and 116 which, increased the State gas tax and authorized the sale of rail bonds. The revenues generated from these measures are to be used to implement a comprehensive Statewide transportation funding program. The City's budget for Fiscal Year 2004 included \$23.1 million in Proposition 111 funds. Revenues from this source supplement the City's street maintenance and resurfacing program and other street related services, including traffic light and signal maintenance, median maintenance and traffic engineering to ensure efficient traffic flow.

### **Property Taxes**

The County assesses property and collects secured and unsecured property taxes for the cities, school districts, and special districts within the County, including the City. Once the property taxes are collected, the County conducts its internal reconciliation for accounting purposes and distributes the City's share of such taxes to the City, generally within a couple of weeks. Prior to distribution, the moneys are deposited in an account established on behalf of the City in the County Treasurer's Investment Pool (the "Pool"). If the County and/or the Pool were at any time to become subject to bankruptcy proceedings, it is possible that City property taxes held in the Pool, if any, could be temporarily unavailable to the City. In the event of such an occurrence, General Fund revenue requirements could be met through the use of other City funds. Ad valorem taxes are subject to constitutional limits.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the City as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing the taxes on which there is a lien on real property sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. If not paid, the property is subject to default. Such property may be redeemed by payment of the delinquent taxes and the delinquent penalty, plus a redemption penalty of 1.5% per month from July 1 of the following year to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Tax Collector.

Property taxes on the unsecured roll are due as of the March 1 lien date and become delinquent, if unpaid, on August 31 of the fiscal year. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year. The taxing authority has four ways of collecting unsecured personal property taxes: (a) a civil action against the taxpayer; (b) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (c) filing a certificate of delinquency for record in the County Recorder's Office, in order to obtain a lien on certain property of the taxpayer; and (d) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

A supplemental assessment occurs upon a change of ownership of existing property and for new construction upon completion. A supplemental tax bill is issued for the difference in property value resulting from the increase in assessed value prorated for the remainder of the year.

Effective July 1, 1988, Assembly Bill 454, Chapter 921, eliminated the reporting of the unitary valuations pertaining to public utilities such as San Diego Gas and Electric and SBC Communications, Inc. In lieu of the property tax on these previously included assessed valuations, the City now receives from the State (through the County) an amount of unitary revenue based upon the unitary property tax received in the prior year.

Table 10 presents the assessed valuation within the City for each of the last ten Fiscal Years.

**Table 10**  
**ASSESSED VALUATION<sup>(1)(2)</sup>**  
*Fiscal Years Ended June 30, 1995 through 2004*  
*(in thousands except for percentages)*

<i>Fiscal Year</i>						<i>Annual</i>
<i>Ending</i>	<i>Secured</i>	<i>Unsecured</i>		<i>Less</i>	<i>Net Assessed</i>	<i>Valuation</i>
<i>June 30</i>	<i>Property</i>	<i>Property</i>	<i>Gross Total</i>	<i>Exemptions<sup>(3)</sup></i>	<i>Valuations<sup>(4)(5)</sup></i>	<i>% Change</i>
1995	\$ 60,939,995	\$ 4,371,923	\$ 65,311,918	\$ 2,420,027	\$ 62,891,891	0.72%
1996	\$ 61,793,760	\$ 4,303,198	\$ 66,096,958	\$ 2,489,507	\$ 63,607,451	1.14%
1997	\$ 61,893,902	\$ 4,353,543	\$ 66,247,445	\$ 2,355,174	\$ 63,892,271	0.45%
1998	\$ 63,562,588	\$ 4,988,950	\$ 68,551,538	\$ 2,910,753	\$ 65,640,785	2.74%
1999	\$ 68,648,609	\$ 5,337,916	\$ 73,986,525	\$ 2,994,814	\$ 70,991,711	8.15%
2000	\$ 75,788,751	\$ 5,852,822	\$ 81,641,573	\$ 2,987,620	\$ 78,653,953	10.79%
2001	\$ 82,195,239	\$ 6,347,101	\$ 88,542,340	\$ 3,249,480	\$ 85,292,860	8.44%
2002	\$ 89,259,317	\$ 6,838,926	\$ 96,098,243	\$ 3,572,188	\$ 92,526,055	8.48%
2003	\$ 96,534,652	\$ 6,959,602	\$103,494,254	\$ 3,189,764	\$100,304,490	8.41%
2004	\$105,602,893	\$ 7,230,861	\$112,833,754	\$ 4,006,246	\$108,827,508	8.50%

<sup>(1)</sup> The official date of assessment is the first day of January preceding the Fiscal Year during which taxes are levied. For example, January 1, 2003 is the official assessment date for property taxes due during Fiscal Year 2004. The City receives preliminary estimates from the County Assessor in March and final assessment estimates in late June, or early July.

<sup>(2)</sup> Includes both locally assessed and State assessed utility property.

<sup>(3)</sup> Excludes homeowners' and business inventory exemptions.

<sup>(4)</sup> Net assessed valuation for tax rate purposes. Includes both locally assessed and State assessed utility property.

<sup>(5)</sup> The City does not participate in the Teeter Plan.

Source: City of San Diego Comprehensive Annual Financial Report, Fiscal Year 2003.

Table 11 shows the City's secured tax collections for each of the ten Fiscal Years.

**Table 11**  
**SECURED TAX LEVIES AND COLLECTIONS**  
*Fiscal Years Ended June 30, 1994 through 2003*  
*(in thousands except for percentages)*

<i>Fiscal Year Ending June 30</i>	<i>Tax Levy</i>	<i>Current Year Collections</i>	<i>Current Year Collections as Percentage of Current Tax Levy</i>	<i>Total Tax Collections</i>	<i>Total Collections as Percentage of Current Tax Levy<sup>(1)</sup></i>
1994	\$109,881	\$105,911	96.39%	\$110,738	100.78%
1995	\$109,754	\$104,295	95.03%	\$108,192	98.58%
1996	\$111,281	\$108,137	97.18%	\$110,513	99.31%
1997	\$111,719	\$108,676	97.28%	\$110,563	98.96%
1998	\$116,912	\$114,311	97.78%	\$117,429	100.44%
1999	\$127,846	\$124,267	97.20%	\$126,923	99.28%
2000	\$141,963	\$137,859	97.11%	\$140,225	98.78%
2001	\$155,060	\$150,900	97.32%	\$153,406	98.93%
2002	\$167,077	\$163,357	97.77%	\$165,446	99.02%
2003	\$181,687	\$175,943	96.84%	\$178,341	98.16%

<sup>(1)</sup> Total Collections include unpaid taxes from previous years' tax levies collected in the current Fiscal Year.  
Source: City of San Diego Comprehensive Annual Financial Report, Fiscal Year 2003.

## APPENDIX D

### SUMMARY OF INDENTURE

*The following is a summary of certain definitions and provisions of the Bond Indenture, as supplemented by the First Supplemental Bond Indenture (together, the "Indenture") which are not described elsewhere in the Official Statement. This Summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of their provisions.*

### DEFINITIONS

"Account" means any account created pursuant to the Indenture.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 *et seq.* of the California Government Code.

"Acquisition Agreement" means that certain Purchase and Financing Agreement dated as of February 8, 2000 by and among the City, Fairbanks Highlands LLC and Santaluz LLC.

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

"Administrative Expenses" means the administrative costs with respect to the calculation and collection of the Special Taxes, including all attorneys' fees and other costs related thereto, the fees and expenses of the Trustee, any fees and related costs for credit enhancement for the Bonds or any Parity Bonds which are not otherwise paid as Costs of Issuance, any costs related to the District's compliance with state and federal laws requiring continuing disclosure of information concerning the Bonds and the District, and any other costs otherwise incurred by the City staff on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District under the Indenture.

"Administrative Expenses Cap" means \$75,000 per Bond Year, increased on July 1 of each year, commencing July 1, 2001, through July 1, 2011 by two percent (2%) of the amount in effect for the prior Fiscal Year.

"Affiliates" means (1) a Person whose relationship with the Developer would result in a disallowance of losses under Section 267 or 707(b) of the Code, (2) a Person who together with the Developer are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein), (3) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or (4) an S Corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Developer would result in a disallowance of losses under Section 267 or 707(b) of the Code.

"Alternate Penalty Account" means the account by that name created and established in the Rebate Fund pursuant to the Indenture.

"Annual Debt Service" means the principal amount of any Outstanding Bonds or Parity Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding Bonds or Parity Bonds in such Bond Year, if the Bonds and any Parity Bonds are retired as scheduled.

“Appraisal” means the appraisal of the taxable property in Improvement Area No. 1 dated September 1, 2003 delivered in connection with the initial sale and issuance of the Bonds.

“Authorized Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(1) (A) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”); (B) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America; (C) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America; or (D) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

(2) Federal Housing Administration debentures.

(3) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)  
Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)  
Senior Debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)  
Consolidated system-wide bonds and notes
- Federal Home Loan Banks (FHL Banks)  
Consolidated debt obligations
- Federal National Mortgage Association (FNMA)  
Senior debt obligations  
Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
- Student Loan Marketing Association (SLMA)  
Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)
- Financing Corporation (FICO)  
Debt obligations
- Resolution Funding Corporation (REFCORP)  
Debt obligations

(4) Unsecured certificates of deposit, time deposits, and bankers’ acceptances (having maturities of not more than 30 days) of any bank (including the Trustee and any affiliate) the short-term obligations of which are rated “A-1” or better by Standard & Poor’s.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks (including the Trustee and any affiliate) which have capital and surplus of at least \$5 million.



(6) Commercial paper (having original maturities of not more than 270 days rated “A-1+” by Standard & Poor’s and “Prime-1” by Moody’s.

(7) Money market funds rated “AAM” or “AAm-G” by Standard & Poor’s, or better (including those of the Trustee or its affiliates).

(8) “State Obligations,” which means:

(A) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated “A3” by Moody’s and “A” by Standard & Poor’s, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(B) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated “A-1+” by Standard & Poor’s and “Prime-1” by Moody’s.

(C) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated “AA” or better by Standard & Poor’s and “Aa” or better by Moody’s.

(9) Pre-refunded municipal obligations rated “AAA” by S & P and “Aaa” by Moody’s meeting the following requirements:

(A) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(B) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(C) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

(D) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(E) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(F) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(10) Repurchase agreements:

(A) With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A” by Standard & Poor’s and Moody’s; or (2) any broker-dealer

with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A” by Standard & Poor’s and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated “A” or better by Standard & Poor’s and Moody’s, provided that:

(a) the market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Trustee to the provider of the repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at one current market price plus accrued interest;

(b) the Trustee or a third party acting solely as agent therefor or for the District (the “Holder of the Collateral”) has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books);

(c) the repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) the repurchase agreement shall provide that if during its term the provider’s rating by either Moody’s or Standard & Poor’s is withdrawn or suspended or falls below “A-” by Standard & Poor’s or “A3” by Moody’s, as appropriate, the provider must, at the direction of the District or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the District or Trustee.

(B) Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least “A” by Standard & Poor’s and Moody’s, respectively.

(11) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least “AA” by Standard & Poor’s and “Aa” by Moody’s; provided that, by the terms of the investment agreement:

(A) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Acquisition and Construction Fund, construction draws) on the Bonds;

(B) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days’ prior notice; the District and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(C) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof, or, in the case of a bank, that the obligation of the bank to make payments under the agreement ranks *pari passu* with

the obligations of the bank to its other depositors and its other unsecured and unsubordinated creditors; and

(D) the District and the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the District and the Trustee) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the District;

(E) the investment agreement shall provide that if during its term:

(1) the provider's rating by either Standard & Poor's or Moody's falls below "AA-" or "Aa3," respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Standard & Poor's and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment; and

(2) the provider's rating by either Standard & Poor's or Moody's is withdrawn or suspended or falls below "A-" or "A3," respectively, the provider must, at the direction of the District or the Fiscal Agent, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the District or Trustee; and

(F) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(G) the investment agreement must provide that if during its term:

(1) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the District or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Trustee, as appropriate; and

(2) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Trustee, as appropriate.

