PRELIMINARY OFFICIAL STATEMENT DATED ______________, 2012

NEW ISSUE **Rating: S&P: "___"**
See "RATINGS."

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2012 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "LEGAL MATTERS - Tax Exemption."

$____________*

LAMMERSVILLE UNIFIED SCHOOL DISTRICT SPECIAL TAX REFUNDING BONDS, SERIES 2012 (LAMMERSVILLE SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2002 (MOUNTAIN HOUSE))

Dated: Date of Delivery **Due: September 1, as shown on inside cover.**

Authority for Issuance. The bonds captioned above (the "2012 Bonds") are being issued by the Lammersville Unified School District (the "School District") under the Mello-Roos Community Facilities Act of 1982 (the "Act"), the Resolution of Issuance (as defined herein), and a Second Supplemental Fiscal Agent Agreement, dated as of July 1, 2012, which supplements a Fiscal Agent Agreement dated as of September 1, 2002, as previously amended (collectively, the "Fiscal Agent Agreement"), by and between the School District and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"). The Governing Board (the "Board") of the School District, acting as legislative body of the Lammersville School District Community Facilities District No. 2002 (Mountain House) (the "Community Facilities District"), has authorized the issuance of the 2012 Bonds in an aggregate principal amount not to exceed $25,000,000. See "THE 2012 BONDS – Authority for Issuance."

Security and Sources of Payment. The 2012 Bonds are payable from proceeds of Special Tax Revenues (as defined herein) levied on property within the Community Facilities District according to the rate and method of apportionment of special tax approved by the Board and the eligible landowner voters in the Community Facilities District. The 2012 Bonds are secured by a first pledge of the revenues derived from the Special Tax Revenues and the moneys on deposit in certain funds held by the Fiscal Agent under the Fiscal Agent Agreement. See "SECURITY FOR THE 2012 BONDS."

Existing and Future Parity Bonds. The 2012 Bonds will be issued on a parity with the outstanding bonds of the School District captioned "$25,000,000 Lammersville School District Community Facilities District No. 2002 (Mountain House) Special Tax Bonds, Series 2006". See "THE COMMUNITY FACILITIES DISTRICT – Formation and Background."

The School District may issue additional bonds secured by Special Tax Revenues (as defined below) on a parity with the 2012 Bonds upon the satisfaction of certain conditions. See "THE 2012 BONDS – Issuance of Future Parity Bonds."

Use of Proceeds. The 2012 Bonds are being issued to (i) refund certain outstanding special tax bonds of the School District captioned "$25,000,000 Lammersville School District Community Facilities District No. 2002 (Mountain House) Special Tax Bonds, Series 2002," (ii) fund a debt service reserve fund for the 2012 Bonds, and (iii) pay the costs of issuing the 2012 Bonds. See "FINANCING PLAN."

Bond Terms. Interest on the 2012 Bonds is payable on September 1, 2012, and semiannually thereafter on each March 1 and September 1. The 2012 Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. The 2012 Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2012 Bonds. See "THE 2012 BONDS – General Bond Terms" and "APPENDIX F – DTC and the Book-Entry Only System."

Redemption. *The 2012 Bonds are subject to optional redemption, mandatory sinking fund redemption, and special mandatory redemption from prepaid Special Taxes. See "THE 2012 BONDS - Redemption."*

THE 2012 BONDS, THE INTEREST THEREON, AND ANY PREMIUMS PAYABLE ON THE REDEMPTION OF ANY OF THE 2012 BONDS, ARE NOT AN INDEBTEDNESS OF THE SCHOOL DISTRICT, THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE SCHOOL DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED IN THIS OFFICIAL STATEMENT), THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE ON THE 2012 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SCHOOL DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED IN THIS OFFICIAL STATEMENT) OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2012 BONDS. OTHER THAN THE SPECIAL TAX REVENUES, NO TAXES ARE PLEDGED TO THE PAYMENT OF THE 2012 BONDS. THE 2012 BONDS ARE NOT A GENERAL OBLIGATION OF THE SCHOOL DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE SCHOOL DISTRICT PAYABLE SOLELY FROM THE SPECIAL TAX REVENUES AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

MATURITY SCHEDULE

(see inside cover)

This cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Investment in the 2012 Bonds involves risks which may not be appropriate for some investors. See "BONDOWNERS' RISKS" for a discussion of special risk factors that should be considered in evaluating the investment quality of the 2012 Bonds.

The 2012 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Jones Hall, A Professional Law Corporation, has served as disclosure counsel to the School District. Certain matters will be passed upon for the School District by ______________, _________, California, its general counsel. Nossaman, LLP, Irvine, California, is serving as counsel to the Underwriter. It is anticipated that the 2012 Bonds, in book-entry form, will be available for delivery on or about _______________________, 2012.

STONE & YOUNGBERG
A DIVISION OF STIFEL NICOLAUS

The date of this Official Statement is: ________________, 2012.

____
* Preliminary; subject to change.

MATURITY SCHEDULE*

$ ______________ Serial Bonds
(Base CUSIP†: ______)

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†

$ ___ __% Term Bond due September 1, 20___, Yield: __%, Price: __%
CUSIP† No. __

$ ___ __% Term Bond due September 1, 20___, Yield: __%, Price: __%
CUSIP† No. __

* Preliminary; subject to change.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2012 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2012 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the School District, the Community Facilities District, any other parties described in this Official Statement, or in the condition of property within the Community Facilities District since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2012 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2012 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

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.

Document References and Summaries. All references to and summaries of the Fiscal Agent Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market price of the 2012 Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the 2012 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2012 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. 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," "budget" or other similar words.

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. THE SCHOOL DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

GOVERNING BOARD

Matthew Balzarini, *President*
Micaela Vergara, *Clerk*
Dr. Chris Cunningham, *Member*
Ben Fobert, *Member*
David Pombo, *Member*

DISTRICT ADMINISTRATION

Dale Hansen, *Superintendent*
Alvina A. Keyser, *Director of Business Services*

PROFESSIONAL SERVICES

BOND COUNSEL and DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

FINANCIAL ADVISOR

Dolinka Group, LLC
Irvine, California

SPECIAL TAX CONSULTANT

Goodwin Consulting Group, Inc.
Sacramento, California

APPRAISER

Smyers Appraisal Inc.
Walnut Creek, California

MORTGAGE CONSULTANT

Empire Economics, Inc.
Capistrano Beach, California

VERIFICATION AGENT

Grant Thornton, LLP
Minneapolis, Minnesota

FISCAL AGENT

The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

REGIONAL MAP

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OFFICIAL STATEMENT

$________________*
LAMMERSVILLE UNIFIED SCHOOL DISTRICT
SPECIAL TAX REFUNDING BONDS, SERIES 2012
(LAMMERSVILLE SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2002
(MOUNTAIN HOUSE))

INTRODUCTION

This Official Statement, including the cover page, inside cover and attached appendices, is provided to furnish information regarding the bonds captioned above (the "**2012 Bonds**") to be issued by the Lammersville Unified School District (the "**School District**") on behalf of the Lammersville School District Community Facilities District No. 2002 (Mountain House) (the "**Community Facilities District**").

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 cover page, the inside cover and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the 2012 Bonds to potential investors is made only by means of the entire Official Statement.

Capitalized terms used but not defined in this Official Statement have the definitions given in the Fiscal Agent Agreement (as defined below).

The School District. The School District is located in the western part of San Joaquin County (the "**County**"). The School District provides public education within a ___ square mile area serving a student population of ________ for Fiscal Year 2011-12. For economic and demographic information regarding the area in and around the School District, see "APPENDIX A."

The administration headquarters of the School District are located at 300 Legacy Drive, Mountain House, California. For further information on the School District see its Internet home page at www.lammersvilleschooldistrict.net.

The Community Facilities District. The Community Facilities District was formed and established by the Governing Board of the School District (the "**Board**"), as legislative body of the Community Facilities District, under the Mello-Roos Community Facilities Act of 1982, as amended (the "**Act**"), pursuant to a resolution adopted by the Board following a public hearing, and a landowner election at which the qualified electors of the Community Facilities District authorized the School District to incur bonded indebtedness for the Community Facilities District and approved the levy of special taxes. See "THE COMMUNITY FACILITIES DISTRICT – Formation and Background."

Authority for Issuance of the 2012 Bonds. The 2012 Bonds are issued under the Act, the Resolution of Issuance adopted on ________________, 2012 (the "**Resolution of Issuance**"), and a Second Supplemental Fiscal Agent Agreement, dated as of July 1, 2012, which supplements a Fiscal Agent Agreement dated as of September 1, 2002, as previously amended (collectively, the "**Fiscal**

* Preliminary; subject to change.

Agent Agreement"), by and between the School District and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "**Fiscal Agent**"). See "THE 2012 BONDS – Authority for Issuance."

Purpose of the 2012 Bonds. Proceeds of the 2012 Bonds will be used primarily to refund certain outstanding special tax bonds of the School District captioned "$25,000,000 Lammersville School District Community Facilities District No. 2002 (Mountain House) Special Tax Bonds, Series 2002" (the "**2002 Bonds**"). Proceeds of the 2012 Bonds will also fund a debt service reserve fund for the 2012 Bonds, and pay the costs of issuing the 2012 Bonds. See "FINANCING PLAN."

Redemption of Bonds Before Maturity. The 2012 Bonds are subject to optional redemption, mandatory sinking fund redemption, and special mandatory redemption from prepaid Special Taxes. See "THE 2012 BONDS – Redemption."

Security and Sources of Payment for the 2012 Bonds. The Board annually levies special taxes on the property in the Community Facilities District (the "**Special Taxes**") in accordance with the Rate and Method of Apportionment for Lammersville School District Community Facilities District No. 2002 (Mountain House) (the "**Rate and Method**"). The 2012 Bonds are secured by and payable from a first pledge of the net proceeds of the Special Taxes (as more particularly defined in the Fiscal Agent Agreement, the "**Special Tax Revenues**"). The 2012 Bonds will be additionally secured by certain funds and accounts established and held under the Fiscal Agent Agreement. See "SECURITY FOR THE 2012 BONDS."

Covenant to Foreclose. The School District has covenanted in the Fiscal Agent Agreement to cause foreclosure proceedings to be commenced and prosecuted against certain parcels with delinquent installments of the Special Taxes. For a more detailed description of the foreclosure covenant see "SECURITY FOR THE 2012 BONDS - Covenant to Foreclose."

Existing and Future Parity Bonds. The 2012 Bonds will be issued on a parity with the outstanding bonds of the School District captioned "$25,000,000 Lammersville School District Community Facilities District No. 2002 (Mountain House) Special Tax Bonds, Series 2006" (the "**2006 Bonds**"). See "THE COMMUNITY FACILITIES DISTRICT – Formation and Background."

The School District may issue additional bonds secured by Special Tax Revenues (as defined below) on a parity with the 2012 Bonds upon the satisfaction of certain conditions. See "THE 2012 BONDS – Issuance of Future Parity Bonds."

Property Ownership and Development Status. For Fiscal Year 2011-12, the property within the Community Facilities District had been developed as 3,029 parcels owned by individual homeowners and classified under the Rate and Method as Developed Property and subject to the Special Tax levy.

In addition, the Community Facilities District contains approximately ____ acres of undeveloped property not currently subject to the Special Tax levy. See "THE COMMUNITY FACILITIES DISTRICT."