(12) The State of California Local Agency Investment Fund; provided that the Trustee may restrict investments in such Fund to the extent necessary to keep monies available for the purposes of the Indenture.

"Authorized Representative of the City" means the City Manager of the City, the Deputy City Manager, the Treasurer of the City or the Auditor and Comptroller of the City or any other person or persons designated by the City Manager by a written certificate signed by the City Manager and containing the specimen signature of each such person.

“Authorized Representative of the District” means the City Manager of the City, the Deputy City Manager, the Treasurer of the City or the Auditor and Comptroller of the City or any other person or persons designated by the City Manager by a written certificate signed by the City Manager and containing the specimen signature of each such person.

“Backup Special Tax Subaccount” means the subaccount by that name created and established in the Redemption Account of the Special Tax Fund pursuant to the Indenture.

“Backup Special Taxes” means any amounts paid by the District to the Trustee and designated by the District as Backup Special Taxes collected pursuant to the RMA.

“Bond Counsel” means an attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Register” means the books which the Trustee shall keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds shall be recorded.

“Bondowner” or “Owner” means the person or persons in whose name or names any Bond or Parity Bond is registered.

“Bonds” means collectively, the Series A of 2000 Bonds and the Series A of 2004 Bonds.

“Bond Year” means (i) for purposes of Annual Debt Service and Maximum Annual Debt Service, the twelve-month period ending on September 1 of each year; provided, however, that the first Bond Year shall begin on the Closing Date and end on September 1, 2004; and (ii) for federal income tax purposes; the one year period beginning on March 1 in any year and ending on the last day of the next succeeding February, both dates inclusive, except that for such purposes the first Bond Year shall begin on the Closing Date and end on February 29, 2004.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the city where the corporate trust office of the Trustee is located, are not required or authorized to remain closed.

“Certificate of an Authorized Representative” means a written certificate or warrant request executed by an Authorized Representative of the City.

“Certificate of the Special Tax Administrator” means a certificate of an Authorized Representative of the District, or any successor entity appointed by the City, to administer the calculation and collection of the Special Taxes.

“City” means the City of San Diego, California.

“Code” means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

“Costs of Issuance” means the costs and expenses incurred in connection with the formation of the District and the issuance and sale of the Bonds or any Parity Bonds, including the acceptance and initial annual fees and expenses of the Trustee, legal fees and expenses, costs of printing the Bonds and Parity Bonds and the preliminary and final official statements for the Bonds and Parity Bonds, fees of financial consultants and all other related fees and expenses, as set forth in a Certificate of an Authorized Representative of the City.

“Delivery Date” means, with respect to the Bonds and each issue of Parity Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

“Depository” shall mean The Depository Trust Company, New York, New York, and its successors and assigns as securities depository for the Certificates, or any other securities depository acting as Depository under the Indenture.

“Developed Property” means real property within the District for which a building permit has been issued.

“Developer” means the landowner which is a party to the Development Agreement.

“Development Agreement” means that certain Second Amended and Restated Development Agreement between the City and Black Mountain Ranch Limited Partnership, as amended on March 17, 1997.

“Direct Debt for Developed Property” means that portion of the aggregate principal amount of the Outstanding Bonds which is allocable to the Developed Property as described below. For this purpose, there will be allocated to the Developed Property the principal amount of Bonds that results in: (1) the maximum Special Taxes that may be levied on Developed Property (not including any parcels of Developed Property with delinquent Special Taxes and assuming taxation as “Developed Property” as defined in the RMA) in each Fiscal Year being at least equal to the sum of 110% of Annual Debt Service on such Bonds in the Bond Year ending on the September 1 following the end of such Fiscal Year of taxation plus the share of Administrative Expenses allocable to the Developed Property for such Fiscal Year of taxation; and (2) a Value of Developed Property at least four and one quarter (4.25) times the sum of Direct Debt for Developed Property plus Overlapping Debt allocable to Developed Property. Administrative Expenses in each Fiscal Year shall be deemed to be equal to actual Administrative Expenses for the last Fiscal Year ending prior to the date of calculation of Direct Debt for Developed Property and the portion of the total Administrative Expenses allocable to Developed Property shall be the same portion that Special Taxes on Developed Property represent of the total Special Taxes levied in the District in the then current Fiscal Year.

“Direct Debt for District Property” means that portion of the aggregate principal amount of the Outstanding Bonds which is allocable to the property in the District as described below. For this purpose there will be allocated to the property in the District the largest principal amount of Bonds that results in a Value of District Property at least four (4) times the sum of Direct Debt for District Property plus Overlapping Debt allocable to all property in the District subject to the Special Tax.

“Direct Debt for Undeveloped Property” means that portion of the aggregate principal amount of the Outstanding Bonds which is allocable to the Undeveloped Property as described below. For this purpose, there will be allocated to the Undeveloped Property the principal amount of Bonds that results in: (1) the maximum Special Taxes that may be levied on Undeveloped Property (not including any parcels of Undeveloped Property with delinquent Special Taxes and assuming taxation as “Undeveloped Property” as defined in the RMA) in each Fiscal Year being at least equal to the sum of 110% of Annual Debt Service on such Bonds in the Bond Year ending on the September 1 following the end of such Fiscal Year of taxation plus the share of Administrative Expenses allocable to the Undeveloped Property for such Fiscal Year of taxation; and (2) a Value of Undeveloped Property at least four (4) times the sum of Direct Debt for Undeveloped Property plus Overlapping Debt for Undeveloped Property; provided, however, (x) the Value of Undeveloped Property need be only three and sixth-tenths (3.6) times the sum of Direct Debt for Undeveloped Property plus Overlapping Debt for Undeveloped Property if there is delivered to the Trustee a Certificate of the Special Tax Administrator stating that the Maximum Special Taxes that may be levied on Developed Property is not less than 20% of Maximum Annual Debt Service, (y) the Value of Undeveloped Property need be only three and one-half (3.5) times the sum of Direct Debt for Undeveloped Property plus Overlapping Debt for Undeveloped Property if there is delivered to the Trustee a Certificate of the Special Tax Administrator stating that the Maximum Special Taxes that may be levied on Developed Property is not less than 40% of Maximum Annual

Debt Service, and (z) the Value of Undeveloped Property need be only three (3) times the sum of Direct Debt for Undeveloped Property plus Overlapping Debt for Undeveloped Property if there is delivered to the Trustee and the District a Certificate of the Special Tax Administrator stating that the Maximum Special Taxes that may be levied on Developed Property is not less than 60% of Maximum Annual Debt Service. Administrative Expenses in each Fiscal Year shall be deemed to be equal to actual Administrative Expenses for the last Fiscal Year ending prior to the date of calculation of Direct Debt for Undeveloped Property and the portion of the total Administrative Expenses allocable to Undeveloped Property shall be the same portion that Special Taxes on Undeveloped Property represent of the total Special Taxes levied in the District in the then current Fiscal Year.

“District” means Community Facilities District No. 2 (Santaluz) established pursuant to the Act and the Resolution of Formation.

“Federal Securities” means any of the following: (a) non-callable direct obligations of the United States of America (“Treasuries”); (b) evidence of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated; and (c) pre-refunded municipal obligations rated “AAA” and “Aaa” by Standard & Poor’s and Moody’s, respectively (or any combination thereof).

“First Supplement” means that certain First Supplemental Bond Indenture, dated as of February 1, 2004, executed in connection with the issuance of the Series A of 2004 Bonds.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next following June 30.

“Gross Taxes” means the amount of all Special Taxes received by the District, together with the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture for the delinquency of such Special Taxes remaining after the payment of all costs related to such foreclosure actions.

“Improvement Area No. 1” means Improvement Area No. 1 of the District as designated by the legislative body of the District in the Resolution of Formation.

“Indenture” means the Bond Indenture, together with the First Supplement and any Supplemental Indenture approved pursuant to the Indenture.

“Independent Financial Consultant” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the District, who, or each of whom:

- (1) is in fact independent and not under the domination of the District;
- (2) does not have any substantial interest, direct or indirect, in the District; and
- (3) is not connected with the District as a member, officer or employee of the District, but who may be regularly retained to make annual or other reports to the District.

“Interest Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

“Interest Payment Date” means each March 1 and September 1, commencing March 1, 2001; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the Business Day next succeeding such date.

“Investment Agreement” means one or more agreements for the investment of funds of the District complying with the criteria therefor as set forth in Subsection (11) of the definition of Authorized Investments.

“Maximum Annual Debt Service” means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds and any Parity Bonds by adding the following for each Bond Year:

(1) the principal amount of all Outstanding Bonds and Parity Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and

(2) the interest payable on the aggregate principal amount of all Bonds and Parity Bonds Outstanding in such Bond Year if the Bonds and Parity Bonds are retired as scheduled.

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

“Net Taxes” means Gross Taxes minus amounts set aside to pay Administrative Expenses.

“Nominee” shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

“Ordinance” means Ordinance No. O-18788 adopted by the legislative body of the District on April 10, 2000, providing for the levying of the Special Tax as amended by Ordinance No. O-19085 adopted by the legislative body of the District on August 5, 2002.

“Outstanding” or “Outstanding Bonds and Parity Bonds” means all Bonds and Parity Bonds theretofore issued by the District, except:

(1) Bonds and Parity Bonds theretofore cancelled or surrendered for cancellation in accordance with the Indenture;

(2) Bonds and Parity Bonds for payment or redemption of which monies shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or any applicable Supplemental Indenture for Parity Bonds; and

(3) Bonds and Parity Bonds which have been surrendered to the Trustee for transfer or exchange pursuant to the Indenture or for which a replacement has been issued pursuant to the Indenture.

“Overlapping Debt” means with respect to any property within the District, the sum of (a) the aggregate amount of all unpaid assessments which are a lien on such property and which are pledged to secure the repayment of bonds, plus (b) a portion of the principal amount of any outstanding bonds of other community facilities districts which are payable at least partially from special taxes to be levied on such property (the “Other CFD Bonds”) determined by multiplying the aggregate principal amount of the Other CFD Bonds by a fraction, the numerator of which is the amount of special taxes levied for the Other CFD Bonds on such property and the denominator of which is the total amount of special taxes levied for the Other CFD Bonds on all parcels of property which are subject to the levy of such special taxes, based upon information which is available for the then current Fiscal Year.

“Parity Bonds” means all bonds, notes or other similar evidences of indebtedness hereafter issued, payable out of the Net Taxes and which, as provided in the Indenture or any Supplemental Indenture, rank on a parity with the Bonds.

“Participants” shall mean those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds or Parity Bonds as securities depository.

“Person” means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

“Prepayments” means any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the RMA.

“Principal Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

“Principal Office of the Trustee” means the office of the Trustee located in Los Angeles, California, or such other office or offices as the Trustee may designate from time to time, or the office of any successor Trustee where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued.

“Project” means those public facilities described in the Resolution of Formation which are to be acquired or constructed within and outside of the District, including all engineering, planning and design services and other incidental expenses related to such facilities and other facilities, if any, authorized by the qualified electors within the District from time to time.

“Project Costs” means the amounts necessary to finance the Project, to create and replenish any necessary reserve funds, to pay the initial and annual costs associated with the Bonds or any Parity Bonds, including, but not limited to, remarketing, credit enhancement, Trustee and other fees and expenses relating to the issuance of the Bonds or any Parity Bonds and the formation of the District, and to pay any other “incidental expenses” of the District, as such term is defined in the Act.