Appraisal. An appraisal of the property within the Community Facilities District dated April 19, 2012 (the "**Appraisal**"), was prepared by Smyers Appraisal Inc., of Walnut Creek, California (the "**Appraiser**") in connection with issuance of the 2012 Bonds. The purpose of the appraisal was to ascertain the market value of the as-is condition of the property in the Community Facilities District as of an April 6, 2012, date of value. Subject to the assumptions contained in the Appraisal, the Appraiser estimated that the property within the Community Facilities District, subject to the lien of the Special Taxes and overlapping liens, had the following estimated values:

Neighborhood E	$342,770,000
Neighborhood F	310,420,000
Neighborhood G	267,530,000
Total:	$921,000,000

See "THE COMMUNITY FACILITIES DISTRICT – Appraisal" and "APPENDIX C – Summary Appraisal Report."

Mortgage Study. A mortgage study with respect to the homes within the Community Facilities District dated April 7, 2012 (the "**Mortgage Study**"), was prepared by Empire Economics, Inc., Capistrano Beach, California (the "**Mortgage Consultant**") in connection with issuance of the 2012 Bonds. The purpose of the Mortgage Study was to summarize the mortgage characteristics of the homes in the Community Facilities District. See "THE COMMUNITY FACILITIES DISTRICT – Mortgage Study" and "APPENDIX D – Mortgage Study."

Risk Factors Associated with Purchasing the 2012 Bonds. Investment in the 2012 Bonds involves risks that may not be appropriate for some investors. See "BOND OWNERS' RISKS" for a discussion of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the 2012 Bonds.

FINANCING PLAN

Refunding Plan

The School District issued the 2002 Bonds in September 2002, in the original principal amount of $25,000,000, for the purpose of financing School District facilities. See "THE COMMUNITY FACILITIES DISTRICT – Formation and Background."

The 2002 Bonds are currently outstanding in the aggregate principal amount of $24,000,000, which will be redeemed in full, on a current basis, on September 1, 2012 (the "**Redemption Date**"), at a redemption price equal to 101% of the principal amount thereof, together with interest coming due and payable on the Redemption Date.

In order to accomplish the refinancing plan, the net proceeds of the 2012 Bonds, together with certain other funds on hand with respect to the 2002 Bonds, will be transferred to The Bank of New York Mellon Trust Company, N.A., as escrow agent for the 2002 Bonds (the "**Escrow Agent**"), for deposit in an escrow fund (the "**Escrow Fund**") to be established under an Escrow Agreement dated as of July 1, 2012, by and between the School District and the Escrow Agent.

The Escrow Agent will invest the amounts on deposit in the Escrow Fund in United States Treasury Securities, State and Local Government Series. These funds, together with any remaining amounts held in cash by the Escrow Agent, will be sufficient to pay and redeem the 2002 Bonds in full on the Redemption Date. See "VERIFICATION OF MATHEMATICAL ACCURACY."

Estimated Sources and Uses of Funds

The estimated proceeds from the sale of the 2012 Bonds will be deposited into the following funds established under the Fiscal Agent Agreement:

<u>SOURCES</u>	
Principal Amount of 2012 Bonds	$
Plus: Original Issue Premium	
Plus: Funds Related to 2002 Bonds	
Total Sources	$
<u>USES</u>	
Deposit into Escrow Fund [1]	$
Deposit into Reserve Fund [2]	
Deposit into Costs of Issuance Account [3]	
Underwriter's Discount	
Total Uses	$

[1] Will be used to defease and refund the 2002 Bonds. See "–Refunding Plan" above.
[2] Equal to the Reserve Requirement with respect to the 2012 Bonds as of their date of delivery.
[3] Includes, among other things, the fees and expenses of Bond Counsel and Disclosure Counsel, the cost of printing the Preliminary and final Official Statements, fees and expenses of the Fiscal Agent, fees of the Appraiser, fees of the Market Absorption Consultant, fees of the Financial Advisor and fees of the Special Tax Consultant.

THE 2012 BONDS

This section generally describes the terms of the 2012 Bonds contained in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX E. Capitalized terms used but not defined in this section are defined in APPENDIX E.

Authority for Issuance

The 2012 Bonds are issued under the Act, the Resolution of Issuance and the Fiscal Agent Agreement. Under the Resolution of Issuance, the 2012 Bonds may be issued in a maximum principal amount of $25,000,000.

General Bond Terms

Dated Date, Maturity and Authorized Denominations. The 2012 Bonds will be dated their date of delivery (the "**Delivery Date**") and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The 2012 Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple of $5,000.

Calculation of Interest. Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. The 2012 Bonds will bear interest at the annual rates set forth on the inside cover page of this Official Statement, payable semiannually on each March 1 and September 1, commencing September 1, 2012 (each, an "**Interest Payment Date**").

Each 2012 Bond will bear interest from the Interest Payment Date next preceding its date of authentication unless

(i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or

(ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date (as defined below) preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or

(iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the Bond Date;

provided, however, that if at the time of authentication of a 2012 Bond, interest is in default thereon, such 2012 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

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

DTC and Book-Entry Only System. DTC will act as securities depository for the 2012 Bonds. The 2012 Bonds will be issued as fully-registered securities registered initially in the name of Cede & Co. (DTC's partnership nominee). See APPENDIX F – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments of Interest and Principal. *For so long as DTC is used as depository for the 2012 Bonds, principal of, premium, if any, and interest payments on the 2012 Bonds will be made solely to DTC or its nominee, Cede & Co., as registered owner of the 2012 Bonds, for distribution to the beneficial owners of the 2012 Bonds in accordance with the procedures adopted by DTC.*

Principal of and interest on the 2012 Bonds (including the final interest payment upon maturity or earlier redemption), is payable by check of the Fiscal Agent mailed by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions of any Owner of $1,000,000 or more in aggregate principal amount of 2012 Bonds delivered to the Fiscal Agent prior to the applicable Record Date, which instructions will continue in effect until revoked in writing, or until such 2012 Bonds are transferred to a new Owner.

The principal of the 2012 Bonds and any premium on the 2012 Bonds are payable in lawful money of the United States of America upon surrender of the 2012 Bonds at the Principal Office of the Fiscal Agent.

Redemption*

Mandatory Prepayment Redemption. All the 2012 Bonds are subject to redemption prior to their stated maturities, on any date, from the proceeds of the prepayment of Special Taxes, in whole or in part, at the redemption prices (expressed as a percentage of the principal amount of the 2012 Bonds to be redeemed) set forth below, together with accrued interest thereon to the date fixed for redemption:

Redemption Date	Redemption Price
	%
	%

Optional Redemption from any Source other than Prepayments. The 2012 Bonds maturing on or after September 1, 20__, are subject to optional redemption, from sources of funds other than prepayments of Special Taxes, prior to their stated maturity on any date on or after September 1, 20__, as a whole or in part, at the redemption prices (expressed as a percentage of the principal amount of the 2012 Bonds to be redeemed) set forth below, together with accrued interest thereon to the date fixed for redemption:

Redemption Date	Redemption Price
	%
	%

***** Preliminary; subject to change.

Mandatory Sinking Fund Redemption. The 2012 Term Bonds are also subject to mandatory redemption in part by lot, from Sinking Fund Payments made by the School District from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts set forth below.

However, if some but not all the 2012 Term Bonds of a given maturity have been redeemed through mandatory prepayment redemption or optional redemption as described above, or purchased in lieu of redemption as described below, the total amount of all future Sinking Fund Payments relating to such maturity will be reduced by the aggregate principal amount of 2012 Term Bonds of such maturity so redeemed or purchased, to be allocated among such Sinking Fund Payments on a pro rata basis in integral multiples of $5,000 as determined by the Fiscal Agent.

Sinking Fund Redemption Date (September 1)	Sinking Payments
	$
(maturity)	

Purchase in Lieu of Redemption. In lieu of mandatory sinking fund redemption, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2012 Bonds upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2012 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2012 Bonds were to be redeemed in accordance with the Fiscal Agent Agreement.

In lieu of and following distribution of a notice of an optional redemption, the School District will have the right to purchase or to cause the purchase of all or a portion of the 2012 Bonds in lieu of the optional redemption and to leave such Refunding Bonds outstanding.

Selection of 2012 Bonds for Redemption. Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all the 2012 Bonds of any maturity or any given portion thereof, the Fiscal Agent will select the 2012 Bonds to be redeemed from all 2012 Bonds or such given portion thereof not previously called for redemption, by lot in any manner that the Fiscal Agent in its sole discretion may deem appropriate; provided, however, that if 2012 Bonds are to be redeemed as a result of the prepayment of Special Taxes, 2012 Bonds will be selected for redemption on a pro-rata basis among maturities.

Notice of Redemption. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Original Purchaser, the Securities Depositories, the MSRB and the registered Owners of any 2012 Bonds designated for redemption, at their addresses appearing on the 2012 Bond registration books in the Principal Office of the Fiscal Agent; but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2012 Bonds.

However, while the 2012 Bonds are subject to DTC's book-entry system, the Fiscal Agent will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the School District and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the 2012 Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any 2012 Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Fiscal Agent Agreement.

Conditional Redemption Notice and Rescission of Redemption. Any redemption notice may specify that redemption on the specified date will be subject to receipt by the School District of moneys sufficient to cause such redemption (and will specify the proposed source of such moneys), and neither the School District nor the Fiscal Agent will have any liability to the Owners or any other party as a result of its failure to redeem the 2012 Bonds as a result of insufficient moneys. The School District will have the right to rescind any redemption by written notice to the Fiscal Agent on or prior to the date fixed for redemption.

Any notice of redemption will be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the 2012 Bonds then called for redemption, and such cancellation will not constitute a default under the Fiscal Agent Agreement.

The Fiscal Agent will mail notice of rescission of redemption in the same manner that notice of redemption was originally provided.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2012 Bonds called for redemption have been deposited in the Bond Fund, those 2012 Bonds will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in the notice of redemption.

Issuance of Future Parity Bonds

The School District may, at any time after the issuance and delivery of the 2012 Bonds, issue one or more additional series of bonds or other indebtedness (collectively, "**Parity Bonds**") payable from the Special Tax Revenues on a parity with the 2012 Bonds and the 2006 Bonds, under the Fiscal Agent Agreement.

Parity Bonds may be issued only on the terms and conditions set forth in the Fiscal Agent Agreement, which include, among others, the following conditions precedent.

Maximum Total Parity Bond Issuance. The aggregate outstanding principal amount of the 2012 Bonds, the 2006 Bonds and all Parity Bonds issued may not exceed $250,000,000.

Value-to-Lien Ratio. To determine the required value-to-lien ratio, the conditions set forth below must be met:

(i) The CFD Value (as defined below) must be at least 3.0 times the sum of:

(a) the aggregate principal amount of all 2012 Bonds and 2006 then outstanding, plus

(b) the aggregate principal amount of the series of Parity Bonds proposed to be issued, plus

(c) the aggregate principal amount of any fixed assessment liens on parcels of land within the Community Facilities District subject to the levy of the Special Tax, plus

(d) a portion of the aggregate principal amount of all other community facilities district bonds then outstanding and payable at least partially from special taxes to be levied on parcels of land within the CFD (the "**Other CFD Bonds**") equal to the aggregate principal amount of the Other CFD Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other CFD Bonds on parcels of land within the Community Facilities District, and the denominator of which is the total amount of special taxes levied for the Other CFD Bonds on all parcels of land against which the special taxes are levied to pay Other CFD Bonds (such fraction to be determined based upon the actual special taxes levied in the then-current fiscal year), based upon information provided by the School District for the Other CFD Bonds.