“Rating Agency” means Moody’s and Standard & Poor’s, or both, as the context requires.

“Rebate Account” means the account by that name created and established in the Rebate Fund pursuant to the Indenture.

“Rebate Fund” means the fund by that name established pursuant to the Indenture in which there are established the Accounts described in the Indenture.

“Rebate Regulations” means any final, temporary or proposed Regulations promulgated under Section 148(f) of the Code.

“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

“Redemption Account means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

“Regulations” means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.



“Representation Letter” shall mean the Blanket Letter of Representations from the District and the Paying Agent to the Depository as described in the Indenture.

“Reserve Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

“Reserve Requirement” means that amount as of any date of calculation equal to the lesser of (i) 10% of the initial principal amount of the Bonds and Parity Bonds, if any; (ii) Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; and (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds.

“Resolution of Formation” means Resolution No. R-292868 adopted by the City Council of the City on March 14, 2000, pursuant to which the City formed the District.

“RMA” means the Rate and Method of Apportionment of Special Taxes approved by the qualified electors of the District at the March 14, 2000 election, as amended from time to time.

“Series A of 2000 Bonds” means the District’s Improvement Area No. 1 Special Tax Bonds, Series A of 2000 issued on November 2, 2000 in the aggregate principal amount of \$56,020,000.

“Series A of 2004 Bonds” means the District’s Improvement Area No. 1 Special Tax Bonds, Series A of 2004 issued on February 25, 2004 in the aggregate principal amount of \$5,000,000.

“Sinking Fund Payment” means the annual payment to be deposited in the Redemption Account to redeem a portion of the Term Bonds in accordance with the schedule set forth in the Indenture and any annual sinking fund payment schedule to retire any Parity Bonds which are designated as Term Bonds.

“Six-Month Period” means the period of time beginning on the Delivery Date of each issue of Bonds or Parity Bonds, as applicable, and ending six consecutive months thereafter, and each six-month period thereafter until the latest maturity date of the Bonds and the Parity Bonds (and any obligations that refund an issue of the Bonds or Parity Bonds).

“Special Tax Fund” means the fund by that name created and established pursuant to the Indenture.

“Special Taxes” means the taxes authorized to be levied by the District on property within Improvement Area No. 1 in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the March 14, 2000 election in the District, including any scheduled payments and any Prepayments thereof, the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien, and penalties and interest thereon.

“Standard & Poor’s” means Standard & Poor’s Ratings Group, a division of McGraw-Hill, its successors and assigns.

“Supplemental Indenture” means any supplemental indenture amending or supplementing the Indenture.

“Surplus Fund” means the fund by that name created and established pursuant to the Indenture.

“Tax Certificate” means the certificate by that name to be executed by the District on a Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“Tax-Exempt” means, with reference to an Authorized Investment, an Authorized Investment the interest earnings on which are excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, other than one described in Section 57(a)(5)(C) of the Code.

“Term Bonds” means the Series A of 2000 Bonds maturing on September 1, 2015, September 1, 2021, and September 1, 2030, and any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

“Trustee” means Union Bank of California, N.A. a national banking association duly organized and existing under the laws of the United States, at its principal corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in the Indenture and any successor thereto.

“Underwriter” means UBS Financial Services Inc. with respect to the Series A of 2004 Bonds and, with respect to each issue of Parity Bonds, the institution or institutions, if any, with whom the District enters into a purchase contract for the sale of such issue.

“Undeveloped Property” means taxable real property within the District which is not Developed Property.

“Value of Developed Property” means for all parcels of Developed Property which are subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, either (i) the fair market value, as of the date of the appraisal provided for below, of such parcels of Developed Property, including with respect to such parcels the value of the then existing improvements thereon, as estimated by an appraiser, who shall be a State of California certified general real estate appraiser selected and employed by the District, in an appraisal performed within ninety (90) days preceding the date of such determination based upon a methodology of valuation consistent with the City’s policy for appraisals, provided that a mass appraisal methodology may be applied when valuing Developed Property; or (ii) the full cash value of any or all of such parcels of Developed Property, including with respect to such parcels the value of the improvements thereon as set forth on the last equalized assessment roll of the County Assessor of the County of San Diego.

“Value of District Property” means for all parcels of property in the District which are subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, either (i) the fair market value, as of the date of the appraisal provided for below of such parcels, including with respect to such parcels the value of the then existing improvements thereon, as estimated by an appraiser, who shall be a State of California certified general real estate appraiser selected and employed by the District, in an appraisal performed within ninety (90) days preceding the date of such determination based upon a methodology of valuation consistent with the City’s policy for appraisals, provided that a mass appraisal methodology may be applied when valuing Developed Property; or (ii) the full cash value of any or all of such parcels, including with respect to such parcels the value of the improvements thereon as set forth on the last equalized assessment roll of the County Assessor of the County of San Diego.

“Value of Undeveloped Property” means for all parcels of Undeveloped Property which are subject to the levy of the Special Taxes and not delinquent in the payment of any Special Taxes then due and owing, either (i) the fair market value, as of the date of the appraisal provided for below of such parcels of Undeveloped Property, including with respect to such non-delinquent parcels the value of the then existing improvements thereon, as estimated by an appraiser, who shall be a State of California certified general real estate appraiser selected and employed by the District, in an appraisal performed within ninety (90) days preceding the date of such determination based upon a methodology of valuation consistent with the City’s policy for appraisals and in the case of the property owned by the Developer in a manner consistent with the Appraisal; or (ii) the full cash value of any or all of such parcels of Undeveloped Property, including with

respect to such parcels the value of the improvements thereon as set forth on the last equalized assessment roll of the County Assessor of the County of San Diego.

“Verification” shall have the meaning contained in the definition of Authorized Investments.

## **BOND TERMS**

**Type and Nature of Bonds and Parity Bonds.** Neither the faith and credit nor the taxing power of the City, the State of California, or any political subdivision thereof other than the District is pledged to the payment of the Bonds or any Parity Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds or any Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the City nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund (exclusive of the Administrative Expense Account), as more fully described therein. The District’s limited obligation to pay the principal of, premium, if any, and interest on the Bonds and any Parity Bonds from amounts in the Special Tax Fund (exclusive of the Administrative Expense Account) is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds or any Parity Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the City or the forfeiture of any of their property. The principal of and interest on the Bonds and any Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds and any Parity Bonds are not a legal or equitable pledge, charge, lien, or encumbrance upon any of the District’s property, or upon any of its income, receipts or revenues, except the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account) which are, under the terms of the Indenture and the Act, set aside for the payment of the Bonds, any Parity Bonds and interest thereon and neither the members of the legislative body of the District or the City Council of the City nor any persons executing the Bonds or any Parity Bonds, are liable personally on the Bonds or any Parity Bonds, by reason of their issuance.

Notwithstanding anything to the contrary contained in the Indenture, the District shall not be required to advance any money derived from any source of income other than the Net Taxes for the payment of the interest on or the principal of the Bonds or any Parity Bonds, or for the performance of any covenants contained therein. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

**Equality of Bonds and Parity Bonds and Pledge of Net Taxes.** Pursuant to the Act and the Indenture, the Bonds and any Parity Bonds shall be equally payable from the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account) without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof, shall be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account), which are hereby set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund (other than the Administrative Expense Account therein) shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds and so long as any of the Bonds and any Parity Bonds or interest thereon remain Outstanding shall not be used for any other purpose, except as permitted by the Indenture or any Supplemental Indenture. Notwithstanding any provision contained in the Indenture to the contrary, Net Taxes deposited in the Rebate Fund and the Surplus Fund shall no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Rebate Fund, the Surplus Fund, the Acquisition and Construction Fund or the Administrative Expense Account of the Special Tax Fund shall be construed as a trust fund held for the benefit of the Owners.

**Validity of Bonds and Parity Bonds.** The validity of the authorization and issuance of the Bonds and any Parity Bonds shall not be affected in any way by any defect in any proceedings taken by the District for the financing of the Project, or by the invalidity, in whole or in part, of any contracts made by the District in connection therewith, and shall not be dependent upon the completion of the financing of the Project or upon the performance by any Person of his obligation with respect to the Project, and the recital contained in the Bonds or any Parity Bonds that the same are issued pursuant to the Act and other applicable laws of the State shall be conclusive evidence of their validity and of the regularity of their issuance.

**Transfers Outside Book-Entry System.** In the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the District determines that the Depository shall no longer so act, then the District will discontinue the book-entry system with the Depository. If the District fails to identify another qualified securities depository to replace the Depository then the Bonds so designated shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of the Nominee, but shall be registered in whatever name or names Persons transferring or exchanging Bonds shall designate, in accordance with the provisions of the Indenture.

**Payments to the Nominee.** Notwithstanding any other provisions of the Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest due with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

**Conditions to Issuance of Series 2004 Bonds.** The Series 2004 Bonds shall not be issued unless and until the conditions for the issuance of the Series 2004 Bonds as Parity Bonds pursuant to the Bond Indenture shall have been satisfied.

## **CREATION OF FUNDS AND APPLICATION OF PROCEEDS**

### **Creation of Funds; Application of Proceeds.**

(a) In connection with the issuance of the Series A of 2000 Bonds, the Trustee has established the following funds and accounts:

(1) The Improvement Area No. 1 Community Facilities District No. 2 Special Tax Fund (the "Special Tax Fund") in which there shall be established and created an Interest Account (in which there shall be established the Capitalized Interest Subaccount), a Principal Account, a Redemption Account (in which there shall be established the Backup Special Tax Subaccount), a Reserve Account and an Administrative Expense Account.

(2) The Improvement Area No. 1 Community Facilities District No. 2 Rebate Fund (the "Rebate Fund") (in which there shall be established a Rebate Account and an Alternative Penalty Account).

(3) The Improvement Area No. 1 Community Facilities District No. 2 Acquisition and Construction Fund (the "Acquisition and Construction Fund") (in which there shall be established a Costs of Issuance Account and a Project Account).

(4) The Improvement Area No. 1 Community Facilities District No. 2 Surplus Fund (the "Surplus Fund").

(b) In connection with the issuance of the Series A of 2004 Bonds, the Trustee has established the following funds and accounts:

(1) The 2004 Subaccount of the Project Account of the Acquisition and Construction Fund.

(2) The 2000 Subaccount of the Project Account of the Acquisition and Construction Fund.

(3) The 2000 Subaccount of the Reserve Account of the Special Tax Fund.

(4) The 2004 Subaccount of the Reserve Account of the Special Tax Fund.

The amounts on deposit in the foregoing funds, accounts and subaccounts shall be held by the Trustee and the Trustee shall invest and disburse the amounts in such funds, accounts and subaccounts in accordance with the provisions of the Indenture and shall disburse investment earnings thereon in accordance with the provisions of the Indenture.

In connection with the issuance of any Parity Bonds, the Trustee, at the direction of an Authorized Representative of the District, may create new funds, accounts or subaccounts, or may create additional accounts and subaccounts within any of the foregoing funds and accounts for the purpose of separately accounting for the proceeds of the Bonds and any Parity Bonds.

(c) The proceeds of the sale of the Series A of 2004 Bonds shall be received by the Trustee on behalf of the District and deposited and transferred as set forth in the Official Statement under the caption "ESTIMATED SOURCES AND USES OF FUNDS."

#### **Deposits to and Disbursements from Special Tax Fund.**

(a) Except for Prepayments which shall be deposited to the Redemption Account and the Project Account of the Acquisition and Construction Fund as specified in a Certificate of an Authorized Representative and Backup Special Taxes which shall be deposited in the Backup Special Tax Subaccount as specified in a Certificate of an Authorized Representative, the Trustee shall, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee shall transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority, to:

(1) the Administrative Expense Account of the Special Tax Fund;

(2) the Interest Account of the Special Tax Fund;

(3) the Principal Account of the Special Tax Fund;

(4) the Redemption Account of the Special Tax Fund;

(5) the Reserve Account of the Special Tax Fund;

(6) the Rebate Fund; and

(7) the Surplus Fund.

(b) At maturity of all of the Bonds and Parity Bonds and, after all principal and interest then due on the Bonds and Parity Bonds then Outstanding has been paid or provided for and any amounts owed to the Trustee and the Bond Insurer have been paid in full, moneys in the Special Tax Fund and any accounts in the Indenture may be used by the District for any lawful purpose.

**Administrative Expense Account of the Special Tax Fund.** The Trustee shall transfer from the Special Tax Fund and deposit in the Administrative Expense Account of the Special Tax Fund from time to time amounts necessary to make timely payment of Administrative Expenses as set forth in a Certificate of an

Authorized Representative of the District; provided, however, that, except as set forth in the following sentence, the total amount transferred in a Bond Year shall not exceed the Administrative Expenses Cap until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit in the Indenture, that is sufficient to pay the interest and principal on all Bonds and Parity Bonds due in such Bond Year and to restore the Reserve Account to the Reserve Requirement. Notwithstanding the foregoing, amounts in excess of the Administrative Expenses Cap may be transferred to the Administrative Expense Account to the extent necessary to collect delinquent Special Taxes. Moneys in the Administrative Expense Account of the Special Tax Fund may be invested in any Authorized Investments as directed in writing by an Authorized Representative of the Water District and shall be disbursed as directed in a Certificate of an Authorized Representative.

**Interest Account and Principal Account of the Special Tax Fund.** The principal of and interest due on the Bonds and any Parity Bonds until maturity, other than principal due upon redemption, shall be paid by the Trustee from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of and interest on the Bonds and any Parity Bonds will be made when due, after making the transfer required by the Indenture, at least one Business Day prior to each March 1 and September 1, the Trustee shall make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds or any Parity Bonds, or otherwise, the transfer from the Special Tax Fund need not be made; and provided, further, that, if amounts in the Special Tax Fund (exclusive of the Reserve Account) are inadequate to make the foregoing transfers, then any deficiency shall be made up by transfers from the Reserve Account:

(a) To the Interest Account, an amount such that the balance in the Interest Account one Business Day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date which remains unpaid. Moneys in the Interest Account shall be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.

(b) To the Principal Account, an amount such that the balance in the Principal Account one Business Day prior to September 1 of each year, commencing September 1, 2001, shall equal the principal payment due on the Bonds and any Parity Bonds maturing on such September 1 and any principal payment due on a previous September 1 which remains unpaid. Moneys in the Principal Account shall be used for the payment of the principal of such Bonds and any Parity Bonds as the same become due at maturity.

**Redemption Account of the Special Tax Fund.**

(a) With respect to each September 1 on which a Sinking Fund Payment is due, after the deposits have been made to the Administrative Expense Account, the Interest Account and the Principal Account of the Special Tax Fund as required by the preceding two paragraphs, the Trustee shall next transfer into the Redemption Account of the Special Tax Fund from the Special Tax Fund the amount needed to make the balance in the Redemption Account one Business Day prior to each September 1 equal to the Sinking Fund Payment due on any Outstanding Bonds and Parity Bonds on such September 1; provided, however, that, if amounts in the Special Tax Fund are inadequate to make the foregoing transfers, then any deficiency shall be made up by an immediate transfer from the Reserve Account, if funded, pursuant to the Indenture. Moneys so deposited in the Redemption Account shall be used and applied by the Trustee to call and redeem Term Bonds in accordance with the Sinking Fund Payment schedule set forth in the Indenture, and to redeem Parity Bonds in accordance with any Sinking Fund Payment schedule in the Supplemental Indenture for such Parity Bonds.

(b) After making the deposits to the Administrative Expense Account, the Interest Account and the Principal Account of the Special Tax Fund and to the Redemption Account for Sinking Fund Payments then due pursuant to the preceding paragraph, and in accordance with the District's election to call Bonds for optional redemption as set forth in the Indenture, or to call Parity Bonds for optional redemption as set forth in

any Supplemental Indenture for Parity Bonds, the Trustee shall transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund (other than the Administrative Expense Account in the Indenture) may be applied to optionally redeem Bonds and Parity Bonds only if immediately following such redemption the amount in the Reserve Account will equal the Reserve Requirement.

(c) Prepayments deposited to the Redemption Account shall be applied on the redemption date established pursuant to the Indenture for the use of such Prepayments to the payment of the principal of, premium, and interest on the Bonds and Parity Bonds to be redeemed with such Prepayments.

(d) Amounts deposited to the Backup Special Tax Subaccount of the Redemption Account shall remain therein until the Trustee receives a Certificate of Authorized Representative specifying whether all or a portion of such amount shall be applied as a Prepayment to redeem Bonds or be returned to the District. If the Trustee receives a Certificate of Authorized Representative specifying that all or a portion of the amount in the Backup Special Tax Subaccount is to be applied to redeem Bonds, then such portion shall be treated for purposes of the Indenture as a Prepayment and be applied to redeem Bonds pursuant to Section 4.1(d) on the next available redemption date. In the event that the Trustee has not received a Certificate of Authorized Representative within two years following a deposit of Backup Special Taxes specifying how such Backup Special Taxes are to be disbursed, then such amount shall be treated for purposes of the Indenture as a Prepayment and be applied to redeem Bonds pursuant to Section 4.1(d) on the next available redemption date. If the Trustee receives a Certificate of Authorized Representative specifying that all or a portion of the amount in the Backup Special Tax Account is to be disbursed to the District, then the Trustee shall remit such amount to the District.

(e) Except for Backup Special Taxes to be disbursed to the District pursuant to the Indenture, moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming Bonds and Parity Bonds and shall be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds or Parity Bonds to be redeemed upon presentation and surrender of such Bonds or Parity Bonds and in the case of an optional redemption or an extraordinary redemption from Prepayments to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account, other than Prepayments, may be used to purchase Outstanding Bonds or Parity Bonds in the manner provided in the next sentence. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to the Indenture, or in the case of Parity Bonds the premium established in any Supplemental Indenture. Any accrued interest payable upon the purchase of Bonds or Parity Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

**Reserve Account of the Special Tax Fund.** There shall be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement. If funded, the amounts in the Reserve Account shall be applied as follows:

(a) Moneys in the Reserve Account shall be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds and any Parity Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor or moneys in the Redemption Account of the Special Tax Fund are insufficient to make a Sinking Fund Payment when due and for the purpose of making any required transfer to the Rebate Fund upon written direction from the District. If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on any Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers

to the Rebate Fund when required, the Trustee shall withdraw from the Reserve Account for deposit in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund or the Rebate Fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers to the Administrative Expense Account, the Interest Account, the Principal Account and the Redemption Account, the Trustee shall transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the District elects to apply to such purpose, the amount needed to restore the amount of such Reserve Account to the Reserve Requirement. Moneys in the Special Tax Fund shall be deemed available for transfer to the Reserve Account only if the Trustee determines that such amounts will not be needed to make the deposits required to be made to the Administrative Expense Account, the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund on or before the next September 1. If amounts in the Special Tax Fund together with any other amounts transferred to replenish the Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, then the District shall include the amount necessary fully to restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates.

(c) In connection with an optional or extraordinary redemption of Bonds or Parity Bonds in accordance with any Supplemental Indenture, or a partial defeasance of Bonds or Parity Bonds, amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such redemption or partial defeasance equals the Reserve Requirement. The District shall set forth in a Certificate of an Authorized Representative the amount in the Reserve Account to be transferred to the Redemption Account on a redemption date or to be transferred pursuant to the Indenture to partially defease Bonds, and the Trustee shall make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

(d) To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds or an issue of Parity Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds and Parity Bonds, as applicable, in the final Bond Year for such issue. Moneys in the Reserve Account in excess of the Reserve Requirement not transferred in accordance with the preceding provisions of this section shall be withdrawn from the Reserve Account on the Business Day before each March 1 and September 1 and transferred to the Fees Account and the Project Account of the Acquisition and Construction Fund in the percentages specified in the Indenture until all amounts have been disbursed from the Acquisition and Construction Fund and thereafter to the Interest Account of the Special Tax Fund.

**Rebate Fund.** The Trustee shall establish and maintain a fund separate from any other fund established and maintained under the Indenture designated as the Rebate Fund and shall establish a separate Rebate Account and Alternative Penalty Account in the Indenture. All money at any time deposited in the Rebate Account or the Alternative Penalty Account of the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. A separate subaccount of the Rebate Account and the Alternate Penalty Account shall be established for the Bonds and each issue of Parity Bonds the interest on which is excluded from gross income for federal income tax purposes. All amounts on deposit in the Rebate Fund with respect to the Bonds or an issue of Parity Bonds shall be governed by the Indenture and the Tax Certificate for such issue, unless the District obtains an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest payments on the Bonds and Parity Bonds will not be adversely affected if such requirements are not satisfied.

**Surplus Fund.** After making the transfers required by the Indenture, as soon as practicable after each September 1, and in any event prior to each October 1, the Trustee shall transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the



District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to the Indenture. Moneys deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the District (i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor; (ii) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement; (iii) to the Administrative Expense Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Account of the Special Tax Fund are insufficient to pay Administrative Expenses; (iv) to the Acquisition and Construction Fund to pay Project Costs; or (v) after all Project costs have been paid for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or the Parity Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds or Parity Bonds, the District will notify the Trustee in a Certificate of an Authorized Representative and the Trustee will segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund shall be invested at the written direction of the District in Authorized Investments, the interest on which is excludable from gross income under the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

#### **Acquisition and Construction Fund.**

(a) The moneys in the Costs of Issuance Account shall be disbursed by the Trustee pursuant to a Certificate of an Authorized Representative of the District, and any balance therein shall be transferred by the Trustee to the Project Account as directed in writing by an Authorized Representative of the District.

(b) The moneys in the Project Account of the Acquisition and Construction Fund shall be applied exclusively to pay the Project Costs. Amounts for Project Costs shall be disbursed by the Trustee from the Project Account of the Acquisition and Construction Fund as specified in a Request for Disbursement of Project Costs, which must be submitted in connection with each requested disbursement.

(c) Upon receipt of a Certificate of an Authorized Representative of the District stating that all or a specified portion of the amount remaining in the Acquisition and Construction Fund is no longer needed to pay Project Costs, the Trustee shall transfer all or such specified portion, as applicable, of the moneys remaining on deposit in the Acquisition and Construction Fund to the Principal Account or Redemption Account of the Special Tax Fund or to the Surplus Fund, as directed in the Certificate, provided that in connection with any direction to transfer amounts to the Surplus Fund there shall have been delivered to the Trustee with such Certificate an opinion of Bond Counsel to the effect that such transfer to the Surplus Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

**Investments.** Moneys held in any of the Funds, Accounts and Subaccounts under the Indenture shall be invested at the written direction of the District in accordance with the limitations set forth below only in Authorized Investments which shall be deemed at all times to be a part of such Funds, Accounts and Subaccounts. Any loss resulting from such Authorized Investments shall be credited or charged to the Fund, Account or Subaccount from which such investment was made, and any investment earnings on a Fund, Account or Subaccount shall be applied as follows: (i) investment earnings on all amounts deposited in the

Acquisition and Construction Fund, the Special Tax Fund, the Surplus Fund and the Rebate Fund and each Account therein (other than the Reserve Account of the Special Tax Fund) shall be deposited in those respective Funds and Accounts, and (ii) investment earnings on all amounts deposited in the Reserve Account shall be applied as set forth in the Indenture. Moneys in the Funds, Accounts and Subaccounts held under the Indenture may be invested by the Trustee as directed in writing by the District, from time to time, in Authorized Investments subject to the following restrictions:

(a) Moneys in the Acquisition and Construction Fund shall be invested in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available without penalty, as close as practicable to the date the District estimates the moneys represented by the particular investment will be needed for withdrawal from the Acquisition and Construction Fund. Notwithstanding anything in the Indenture to the contrary, amounts in the Acquisition and Construction Fund three years after the Delivery Date for the Bonds and the proceeds of each issue of Parity Bonds issued on a tax-exempt basis which are remaining on deposit in the Acquisition and Construction Fund on the date which is three years following the date of issuance of such issue of Parity Bonds shall be invested by the District only in Authorized Investments the interest on which is excluded from gross income under the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds from which such proceeds were derived, unless in the opinion of Bond Counsel such restriction is not necessary to prevent interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes from being included in gross income for federal income tax purposes.