(ii) "**CFD Value**" means the fair market value (as of the date of the assessor's roll or appraisal used to determine such value as described below) of all parcels of real property in the Community Facilities District subject to the levy of Special Taxes and not delinquent in the payment of Special Taxes, including with respect to such nondelinquent parcels, the value of the existing improvements and any facilities to be constructed or acquired with any amounts on deposit in the Improvement Fund or otherwise to be obtained through sale of the Parity Bonds, such value as determined by reference to (1) the assessed value of all nondelinquent parcels in the Community Facilities District as shown on the then current County tax roll, or (2) in the alternative or in combination with (1) above, a written appraisal of all nondelinquent parcels in the Community Facilities District prepared no more than 120 days before the issuance of the Parity Bonds by an Appraiser selected by the School District and using a methodology consistent with the methodology used for the issuance of the Bonds.

(iii) The CFD Value of Undeveloped Property (as defined below) must be at least 2.5 times the sum of:

(a) a portion of the aggregate principal amount of all 2012 Bonds and 2006 then Outstanding and any proposed Parity Bonds relating to Undeveloped Property equal to the aggregate principal amount of all Bonds then Outstanding and any proposed Parity Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the 2012 Bonds and 2006 Bonds then-outstanding and any proposed Parity Bonds on parcels of Undeveloped Property within the Community Facilities District, and the denominator of which is the amount of special taxes levied on all parcels of land in the Community Facilities District subject to the special tax (such fraction to be determined based on the special taxes that would have been levied in the then-current fiscal year if the first full calendar year of debt service on the Parity Bonds was added to the Special Tax Requirement for the then-current fiscal year), based upon information from the School District, plus a proportionate share of estimated annual Administrative Expenses, plus

(b) the aggregate principal amount of any fixed assessment liens on parcels of Undeveloped Property within the Community Facilities District subject to the levy of the Special Tax, plus

(c) a portion of the aggregate principal amount of all other community facilities district bonds then outstanding and payable at least partially from special taxes levied on parcels of Undeveloped Property within the Community Facilities District (the "**Other CFD Bonds**") equal to the aggregate principal amount of the Other CFD Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other CFD Bonds on parcels of Undeveloped Property within the Community Facilities District and the denominator of which is the total amount of the special taxes levied for the Other CFD Bonds on all parcels of land against which the special taxes are levied to pay Other CFD Bonds (such fraction to be determined based on the actual special taxes levied in the then-current fiscal year), based upon information provided by the School District for the Other CFD Bonds.

(iv) "**CFD Value of Undeveloped Property**" means the fair market value (as of the date of the assessor's roll or appraisal used to determine such value as described below), of all parcels of Undeveloped Property in the Community Facilities District subject to the levy of Special Taxes and not delinquent in the payment of Special Taxes, including with respect to such nondelinquent parcels the value of any facilities to be constructed or acquired with any amounts on deposit in the Improvement Fund or otherwise to be obtained through the sale of the Parity Bonds, such value as determined by reference to: (a) the assessed value of all nondelinquent parcels of Undeveloped Property in the Community Facilities District as shown on the then current County tax roll, or (b) in the alternative or in combination with (a) above, a written appraisal of the nondeliquent Undeveloped Property in the Community Facilities District prepared no more than 120 days before the issuance of the Parity Bonds by an Appraiser selected by the School District using a methodology for Undeveloped Property consistent with the methodology for Undeveloped Property of the original appraisal for the Bonds.

(v) In connection with any appraisal described above, the School District will instruct the Appraiser to not assign value in respect of any cash, land or improvements donated to a public entity, unless such entity would be subject to the Special Tax. The School District will not be liable by reason of any such appraisal or the exercise of discretion by the Appraiser.

Special Tax Coverage. The School District must obtain a Certificate of a Tax Consultant to the effect that

(a) the amount of the maximum Special Taxes that may be levied in each Fiscal Year will be at least 110% of the total Annual Debt Service for each such Fiscal Year on the Bonds and the proposed Parity Bonds and

(b) the aggregate Special Tax Prepayment that could occur after the issuance of the Parity Bonds is not less than the Outstanding principal amount of the Bonds and such Parity Bonds.

See APPENDIX E for additional details regarding the conditions for issuing Parity Bonds.

Registration, Transfer and Exchange

The following provisions regarding the exchange and transfer of the 2012 Bonds apply only during any period in which the 2012 Bonds are not subject to DTC's book-entry system. While the 2012 Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See "APPENDIX F – DTC and the Book-Entry Only System."

Registration. The Fiscal Agent will keep, or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the 2012 Bonds, which will show the series number, date, amount, rate of interest and last known owner of each 2012 Bond and will at all times be open to inspection by the School District during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the 2012 Bonds as provided in the Fiscal Agent Agreement.

The School District and the Fiscal Agent will treat the Owner of any 2012 Bond whose name appears on the Bond register as the absolute Owner of such 2012 Bond for any and all purposes, and the School District and the Fiscal Agent will not be affected by any notice to the contrary. The School District and the Fiscal Agent may rely on the address of the Bondowner as it appears in the Bond register for any and all purposes.

Registration of Exchange or Transfer. Any 2012 Bond may, in accordance with its terms, be transferred, upon the Bond register by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such 2012 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent.

2012 Bonds may be exchanged at the Principal Office of the Fiscal Agent solely for a like aggregate principal amount of 2012 Bonds of authorized denominations and of the same maturity.

The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the School District. The Fiscal Agent will collect from the Owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such transfer or exchange. Whenever any 2012 Bond or 2012 Bonds are surrendered for transfer or exchange, the School District will execute and the Fiscal Agent will authenticate and deliver a new 2012 Bond or 2012 Bonds, for a like aggregate principal amount.