(b) Moneys in the Interest Account, the Principal Account and the Redemption Account of the Special Tax Fund shall be invested only in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same become due.

(c) Monies in the Reserve Account of the Special Tax Fund may be invested only in Authorized Investments which, taken together, have a weighted average maturity not in excess of five years; provided that such amounts may be invested in an Investment Agreement to the later of the final maturity of the Bonds or any Parity Bonds so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with the Indenture; and provided that no such Authorized Investment of amounts in the Reserve Account allocable to the Bonds or an issue of Parity Bonds shall mature later than the respective final maturity date of the Bonds or the issue of Parity Bonds, as applicable.

(d) Moneys in the Rebate Fund shall be invested only in Authorized Investments of the type described in clause (1) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government or in Authorized Investments of the type described in clause (7) of the definition thereof.

(e) In the absence of written investment directions from the District, the Trustee shall invest solely in Authorized Investments specified in clause (7) of the definition thereof.

## COVENANTS AND WARRANTY

**Warranty.** The District shall preserve and protect the security pledged under the Indenture to the Bonds and any Parity Bonds against all claims and demands of all persons.

**Covenants.** So long as any of the Bonds or Parity Bonds issued under the Indenture are Outstanding and unpaid, the District has made the following covenants with the Bondowners under the provisions of the Act and the Indenture (to be performed by the District or its proper officers, agents or employees), which

covenants are necessary and desirable to secure the Bonds and Parity Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

Punctual Payment; Against Encumbrances. The District has covenanted that it will receive all Special Taxes in trust for the Owners and will instruct the Treasurer to deposit all Special Taxes with the Trustee immediately upon their apportionment to the District, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by the Indenture. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District has covenanted that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond and Parity Bond issued under the Indenture, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and the Parity Bonds and in accordance with the Indenture to the extent that Net Taxes and other amounts pledged under the Indenture are available therefor, and that the payments into the Funds and Accounts created under the Indenture will be made, all in strict conformity with the terms of the Bonds, any Parity Bonds, and the Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all Supplemental Indentures and of the Bonds and any Parity Bonds issued under the Indenture.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Taxes except as provided in the Indenture, and will not issue any obligation or security having a lien or charge upon the Net Taxes superior to or on a parity with the Bonds, other than Parity Bonds. Nothing in the Indenture shall prevent the District from issuing or incurring indebtedness which is payable from a pledge of Net Taxes which is subordinate in all respects to the pledge of Net Taxes to repay the Bonds and the Parity Bonds.

Levy of Special Tax. Beginning in Fiscal Year 2001-02 and so long as any Bonds or Parity Bonds issued under the Indenture are Outstanding, the legislative body of the District covenants to levy the Special Tax in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and deemed available for such purpose, to pay (i) the principal of and interest on the Bonds and any Parity Bonds when due; (ii) the Administrative Expenses; and (iii) any amounts required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement (the "Special Tax Requirement"). The District has also covenanted that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

Commence Foreclosure Proceedings. The District has covenanted for the benefit of the Owners of the Bonds and any Parity Bonds that it (i) will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$10,000 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due; and (ii) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount on deposit in the Reserve Account is at less than the Reserve Requirement; and (iii) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

The District has covenanted that it will deposit the net proceeds of any foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Taxes or other funds in the Special Tax Fund (other than the Administrative Expense Account as set forth in the Indenture), or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided, however, that nothing contained in the Indenture shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.

Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Trustee or of the Owners of not less than 10% of the principal amount of the Bonds or the Owners of not less than 10% of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

Federal Tax Covenants. Absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis for federal income tax purposes will not be adversely affected for federal income tax purposes, the District has covenanted to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or any Parity Bonds or of any other monies or property which would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “private activity bonds” within the meaning of Section 141 of the Code.

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or any Parity Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or any Parity Bonds or take or omit to take any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(4) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

(5) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and any applicable Parity Bonds.

(6) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed on the Delivery Date by the District in connection with the Bonds and any issue of Parity Bonds and will comply with the covenants and requirements stated in the Indenture and incorporated by reference in the Indenture.

(7) Other Tax Exempt Issues. The District will not use proceeds of other tax exempt securities to redeem any Bonds or Parity Bonds without first obtaining the written opinion of Bond Counsel

that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis.

(8) Subsequent Opinions. If the District obtains a subsequent opinion of Bond Counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation (“SYCR”), where such opinion is required in connection with a change or amendment to the Indenture or the procedures set forth in the Tax Certificate, it will obtain an opinion substantially to the effect originally delivered by SYCR that interest on the Bonds is excluded from gross income for federal income tax purposes.

Reduction of Maximum Special Taxes. The District has covenanted, that it shall not initiate proceedings to reduce any of the maximum Special Tax rates for the District, unless, in connection therewith, the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that (i) such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such proposed reduction; and (ii) based on the current development plan for parcels within the District, do not reduce the maximum Special Taxes expected to be levied on Developed Property upon the buildout of such parcels in each year after buildout to an amount which is less than 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such proposed reduction; or (iii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultants shall compute the Administrative Expenses for the current Fiscal Year and escalate that amount by 2% in each subsequent Fiscal Year.

Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the minimum or the maximum Special Tax below the levels specified in the Indenture or to limit the power of the District to levy the Special Taxes for the purposes set forth in the Indenture, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

Limitation on Right to Tender Bonds. The District has covenanted that it will not adopt any policy pursuant to the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and Parity Bonds when due.

## AMENDMENTS TO INDENTURE

**Supplemental Indentures or Orders Not Requiring Bondowner Consent.** The District may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions in the Indenture which may be inconsistent with any other provision in the Indenture, or to make any other provision with respect to matters or questions arising under the Indenture or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in the Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Indenture as theretofore in effect or which further secure Bond or Parity Bond payments;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of the Indenture;

(d) to modify, amend or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to comply with the Code or regulations issued under the Indenture, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding;

(e) to modify, alter or amend the RMA in any manner, including increasing the number of parcels to be taxed as custom lots, so long as the Trustee receives a certificate of an Independent Financial Consultant stating that (i) such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment; and (ii) based on the current development plan for parcels within Improvement Area No. 1, do not reduce the maximum Special Taxes expected to be levied on Developed Property upon the buildout of such parcels in each year after buildout to an amount which is less than 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment; or

(f) to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Bondowners.

**Supplemental Indentures or Orders Requiring Bondowner Consent.** Exclusive of the Supplemental Indentures described in the preceding paragraph, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding shall have the right to consent to and approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing in the Indenture shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond or Parity Bond; (b) a reduction in the principal amount of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon; (c) a preference or priority of any Bond or Parity Bond over any other Bond or Parity Bond; or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds and Parity Bonds then Outstanding.

If at any time the District shall desire to adopt a Supplemental Indenture, which pursuant to the terms of this Section shall require the consent of the Bondowners, the District shall so notify the Trustee and shall deliver to the Trustee a copy of the proposed Supplemental Indenture. The Trustee shall, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding as required by the Indenture. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Trustee, such proposed Supplemental Indenture, when duly adopted by the District, shall thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity

Bonds have consented to the adoption of any Supplemental Indenture, Bonds or Parity Bonds which are owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds in instances where such consent is required pursuant to the provisions of this section, the Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the District and all Owners of Outstanding Bonds and Parity Bonds shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments.

## **TRUSTEE**

**Trustee.** Union Bank of California has been appointed the Trustee for the Bonds and any Parity Bonds unless and until another Trustee is appointed by the District under the Indenture. The Trustee represents that it has a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000. The District may, at any time, appoint a successor Trustee satisfying certain requirements under the Indenture for the purpose of receiving all money which the District is required to deposit with the Trustee under the Indenture and to allocate, use and apply the same as provided in the Indenture.

**Removal of Trustee.** The District may at any time at its sole discretion remove the Trustee initially appointed, and any successor thereto, by delivering to the Trustee a written notice of its decision to remove the Trustee and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. Any removal shall become effective only upon acceptance of appointment by the successor Trustee. Any removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee and notice being sent by the successor Trustee to the Bondowners of the successor Trustee's identity and address.

**Resignation of Trustee.** The Trustee may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the office of the Trustee. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee satisfying the criteria in the Indenture by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

## **EVENTS OF DEFAULT; REMEDIES**

**Events of Default.** Any one or more of the following events shall constitute an "Event of Default":

(a) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond or Parity Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) default in the due and punctual payment of the interest on any Bond or Parity Bond when and as the same shall become due and payable; or

(c) except as described in (a) or (b), default shall be made by the District in the observance of any of the agreements, conditions or covenants on its part contained in the Indenture, the Bonds or any Parity Bonds, and such default shall have continued for a period of 30 days after the District shall have been given

notice in writing of such default by the Trustee or the Owners of 25% in aggregate principal amount of the Outstanding Bonds and Parity Bonds.

The Trustee has agreed to give notice to the Owners as soon as practicable upon the occurrence of an Event of Default under (a) or (b) above and within 30 days of the Trustee's knowledge of an event of default under (c) above.

**Remedies of Owners.** Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and Parity Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture, including:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in the Indenture;

(b) by suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) by a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least 25% in aggregate principal amount of Outstanding Bonds and Parity Bonds and if indemnified to its satisfaction, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners of the Bonds and Parity Bonds.

No remedy conferred in the Indenture upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

**Application of Revenues and Other Funds After Default.** All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture relating to the Bonds and Parity Bonds shall be applied by the Trustee in the following order upon presentation of the several Bonds and Parity Bonds:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of the Indenture, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds and Parity Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Parity Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing;



(b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing; and

(c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

**Power of Trustee to Control Proceedings.** In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of 25% in aggregate principal amount of the Bonds and Parity Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds and Parity Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding which any Owner of Bonds or Parity Bonds shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds and Parity Bonds similarly situated and the Trustee has been appointed (and the successive respective Owners of the Bonds and Parity Bonds issued under the Indenture, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds and Parity Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds and Parity Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

**Appointment of Receivers.** Upon the occurrence of an Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of the Bonds and Parity Bonds under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Net Taxes and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment shall confer.

**Non-Waiver.** Nothing in the Indenture or in any other provision of the Indenture, or in the Bonds or the Parity Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners of the Bonds and Parity Bonds at the respective dates of maturity, as provided in the Indenture, out of the Net Taxes and other moneys pledged in the Indenture for such payment.

**Limitations on Rights and Remedies of Owners.** No Owner of any Bond or Parity Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds and Parity Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers in the Indenture before granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are, in every case, to be conditions precedent to the exercise by any Owner of Bonds and Parity Bonds of any remedy under the Indenture; it being understood and intended that no one or more Owners of Bonds and Parity Bonds shall have

any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds and Parity Bonds.

The right of any Owner of any Bond and Parity Bond to receive payment of the principal of and interest and premium (if any) on such Bond and Parity Bond as provided in the Indenture or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner.

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

### **DEFEASANCE AND PARITY BONDS**

**Defeasance.** If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond or Parity Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in the Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond shall cease to be entitled to the pledge of Net Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond or Parity Bond under the Indenture and any Supplemental Indenture relating to such Parity Bond shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds pursuant to this Section, the Trustee shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the District's general fund all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds and Parity Bonds.

Any Outstanding Bond or Parity Bond shall be deemed to have been paid within the meaning expressed in the preceding paragraph if such Bond or Parity Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account) and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable; or

(c) by depositing with the Trustee or another escrow bank appointed by the District, in trust, Federal Securities, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account) and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable.

If paid as provided above, then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds shall not have been surrendered for payment, all obligations of the District under the Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond shall cease and terminate,

except for the obligation of the Trustee to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon and except for the federal tax covenants of the District or any covenants in a Supplemental Indenture relating to compliance with the Code. Notice of such election shall be filed with the Trustee not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Trustee. In connection with a defeasance under (b) or (c) above, there shall be provided to the District a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Trustee or the escrow bank to pay and discharge the principal of, premium, if any, and interest on all Outstanding Bonds and Parity Bonds to be defeased in accordance with this Section, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds or Parity Bonds being defeased have been legally defeased in accordance with the Indenture and any applicable Supplemental Indenture.

**Conditions for the Issuance of Parity Bonds.** The District may at any time after the issuance and delivery of the Bonds under the Indenture issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expense Account in the Indenture) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued under the Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding or for other purposes of the District in a principal amount not to exceed \$5,000,000 (including for purposes of such total, the Series A of 2000 Bonds). Parity Bonds which may only be issued to effect a partial refunding may be issued subject to the following additional specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) The District shall be in compliance with all covenants set forth in the Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect shall have been filed with the Trustee; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(1) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited, including a provision requiring the proceeds of such Parity Bonds to be applied solely for the purpose of refunding any Outstanding Bonds or Parity Bonds, including payment of all costs and the funding of all reserves incidental to or connected with such refunding;

(2) the authorized principal amount of such Parity Bonds;

(3) the date and the maturity date or dates of such Parity Bonds; provided that (i) each maturity date shall fall on an September 1, (ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

(4) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(5) the denominations and method of numbering of such Parity Bonds;

(6) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(7) the amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account of the Special Tax Fund to increase the amount in the Indenture to the Reserve Requirement;

(8) the form of such Parity Bonds; and

(9) such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The District shall have received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Trustee (unless the Trustee shall accept any of such documents bearing a prior date):

(1) a certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

(2) a written request of the District as to the delivery of such Parity Bonds;

(3) an opinion of Bond Counsel and/or general counsel to the District to the effect that (i) the District has the right and power under the Act to adopt the Indenture and the Supplemental Indentures relating to such Parity Bonds, and the Indenture and all such Supplemental Indentures have been duly and lawfully adopted by the District, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (ii) the Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of the Indenture and all Supplemental Indentures thereto and entitled to the benefits of the Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax-exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture;

(5) where the Parity Bonds are issued to refund the Bonds or other Parity Bonds, a certificate of an Independent Financial Consultant certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds;

(6) where the Parity Bonds are being issued other than to refund the Bonds or other Parity Bonds, a Certificate of the Special Tax Administrator certifying that (i) the Maximum Special Taxes that may be levied in each Fiscal Year is not less than 110% of the Annual Debt Service in the Bond Year that begins in such Fiscal Year; (ii) the Value of District Property is not less than four (4) times the sum of Direct Debt for District Property plus Overlapping Debt allocable to all property in the District subject to the Special

Tax; (iii) the Value of Developed Property is at least four and one-quarter (4.25) times the sum of Direct Debt for Developed Property plus Overlapping Debt for Developed Property; and (iv) the Value of Undeveloped Property is at least four (4) times the sum of Direct Debt for Undeveloped Property plus Overlapping Debt for Undeveloped Property; provided, however, (x) the Value of Undeveloped Property need be only three and sixth-tenths (3.6) times the sum of Direct Debt for Undeveloped Property plus Overlapping Debt for Undeveloped Property if there is delivered to the Trustee a Certificate of the Special Tax Administrator stating that the Maximum Special Taxes that may be levied on Developed Property is not less than 20% of Maximum Annual Debt Service, (y) the Value of Undeveloped Property need be only three and one-half (3.5) times the sum of Direct Debt for Undeveloped Property plus Overlapping Debt for Undeveloped Property if there is delivered to the Trustee a Certificate of the Special Tax Administrator stating that the amount of maximum Special Taxes that may be levied on Developed Property is not less than 40% of Maximum Annual Debt Service, and (z) the Value of Undeveloped Property need be only three (3) times the sum of Direct Debt for Undeveloped Property plus Overlapping Debt for Undeveloped Property if there is delivered to the Trustee and the District a Certificate of the Special Tax Administrator stating that the amount of maximum Special Taxes that may be levied on Developed Property is not less than 60% of Maximum Annual Debt Service. For purposes of the foregoing Certificate of Special Tax Administrator, all calculations shall consider the Parity Bonds proposed to be issued to be Outstanding.

(7) such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

#### MISCELLANEOUS

**Cancellation of Bonds and Parity Bonds.** All Bonds and Parity Bonds surrendered to the Trustee for payment upon maturity or for redemption shall be upon payment therefor, and any Bond or Parity Bond purchased by the District as authorized in the Indenture and delivered to the Trustee for such purpose shall be, cancelled forthwith and shall not be reissued.

**Unclaimed Moneys.** Any money held by the Trustee in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds which remain unclaimed for two years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Outstanding Bonds or Parity Bonds become due and payable, shall be repaid by the Trustee to the District, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Trustee at the written request of the District or the Trustee shall, at the expense of the District, cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

**Provisions Constitute Contract.** The provisions of the Indenture shall constitute a contract between the District and the Bondowners and the provisions hereof shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners or the Trustee, then the District, the Trustee and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds the Indenture shall be irrevocable, but shall be subject to modifications to the extent and in the manner provided in the Indenture, but to no greater extent and in no other manner.

**Future Contracts.** Nothing contained in the Indenture shall be deemed to restrict or prohibit the District from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Taxes which is subordinate to the pledge under the Indenture, or which is payable from the general fund of the District or from taxes or any source other than the Net Taxes and other amounts pledged under the Indenture.

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

**Severability.** If any covenant, agreement or provision, or any portion thereof, contained in the Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of the Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and the Indenture, the Bonds and any Parity Bonds issued pursuant hereto shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

## APPENDIX E

### CONTINUING DISCLOSURE CERTIFICATE OF THE DISTRICT

This Continuing Disclosure Certificate dated as of February 1, 2004 (the "Disclosure Certificate") is executed and delivered by Community Facilities District No. 2 (Santaluz) (the "Issuer") in connection with the issuance and delivery by the Issuer of its \$5,000,000 Improvement Area No. 1 Special Tax Bonds Series A of 2004 (the "Bonds"). The Bonds are being issued pursuant to a Bond Indenture dated as of October 1, 2000 by and between the Issuer and Union Bank of California, N.A. as Trustee thereto, as amended and supplemented by the First Supplemental Bonds Indenture dated as of February 1, 2004 (together, the "Indenture"). The Issuer covenants as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer, for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income purposes.

"Disclosure Representative" shall mean the City Manager of the City of San Diego, the Deputy City Manager or the City Treasurer, or their designees, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer which has filed with the then current Dissemination Agent a written acceptance of such designation.

"District" shall mean Improvement Area No. 1 of Community Facilities District No. 2 (Santaluz) established by the City of San Diego.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purpose of the Rule.

"Official Statement" means the Official Statement for the Bonds dated February 13, 2004.

"Participating Underwriter" shall mean UBS Financial Services Inc.

"Rate and Method of Apportionment" means together, the Rate and Method of Apportionment of Special Taxes for the Issuer as described in City of San Diego Ordinance No. O-18788, dated April 10, 2000, as amended from time to time by the Amended and Restated Rate and Method of Apportionment of Special Taxes as described in the City of San Diego Ordinance No. O-19085, as may be amended from time to time.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Repository” shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent by written direction to such Dissemination Agent to, not later than the April 1 after the end of the Issuer’s fiscal year (which currently ends on June 30), commencing with the report for the fiscal year ending June 30, 2003, provide to each Repository and the Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

An Annual Report shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The Issuer’s fiscal year is currently effective from July 1 to the immediately succeeding June 30 of the following year. The Issuer will promptly notify each Repository or the Municipal Securities Rulemaking Board, and in either case the Dissemination Agent and the Participating Underwriter of a change in the fiscal year dates.

(b) In the event that the Dissemination Agent is an entity other than the Issuer, then the provisions of this Section 3(b) shall apply. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to Repositories and the Participating Underwriter, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to the due date for an Annual Report the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer will be filing the Annual Report in compliance with subsection (a). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is other than the Issuer and if the Dissemination Agent is unable to verify that an Annual Report has been provided to Repositories and the Participating Underwriter by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository and the Participating Underwriter, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) promptly after receipt of the Annual Report, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.



SECTION 4. Content of Annual Reports.

(a) Financial Statements. The audited financial statements of the Issuer for the most recent fiscal year of the Issuer then ended shall be provided in the Annual Report. If the Issuer prepares audited financial statements and if the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the Issuer in a format similar to the financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements of the Issuer shall be audited by such auditor as shall then be required or permitted by State law or the Indenture. Audited financial statements, if prepared by the Issuer, shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the Issuer may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer shall modify the basis upon which its financial statements are prepared, the Issuer shall provide the information referenced in Section 8(d) below.

(b) Financial and Operating Data. The first Annual Report shall consist of a copy of the Official Statement and the financial statements described in Section 3(a) above. Thereafter, in addition to the financial statements, the Annual Report shall contain or incorporate by reference the following information:

(i) the principal amount of Bonds outstanding as of the September 2 preceding the filing of the Annual Report;

(ii) the balance in each fund under the Indenture as of the September 2 preceding the filing of the Annual Report;

(iii) a list of the public improvements in Table 1 of the Official Statement which have been paid for by the Issuer with proceeds of the Bonds;

(iv) any changes to the Rate and Method of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a summary of the facts related to the collection of any Backup Special Tax and a description of any parcels for which the Special Taxes have been prepaid, including the amount prepaid, since the date of the last Annual Report;

(v) an update of Table 7 of the Official Statement setting forth the estimated assessed value-to-lien ratios for Developed Property as a group and for each owner of Undeveloped Property based upon the most recent Special Tax levy preceding the date of the Annual Report, the most recent assessed values of the property and the principal amount of the Bonds and any other land secured debt allocable to parcels within the District; provided, however, that, if the Special Taxes are being levied only on Developed Property and the estimated assessed value-to-lien ratio for all parcels is greater than 7 to 1, then such table need not be reproduced, and a statement to that effect will be included in the Annual Report;

(vi) an update of Table 4 of the Official Statement including a list of all taxpayers within the District which own property in the District upon which 5% or more of the total Special Taxes for the current fiscal year have been levied, and a statement as to whether any of such taxpayers is delinquent in the payment of Special Taxes;

(vii) any event known to the Issuer which reduces the number of residential units permitted to be constructed within the District or which results in a moratorium on future building within the District;

(viii) an update of Table 5 of the Official Statement including information for the five most recent fiscal years in which Special Taxes were levied;

(ix) the date of issuance and the principal amount of any Parity Bonds and a copy of any appraisal delivered in connection with such issuance; and

(x) any information not already included under (i) through (ix) above that the Issuer is required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

(c) Any or all of the items listed in (a) or (b) above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

#### SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) principal and interest payment delinquencies;
- (ii) an event of default under the Indenture other than as described in (i) above;
- (iii) unscheduled draws on the Reserve Account reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancements securing the Bonds reflecting financial difficulties;
- (v) any change in the provider of any letter of credit or any municipal bond insurance policy securing the Bonds or any failure by the providers of such letters of credit or municipal bond insurance policies to perform on the letter of credit or municipal bond insurance policy;
- (vi) adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds;
- (vii) modifications to the rights of Bond Owners;
- (viii) unscheduled redemption of any Bond;
- (ix) defeasances;
- (x) any release, substitution, or sale of property securing repayment of the Bonds; and
- (xi) rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws and if the Dissemination Agent is other than the Issuer, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (e).