No transfers or exchanges of 2012 Bonds will be required to be made (i) 15 days prior to the date established by the Fiscal Agent for selection of 2012 Bonds for redemption or (ii) with respect to a 2012 Bond after such 2012 Bond has been selected for redemption; or (iii) between a Record Date and the succeeding Interest Payment Date.

DEBT SERVICE SCHEDULE

The following table presents the annual debt service on the 2012 Bonds and the 2006 Bonds (including sinking fund redemptions), assuming there are no optional redemptions.

Year Ending September 1	2006 Bonds	2012 Bonds Principal	2012 Bonds Interest	2012 Bonds Total	Total Parity Debt Service
2012					
2013					
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
Total:					

SECURITY FOR THE 2012 BONDS

This section generally describes the security for the 2012 Bonds set forth in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX E. Capitalized terms used but not defined in the section are defined in APPENDIX E.

General

The 2012 Bonds, the 2006 Bonds and any Parity Bonds (collectively, the "**Bonds**") are secured by a first pledge (which pledge will be effected in the manner and to the extent provided in the Fiscal Agent Agreement) of all of the Special Tax Revenues and all moneys deposited in the Bond Fund and the Reserve Fund, and, until disbursed as provided therein, in the Special Tax Fund.

The Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Fiscal Agent Agreement.

"**Special Tax Revenues**" are defined in the Fiscal Agent Agreement as the proceeds of the Special Taxes received by the School District, including any scheduled payments thereof, interest and 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 interest.

However, Special Tax Revenues do not include any interest in excess of the interest due on the Bonds, or any penalties collected in connection with any such foreclosure, or any amounts under (v) and (vi) of the definition of "Special Tax Requirement" in the Rate and Method (generally consisting of construction expenses to be funded directly from Special Tax proceeds, reimbursements to developers for certain contributions to the Community Facilities District). See "APPENDIX B."

Limited Obligation

The 2012 Bonds and interest thereon are not payable from the general fund of the the School District. Except with respect to the Special Tax Revenues, neither the credit nor the taxing power of the School District is pledged for the payment of the 2012 Bonds or interest thereon, and no Owner of the 2012 Bonds may compel the exercise of the taxing power by the School District or the forfeiture of any of its property.

The principal of and interest on the 2012 Bonds and premiums upon the redemption of any thereof are not a debt of the School District (except to the limited extent described in this Official Statement), the State of California nor any of its political subdivisions, within the meaning of any constitutional or statutory limitation or restriction. The 2012 Bonds are not a legal or equitable pledge, charge, lien or encumbrance, upon any property or income, receipts or revenues of the School District, except the Special Tax Revenues that are, under the terms of the Fiscal Agent Agreement, pledged for the payment of the 2012 Bonds and interest thereon. Neither the members of the Board nor any persons executing the 2012 Bonds are liable personally on the 2012 Bonds by reason of their issuance.

Special Taxes

Covenant to Levy Special Taxes. The Finance Officer will fix and levy the amount of Special Taxes within the Community Facilities District required for the payment of principal of and interest on any outstanding Bonds becoming due and payable during the ensuing calendar year, including any necessary replenishment or expenditure of the Reserve Fund for the Bonds and an amount estimated to be sufficient to pay the Administrative Expenses, including amounts necessary to discharge any rebate obligation, during such year, taking into account the balances in such funds and in the Special Tax Fund.

The Special Taxes so levied shall not exceed the authorized amounts as provided in the proceedings under the Resolution of Formation, including any amounts under (v) and (vi) of the definition of "Special Tax Requirement" in Exhibit B to the Resolution of Formation.

Manner of Collection. The Fiscal Agent Agreement provides that the Special Taxes will be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property.

Because the Special Tax levy is limited to the maximum Special Tax rates set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the receipts of Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay debt service on the Bonds.

Rate and Method

General. The Special Taxes will be levied and collected according to the Rate and Method, which provides the means by which the Board may annually levy the Special Taxes within Community Facilities District, up to the maximum Special Tax rates, and to determine the amount of the Special Taxes that will need to be collected each Fiscal Year from the "**Taxable Property**" within Community Facilities District.

The following is a synopsis of the provisions of the Rate and Method, which should be read in conjunction with the complete text of the Rate and Method, including its attachments, which is attached as "APPENDIX B." Capitalized terms used but not defined in this section have the meanings as set forth in APPENDIX B. *This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method attached as APPENDIX B.*

Special Tax Requirement. Annually, at the time of levying the Special Tax for the Community Facilities District, the Board will determine the minimum amount of money to be levied on Taxable Property in the Community Facilities District (the "**Special Tax Requirement**"), which will be the amount required in any Fiscal Year for the following purposes:

(i) to pay principal and interest on bonds issued by the School District for the Community Facilities District,

(ii) to create or replenish reserve funds established for bonds issued by the School District for the Community Facilities District,

(iii) to cure any delinquencies in the payment of principal or interest on bonds issued by the School District for the Community Facilities District which occurred in the prior Fiscal Year or (based on delinquencies in the payment of Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected,

(iv) to pay administrative expenses of the Community Facilities District,

(v) to pay construction expenses to be funded directly from Special Tax proceeds, as applicable, and

(vi) to reimburse developers for Funding Shortfall Contributions as provided under the Mitigation Agreement.

Annual Determination of Property Categories for Administration of Special Tax. Each Fiscal Year, the Community Facilities District administrator will (i) categorize each Parcel of Taxable Property as Developed Property or Undeveloped Property, and (ii) assign each Parcel of Developed Property to one of the Land Use Classes identified in Table 1 in the Rate and Method, as described below. For Single Family Attached Property and Multi-Family Property, the number of Units will be determined by referencing the condominium plan, apartment plan, site plan or other development plan. The square footage of SFD Lots (generally defined in the Rate and Method to be an individual residential lot identified and numbered on a Final Map recorded at the San Joaquin County Recorder's Office on which a building permit could be issued for construction of a single family detached unit without further subdivision of the lot) will be determined by reference to County Assessor's Parcel Maps or, to the extent those maps do not reflect square footage of the SFD Lots, by reference to the lot size summary provided by the engineering firm that produced the Final Map.