(d) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be material under applicable federal securities laws and if the Dissemination Agent is other than the Issuer, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (e).

(e) If the Issuer is acting as Dissemination Agent and determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with (i) the Municipal Securities Rulemaking Board or (ii) each National Repository and, in either case, with the Participating Underwriter and each State Repository. If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with (i) the Municipal Securities Rulemaking Board or (ii) each National Repository, and in either case, with the Participating Underwriter and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Indenture. In each case of the Listed Event, the Dissemination Agent shall not be obligated to file a notice as required in this subsection (e) prior to the occurrence of such Listed Event.

(f) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and that the Trustee or the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The obligations of the Issuer and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Issuer. The Dissemination Agent may resign by providing (i) thirty days written notice to the Issuer, and (ii) upon appointment of a new Dissemination Agent hereunder.

SECTION 8. Amendment.

(a) This Disclosure Certificate may be amended, by written agreement of the parties, without the consent of the Owners, if all of the following conditions are satisfied: (i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby; (ii) this Disclosure Certificate as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (iii) the Issuer shall have delivered to the Dissemination Agent an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer, to the same effect as set forth in clause (ii) above; (iv) the Issuer shall have delivered to the Dissemination Agent an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the Owners or Beneficial Owners; and (v) the Issuer shall have delivered copies of such opinion and amendment to each Repository and the Participating Underwriter.

(b) This Disclosure Certificate also may be amended by written agreement of the parties upon obtaining consent of Owners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of the Owners of the Bonds; provided that the conditions set forth in Section 8(a)(i), (ii), (iii) and (v) have been satisfied.

(c) To the extent any amendment to this Disclosure Certificate results in a change in the type of financial information or operating data provided pursuant to this Disclosure Certificate, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(d) If an amendment is made to the basis on which financial statements are prepared, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer and/or the Dissemination Agent to comply with their respective obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. Where an entity other than the Issuer is acting as the Dissemination Agent, the Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. Any Dissemination Agent other than the Issuer shall be paid (i) compensation by the Issuer for its services provided hereunder in accordance with a schedule of fees to be mutually agreed to; and (ii) all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Issuer pursuant to this Disclosure Certificate. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Certificate.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Notices. Notices with respect to this Disclosure Certificate should be sent in writing to:

Disclosure Representative: City of San Diego  
202 C Street, MS 7B  
San Diego, California 92101  
Attention: City Treasurer

Participating Underwriter: UBS Financial Services Inc.  
777 South Figueroa Street, 50th Floor  
Los Angeles, California 90017  
Attention: Los Angeles Municipal Securities Group

IN WITNESS WHEREOF, this Certificate is executed as of the date and year first set forth above.

COMMUNITY FACILITIES DISTRICT NO. 2  
(SANTALUZ)

By: \_\_\_\_\_  
Disclosure Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Community Facilities District No. 2 (Santaluz)  
Name of Bond Issue: \$5,000,000 Community Facilities District No. 2 (Santaluz) Improvement  
Area No. 1 Special Tax Bonds Series A of 2004  
Date of Issuance: February 25, 2004

NOTICE IS HEREBY GIVEN that Community Facilities District No. 2 (Santaluz) (the "Issuer") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate dated as of February 1, 2004. [The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

[Insert name of Dissemination Agent]

cc: Community Facilities District No. 2 (Santaluz)  
UBS Financial Services Inc.

## APPENDIX F

### CONTINUING DISCLOSURE AGREEMENT OF THE DEVELOPER

This Continuing Disclosure Agreement (the “Disclosure Agreement”) dated as of February 1, 2004 is executed and delivered by Santaluz LLC, a Delaware limited liability company (the “Landowner”), and Union Bank of California, N.A. as trustee (the “Trustee”) and as dissemination agent (the “Dissemination Agent”), in connection with the execution and delivery by Community Facilities District No. 2 (Santaluz) (the “Issuer”) of \$5,000,000 aggregate principal amount of its Community Facilities District No. 2 (Santaluz) Improvement Area No. 1 Special Tax Bonds Series A of 2004 (the “Bonds”). The Bonds are being executed and delivered pursuant to a Bond Indenture dated as of October 1, 2000 by and between the District and Union Bank of California, N.A. as Trustee, as amended and supplemented by the First Supplemental Bond Indenture dated as of February 1, 2004 (together, the “Indenture”).

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Landowner for the benefit of the Bondowners and Beneficial Owners and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). Pursuant to this Disclosure Agreement, the Landowner agrees to provide the information required to be provided by the Landowner hereunder at the time and in the manner required hereunder and as otherwise required to comply with the Rule as specified in a written opinion of counsel to the Participating Underwriter or a nationally recognized bond counsel. This Disclosure Agreement does not address additional undertakings, if any, by or with respect to persons other than the Landowner who may be considered obligated persons for purposes of the Rule, which additional undertakings, if any, may be required for the Participating Underwriter to comply with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Affiliate” shall mean, with respect to any Person, (a) each Person that, directly or indirectly, owns or controls, whether beneficially or as an agent, guardian or other fiduciary, twenty-five percent (25%) or more of any class of Equity Securities of such Person; (b) each Person that controls, is controlled by or is under common control with such Person or any Affiliate of such Person; or (c) each of such Person’s executive officers, directors, and general partners; provided, however, that in no case shall the Issuer or individual homebuyers be deemed to be Affiliates of the Landowner for purposes of this Agreement. For the purpose of this definition, “control” of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise. DMB Realco LLC and Taylor Woodrow Homes, Inc. are Affiliates of Santaluz, LLC for purposes of this Disclosure Agreement.

“Annual Report” shall mean any Annual Report provided by the Landowner pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of the Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Bondowner” shall mean the person or persons in whose name or names any Bond is registered.

“Disclosure Representative” shall mean the chief financial officer or his designee acting on behalf of the Landowner, or such other officer or employee as the Landowner shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Union Bank of California, N.A. acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Landowner and which has filed with the Landowner and the City a written acceptance of such designation.

“District” shall mean Improvement Area No. 1 of Community Facilities District No. 2 (Santaluz) established by the City of San Diego.

“Equity Securities” of any Person shall mean (a) all common stock, preferred stock, participations, shares, general partnership interests or other equity interests in and of such Person (regardless of how designated and whether or not voting or non-voting); and (b) all warrants, options and other rights to acquire any of the foregoing.

“Fiscal Year” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30.

“Government Authority” shall mean any national, state or local government, any political subdivision thereof, any department, agency, authority or bureau of any of the foregoing, or any other Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Listed Event” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

“Official Statement” shall mean the Official Statement, dated February 13, 2004, relating to the Bonds.

“Parity Bonds” shall mean bonds of the Issuer issued under the Indenture that are secured on a parity with the Bonds.

“Participating Underwriter” shall mean any of the original Underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Person” shall mean any natural person, corporation, partnership, firm, association, Government Authority or any other Person whether acting in an individual fiduciary, or other capacity.

“Repository” shall mean each National Repository and the State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Semiannual Report” shall mean any report to be provided by the Landowner on or prior to September 1 of each year pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“State” shall mean the State of California.

“State Repository” shall mean any public or private repository or entity designed by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository.



SECTION 3. Provision of Annual Reports.

(a) The Landowner shall, or upon its receipt of the Annual Report the Dissemination Agent shall, not later than March 1 of each year, commencing March 1, 2005, provide to each Repository, the Participating Underwriter and the Issuer an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement provided that the audited financial statements, if any, of the Landowner may be submitted separately from the balance of the Annual Report and later than the date required for the filing of the Annual Report if they are not available by that date. In addition, the Landowner shall, or upon its receipt of the Semiannual Report the Dissemination Agent shall, not later than September 1 of each year, commencing September 1, 2004, provide to each Repository, the Participating Underwriter and the District a Semiannual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report and Semiannual Report to Repositories, the Landowner shall provide the Annual Report or the Semiannual Report, as applicable, to the Dissemination Agent or shall provide notification to the Dissemination Agent that the Landowner is preparing, or causing to be prepared, the Annual Report or the Semiannual Report, as applicable, and the date which the Annual Report or the Semiannual Report, as applicable, is expected to be available. If by such date, the Dissemination Agent has not received a copy of the Annual Report or the Semiannual Report, as applicable, or notification as described in the preceding sentence, the Dissemination Agent shall contact the Landowner to determine if the Landowner is in compliance with the requirements of this subsection (b).

(c) If the Dissemination Agent is unable to provide an Annual Report or Semiannual Report to Repositories by the date required in subsection (a) or to verify that an Annual Report or Semiannual Report has been provided to Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report and the Semiannual Report the name and address of each National Repository and the State Repository, if any; and

(ii) file a report with the Landowner and the Issuer certifying that the Annual Report or the Semiannual Report, as applicable, has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Report and Semiannual Report.

(a) The Landowner's Annual Report and Semiannual Report shall contain or include by reference the information which is available as of the date of the filing of the Annual Report or the Semiannual Report, as applicable, relating to the following:

(i) an update to portions of the section in the Official Statement entitled "SPECIAL RISK FACTORS — Methane Gas" and "THE DEVELOPMENT AND PROPERTY OWNERSHIP" (other than under the subcaptions "— General Description of Santaluz," "— The Developer," "— Status of Entitlement Approvals" and "— Appraisal"), including an update of Table 11 therein and a discussion of the sources of funds to finance development of property owned by the Landowner and its Affiliates within the District, and whether any material defaults exist under any loan arrangement related to such financing;

(ii) a summary of development activity within the District, including the number of parcels for which building permits have been issued and the square footage of improvements listed thereon, and as to property owned by the Landowner and its Affiliates, the number of parcels for which land sales have closed, including the amount of land in each transaction, the sales price, and in the case of a purchase of a parcel by an entity other than the purchaser of a residential unit or a Custom Lot for its own use, the name of the purchaser of the parcel;

(iii) status of any major governmentally-imposed preconditions for commencement or continuation of development of the parcels within the District;

(iv) status of completion of the development being undertaken by the Landowner and its Affiliates and any legislative, administrative and judicial challenges known to the Landowner adversely affecting the construction of the development as planned or the time for construction of any public or private improvements to be made by the Landowner or any Affiliate within the District other than the public improvements described in (v) below (the “Landowner Improvements”);

(v) status of completion of the public improvements to be constructed with proceeds of the Bonds (the “District Improvements”), including an update of Table 1 in the Official Statement and a description of any legislative, administrative and judicial challenges known to the Landowner and materially affecting the construction of the District Improvements as planned;

(vi) any significant amendments to land use entitlements with respect to parcels within the District owned by the Landowner that are known to the Landowner;

(vii) status of Special Tax payments on all parcels owned by the Landowner and its Affiliates; and

(viii) in the Annual Report only, the audited financial statements of the Landowner, if any, for most recently completed fiscal year (which currently ends on each December 31), prepared in accordance with generally accepted accounting principles as promulgated to apply to private entities from time to time by the Financial Accounting Standards Board. If the Landowner has audited financial statements prepared and the audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements for the preceding year, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) In the event that as a result of subsequent amendment of the Rule, interpretive releases, no-action letters or other official guidance from the Securities and Exchange Commission or its staff, the information required to satisfy the Rule shall differ from the information described above, the Landowner shall provide to the Dissemination Agent such other information as is available to the Landowner and not otherwise readily available to the District.