"**Developed Property**" for any Fiscal Year means the following:

- for Single Family Detached Property, all parcels for which a Final Map was recorded prior to June 30 of the preceding Fiscal Year, but not including any Assessor's Parcels on which a residential structure is located for which a building permit was issued prior to January 1, 2002, which will continue to be categorized as Undeveloped Property until such time as a building permit is issued to build a new or additional Unit on the Parcel.

- for all other Taxable Property, all parcels for which a building permit for new construction of a residential structure was issued prior to June 30 of the preceding Fiscal Year.

"**Undeveloped Property**" for any Fiscal Year means any Parcel of Taxable Property that is not Developed Property.

In any Fiscal Year, if it is determined that

(i) a parcel map for a portion of property in the Community Facilities District was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created Parcels into the then current tax roll),

(ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and

(iii) one or more of the newly-created Parcels meets the definition of Developed Property, the Administrator will calculate the Special Tax for the property affected by recordation of the parcel map by determining the Special Tax that applies separately to each newly-created Parcel, then applying the sum of the individual Special Taxes to the master Assessor's Parcel that was subdivided by recordation of the Parcel Map.

Maximum Special Tax. The Maximum Special Tax is defined in the Rate and Method as follows:

Developed Property. The Maximum Special Tax for Fiscal Year 2012-13 for each land use class is set forth in the table below, which represent the rates for the current Fiscal Year, and include the annual 2% escalations from the initial year of the Special Tax levy (2003-04).

Developed Property
Maximum Special Tax
Fiscal Year 2012-13

Land Use Class	Description	Maximum Special Tax (Fiscal Year 2012-13)
1	SFD Lots greater than or equal to 6,000 square feet	$1,608.60 per SFD Lot
2	SFD Lots less than 6,000 square feet	$1,165.22 per SFD Lot
3	Single Family Attached Property	$990.74 per Unit
4	Multi-Family Property	$443.38 per Unit
5	Taxable Non-Residential Property	To be Determined**

** The maximum Special Tax on Taxable Non-Residential Property will be the amount needed to replace revenues that were lost when the residential property was converted to non-residential uses. The Board will determine, or cause to be determined, the Maximum Special Tax for each Parcel of Taxable Non-Residential Property at the time of conversion to non-residential use.

Each July 1, the Maximum Special Taxes are increased by 2.0% of the amount in effect for the prior Fiscal Year.

Once a Special Tax has been levied and collected on a Parcel of Developed Property, the Maximum Special Tax applicable to that Parcel will not be reduced in future Fiscal Years regardless of changes in land use on the Parcel. However, the actual Special Tax levied on a Parcel of Developed Property in any Fiscal Year may be less than the Maximum Special Tax if a lower Special Tax is calculated under the Rate and Method, as described below.

Undeveloped Property. The Maximum Special Tax for Fiscal Year 2012-13 is $14,699.64 per Acre for all Parcels of Undeveloped Property except those designated as high density residential (R/H) in the Tentative Map approved for the property or, if no Tentative Map has yet been approved, in the then current specific plan for the property. For Fiscal Year 2012-13, the Maximum Special Tax for Parcels of Undeveloped Property designated as high density residential (R/H) is $8,903.44 per Acre. These rates represent the rates for the current Fiscal Year, and include the annual 2% escalations from the initial year of the Special Tax levy (2003-04).

The maximum Special Taxes for Undeveloped Property are increased on each July 1 by 2.0% of the amount in effect for the prior Fiscal Year.

Changes to Land Uses in the Community Facilities District. If the Tentative Map for the property in the Community Facilities District is revised following the issuance of any series of the Bonds, the following steps will be applied to ensure there is no reduction in Special Tax revenues:

Step 1: The Community Facilities District administrator will calculate the Maximum Special Tax revenues that could be collected from property affected by the proposed Tentative Map revision (the "Affected Property") prior to the revision being approved.

Step 2: The Community Facilities District administrator will calculate the Maximum Special Tax revenues that could be collected from the Affected Property if the Tentative Map revision is approved.

Step 3: If the revenues calculated in Step 2 are less than those calculated in Step 1, the landowner requesting the Tentative Map revision must prepay the portion of the Special Tax obligation that would have applied to the Affected Property immediately after approval of the map revision in an amount sufficient to retire a portion of the Bonds and maintain 110% debt service coverage on the Bonds with the reduced Maximum Special Tax revenues that will result after the Tentative Map revision is approved. The required prepayment will be calculated using the formula set forth in the Rate and Method. If the mandatory prepayment has not been received by the School District prior to the first Final Map or subsequent parcel map for the Affected Property being submitted to the County for approval, School District will take efforts to ensure that such maps are not approved by the County until the prepayment has been received.

If the amount determined in Step 2 is higher than that calculated in Step 1, no such mandatory prepayment will be required.

Method of Special Tax Levy. Under the Rate and Method, commencing with Fiscal Year 2003-04 and for each following Fiscal Year, the Community Facilities District administrator will determine the Special Tax Requirement to be collected in that Fiscal Year. A Special Tax will then be levied according to the following steps:

Step 1: The Special Tax will be levied Proportionately on each parcel of Developed Property within all Improvement Areas up to 100% of the Maximum Special Tax for each Land Use Class for the Fiscal Year.

Step 2: If additional revenue is needed after applying Step 1, and after applying Capitalized Interest to the Special Tax Requirement, the Special Tax will be levied Proportionately on each Parcel of Undeveloped Property within Improvement Area No. 1 up to 100% of the Maximum Special Tax.