(c) Any and all of the items listed above may be included by specific reference to other documents, including official statements of debt issues which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Landowner shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Landowner shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material under paragraphs (b) and (c):

i. failure to pay any real property taxes, special taxes or assessments levied within the District on a parcel owned by the Landowner or any Affiliate;

ii. damage to or destruction of any of the Landowner Improvements or the District Improvements which has a material adverse effect on the value of the parcels owned by the Landowner or any Affiliate;

iii. material default by the Landowner or any Affiliate on any loan with respect to the construction or permanent financing of the Landowner Improvements;

iv. material default by the Landowner or any Affiliate on any loan secured by property within the District owned by the Landowner or any Affiliate;

v. material payment default by the Landowner or any Affiliate located in the United States on any loan of the Landowner which is beyond any applicable cure period in such loan or any loan to any Affiliate which is beyond any applicable cure period and which would have a material impact on the Landowner;

vi. the filing of any proceedings with respect to the Landowner or any Affiliate, in which the Landowner or any Affiliate, may be adjudicated as bankrupt or discharged from any or all of their respective debts or obligations or granted an extension of time to pay debts or a reorganization or readjustment of debts; and

vii. the filing of any lawsuit against the Landowner or any of its Affiliates located in the United States which, in the reasonable judgment of the Landowner, will adversely affect the completion of the District Improvements, the Landowner Improvements or the development of parcels owned by the Landowner or its Affiliates within the District, or litigation which if decided against the Landowner, or any of its Affiliates, in the reasonable judgment of the Landowner, would materially adversely affect the financial condition of the Landowner or its Affiliates.

(b) Whenever the Landowner obtains knowledge of the occurrence of a Listed Event, the Landowner shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Landowner determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Landowner shall promptly file a notice of such occurrence with the Dissemination Agent which shall then distribute such notice to the Municipal Securities Rulemaking Board and each State Repository, with a copy to the Issuer.

(d) The Landowner shall also give notice of the occurrence of any of the following events (to the extent the Landowner has actual knowledge thereof) in accordance with the procedures set forth in (c) above: (i) a sale or transfer of all or substantially all of the Landowner's assets and (ii) a change in the identity of the managing member of the Landowner.

SECTION 6. Termination of Reporting Obligation. The Landowner's obligations under this Disclosure Agreement shall terminate upon the earliest of the following events:

(a) the legal defeasance, prior redemption or payment in full of all of the Bonds;

(b) if as of the date for filing the Annual Report the Landowner and its Affiliates own property within the District which is responsible for less than twenty percent (20%) of the Special Taxes levied in the Fiscal Year for which the Annual Report is being prepared and not less than 95% of the Landowner Improvements and any District Improvements to be constructed by the Landowner have been completed, or

(c) upon the delivery by the Landowner to the Issuer of an opinion of nationally recognized bond counsel to the effect that the information required by this Disclosure Agreement is no longer required. Such opinion shall be based on information publicly provided by the Securities and Exchange Commission or a private letter ruling obtained by the Landowner or a private letter ruling obtained by a similar entity to the Landowner. If such termination occurs prior to the final maturity of the Bonds, the Landowner shall give notice of such termination in the same manner as for an Annual Report hereunder.

SECTION 7. Dissemination Agent. The Landowner may from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the Landowner, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Landowner pursuant to this Disclosure Agreement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Landowner may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) this Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel addressed to the Issuer, the Trustee and the Participating Underwriter, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) the amendment or waiver either (i) is approved by the Bondowners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bondowners, or (ii) does not, in the opinion of nationally recognized bond counsel addressed to the Issuer and the Trustee, materially impair the interests of the Bondowners or Beneficial Owners of the Bonds; and

(d) the Landowner, or the Dissemination Agent, shall have delivered copies of the amendment and any opinions delivered under (b) and (c) above.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Landowner shall describe such amendment in the next Annual Report or Semiannual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Landowner. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given to the Municipal Securities Rulemaking Board, the State Repository, if any, and the Repositories; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison of financial data

described in clause (ii) of the preceding sentence shall be provided at the time financial statements, if any, are filed under Section 4(a)(viii) hereof.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Landowner from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Landowner chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Landowner shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

The Landowner acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Landowner, and that under some circumstances compliance with this Disclosure Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Landowner under such laws.

SECTION 10. Default. In the event of a failure of the Landowner to comply with any provision of this Disclosure Agreement, any Participating Underwriter or any Bondowner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Landowner or the Dissemination Agent to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Landowner to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement and the Landowner agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Landowner, the Participating Underwriter, Bondowners or Beneficial Owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon a direction from the Landowner or an opinion of nationally recognized bond counsel. The obligations of the Landowner under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement.

The Dissemination Agent will not, without the Landowner's prior written consent, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification may be sought hereunder unless such settlement, compromise or consent includes an unconditional release of the Landowner and its controlling persons from all liability arising out of such claim, action or proceedings. If a claim, action or proceeding is settled with the consent of the Landowner or if there is a final judgment (other than a stipulated final judgment without the approval of the Landowner) for the plaintiff in any such claim, action or proceeding, with or without the consent of the Landowner, the Landowner agrees to indemnify and hold harmless the Dissemination Agent to the extent described herein.

SECTION 12. Reporting Obligation of Landowner's Transferees; Covenant Running With Land. The Landowner shall, in connection with any sale or transfer of ownership of land within the District to a person or entity other than an Affiliate which will result in the transferee (which term shall include any successors and assigns of the Landowner) becoming responsible (i) for the payment of more than 20 percent of

the Special Taxes levied on property within the District in the Fiscal Year following such transfer and (ii) for the construction and/or installation of some or all of the Landowner Improvements or the District Improvements, cause such transferee to enter into a disclosure agreement with terms substantially similar to the terms of this Disclosure Agreement, whereby such transferee agrees to be bound by the obligations of the Landowner under this Disclosure Agreement as an additional obligated party. Additionally, the Landowner shall, in connection with any sale or transfer of ownership of land within the District to a person or entity other than an Affiliate which will result in the transferee becoming responsible for the payment of 20 percent or more of the Special Taxes levied on property within the District in the Fiscal Year following such transfer, but where the transferee is not responsible for the construction or installation of some or all of the Landowner Improvements or the District Improvements, cause such transferee to enter into a disclosure agreement with terms substantially similar to the terms of this Disclosure Agreement, whereby such transferee agrees to provide its audited financial statements, if any, and, as to the property owned by it, the information of the type described in Section 4(a)(ii), (iii), (vi) (vii) and (viii) and Section 5 of this Disclosure Agreement; provided that such transferee's obligations under such disclosure agreement shall terminate upon the land owned by the transferee becoming responsible for the payment of less than 20 percent of the annual Special Taxes.

SECTION 13. Landowner as Independent Contractor. In performing under this Disclosure Agreement, it is understood that the Landowner is an independent contractor and not an agent of the District.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Landowner, the District, the Dissemination Agent, the Participating Underwriter and Bondowners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SANTALUZ, LLC, a Delaware Limited Liability Company

By: Taylor Woodrow Homes, Inc.,  
a California corporation  
Its Managing Member

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: DMB REALCO II, LLC,  
an Arizona limited liability company,  
its member

By: \_\_\_\_\_  
Its: \_\_\_\_\_

UNION BANK OF CALIFORNIA, N.A. as Dissemination  
Agent

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of the Issuer: Community Facilities District No. 2 (Santaluz)  
Name of Bond Issue: Community Facilities District No. 2 (Santaluz) Improvement Area No. 1  
Special Tax Bonds Series A of 2004  
Date of Issuance: February 25, 2004

NOTICE IS HEREBY GIVEN that Santaluz, LLC has not provided an [Annual Report or Semiannual Report] with respect to the above-named Bonds as required by the Continuing Disclosure Agreement of the Developer. [The Landowner anticipates that such [Annual Report or Semiannual Report] will be filed not later than \_\_\_\_\_, \_\_\_\_\_.]

Dated: \_\_\_\_\_

UNION BANK OF CALIFORNIA, N.A. as Dissemination  
Agent

cc: City of San Diego



**APPENDIX G**

**FORM OF OPINION OF BOND COUNSEL**

**APPENDIX G**

February 25, 2004

Community Facilities District No. 2 (Santaluz)  
San Diego, California

***Re: \$5,000,000 Community Facilities District No. 2 (Santaluz) Improvement Area No. 1 Special Tax Bonds Series A of 2004***

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the City of San Diego taken in connection with the formation of Community Facilities District No. 2 (Santaluz) (the "District") and the authorization and issuance of the District's Improvement Area No. 1 Special Tax Bonds Series A of 2004 in the aggregate principal amount of \$5,000,000 (the "Bonds") and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the District, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), and a Bond Indenture dated as of October 1, 2000 (the "Bond Indenture") between the District and Union Bank of California, N.A. as Trustee (the Union Bank of California, N.A.) as amended and supplemented by the First Supplemental Bond Indenture dated as of February 1, 2004 (together with the Bond Indenture, the "Indenture"). All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

The Bonds are dated their date of delivery and mature on the dates and in the amounts set forth in the Indenture. The Bonds bear interest payable semiannually on each March 1 and September 1, commencing on September 1, 2004, at the rates per annum set forth in the Indenture. The Bonds are registered Bonds in the form set forth in the Indenture, redeemable in the amounts, at the times and in the manner provided for in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the District and are legal, valid and binding limited obligations of the District, enforceable in accordance with their terms and the terms of the Indenture, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases, or by the limitations on legal remedies against public agencies in the State of California. The Bonds are limited obligations of the District but are not a debt of the City of San Diego, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, except for

the Special Taxes, neither the faith and credit nor the taxing power of the City of San Diego, the State of California, or any of its political subdivisions is pledged for the payment thereof.

(2) The execution and delivery of the Indenture has been duly authorized by the District, and the Indenture is valid and binding upon the District and is enforceable in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases, or by the limitations on legal remedies against public agencies in the State of California; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses.

(3) The Indenture creates a valid pledge of that which the Indenture purports to pledge, subject to the provisions of the Indenture, except to the extent that enforceability of the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases, or by the limitations on legal remedies against public agencies in the State of California.

(4) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest (and original issue discount) will be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

(5) Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

(6) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond. Original issue discount that accrues for the Bond owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals or corporations (as described in paragraph 4 above) and is exempt from State of California personal income tax.

(7) The amount by which a Bond owner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond owner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinion expressed in paragraph (4) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with

such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. Except as set forth in paragraphs (4), (5), (6) and (7) above, we express no opinion as to any tax consequences related to the Bonds.

Certain requirements and procedures contained or referred to in the Indenture may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in the Indenture, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the exclusion of interest on the Bonds from gross income for federal income tax purposes on and after the date on which any such change occurs or action is taken upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

We are admitted to the practice of law only in the State of California and our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction and express no opinion as to the enforceability of the choice of law provisions contained in the Indenture.

The opinions expressed herein are based upon an analysis of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur).

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to the matters contained in the Official Statement.

Respectfully submitted,

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## APPENDIX H

### BOOK ENTRY ONLY SYSTEM

*The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Reference made to [www.dtcc.com](http://www.dtcc.com) is presented as a link for additional information regarding DTC and is not a part of this Official Statement.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal of such issue.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries

made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

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

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

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