Step 3: If additional revenue is needed after applying the first two steps, the Special Tax will be levied Proportionately on each Assessor's Parcel of Undeveloped Property within Improvement Area No. 2, up to 100% of the Maximum Special Tax.

Step 4: If additional revenue is needed after applying the first three steps, the Special Tax will be levied Proportionately on each Assessor's Parcel of Undeveloped Property within all Improvement Areas other than Improvement Area No. 1 and Improvement Area No. 2 up to 100% of the Maximum Special Tax.

Step 5: If additional revenue is needed after applying the first four steps, the Special Tax will be levied Proportionately on each Parcel of Institutional Property and Public Property, exclusive of property exempt from the Special Tax under the Rate and Method, up to 100% of the Maximum Special Tax for Undeveloped Property.

Exemptions. No Special Tax will be levied on the following:

(i) Parcels that have been conveyed to a Public Agency, except as otherwise provided in the Act,

(ii) Parcels of Institutional Property to the extent the combined Acreage of all Parcels of Institutional Property within an Improvement Area does not exceed the total Acreage of Institutional Property expected within that Improvement Area in the Master Specific Plan, subsequent specific plan for the neighborhood, Tentative Map or other land use plan on which the School District relied when sizing Bonds that were issued and secured by Special Taxes within the Improvement Area,

(iii) Parcels of Non-Residential Property unless such property is determined to be Taxable Non-Residential Property,

(iv) Second Units,

(v) Additional Town Center Units,

(vi) Density Bonus Units, and

(vii) Units within an Age-Restricted Project.

However, if an Age-Restricted Project removes the age restriction, the Age-Restricted Project will, in the next Fiscal Year, be subject to the levy of the Special Tax.

Prepayment of Special Tax. The Special Tax obligation applicable to an Assessor's Parcel may be prepaid and the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied, provided that the terms set forth under the Rate and Method are satisfied, including the following conditions:

- 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 is required to provide the School District with written notice of intent to prepay. Within 30 days of receipt of such written notice, the School District will notify such owner of the prepayment amount for such

Assessor's Parcel. Prepayment must be made not less than 75 days prior to any interest payment date for Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

The Prepayment Amount is calculated based on the Bond Redemption Amount plus Redemption Premium and other costs, all as specified in "APPENDIX B – Rate and Method of Apportionment of Special Tax – Section H."

A partial prepayment may be made in an amount equal to any percentage of full prepayment desired by the party making a partial prepayment. The Maximum Special Tax that can be levied on a Parcel after a partial prepayment is made is equal to the Maximum Special Tax that could have been levied prior to the prepayment, reduced by the percentage of the full prepayment that the partial prepayment represents, all as determined by or at the direction of the Community Facilities District administrator.

Outstanding Parity Bonds

The Board and the eligible landowner voters in the Community Facilities District have authorized the issuance of bonds in an aggregate principal amount not to exceed $250,000,000. The School District has previously issued the 2002 Bonds, which will be defeased and refunded in full with the proceeds of the 2012 Bonds (see "FINANCING PLAN") and the 2006 Bonds (see "DEBT SERVICE SCHEDULE" and THE COMMUNITY FACILITIES DISTRICT – Formation and Background"). The School District may issue future Parity Bonds upon compliance with the conditions contained in the Fiscal Agent Agreement. See "THE 2012 BONDS – Issuance of Future Parity Bonds."

Covenant to Foreclose

Sale of Property for Nonpayment of Taxes. The Fiscal Agent Agreement provides that the Special Taxes are to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described below and in the Act, is to be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Foreclosure Under the Act. Under Section 53356.1 of the Act, if any delinquency occurs in the payment of the Special Tax, the School District may order the institution of a Superior Court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale.

While judicial foreclosure is not mandatory, the School District will agree in the Fiscal Agent Agreement that, so long as the Teeter Plan is applied to the distribution of the Special Taxes, on October 1 of each year, or, if the Teeter Plan has been discontinued for the distribution of the Special Taxes on or about March 30 and July 30 of each Fiscal Year, the Finance Officer will compare the amount of Special Taxes previously levied in the Community Facilities District to the amount of Special Tax Revenues received by the School District, and if delinquencies have occurred, proceed as follows:

> *Individual Delinquencies*. If the School District's Finance Officer determines that any single parcel subject to the Special Tax in the Community Facilities District is delinquent in the payment of Special Taxes in the aggregate amount of $3,000 or more, then the Finance Officer will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 60 days of such determination, and (if the delinquency

remains uncured) the School District will commence foreclosure proceedings within 120 days of such determination.

Aggregate Delinquencies. If the School District's Finance Officer determines that (i) the total amount of delinquent Special Tax for the prior Fiscal Year for the entire Community Facilities District (including the total of individual delinquencies described above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, or (ii) there are 10 or fewer owners of real property within the Community Facilities District, determined by reference to the latest available secured property tax roll of the County, the School District will notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 60 days of such determination, and will commence foreclosure proceedings within 120 days of such determination against each parcel of land in the Community Facilities District with a Special Tax delinquency.

Sufficiency of Foreclosure Sale Proceeds; Foreclosure Limitations and Delays. No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the School District to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale.

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained. However, under Section 53356.5 of the Act, the School District, as judgment creditor, is entitled to purchase any property sold at foreclosure using a "credit bid," where the School District could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Taxes. If the School District becomes the purchaser under a credit bid, the School District must pay the amount of its credit bid into the redemption fund established for the Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale.

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent on the nature of the defense, if any, put forth by the debtor and the Superior Court calendar. In addition, the ability of the School District to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the property owner if the property is owned by or in receivership of the Federal Deposit Insurance Corporation (the "FDIC"). See "BOND OWNERS' RISKS - Bankruptcy and Foreclosure Delays."

Teeter Plan. In 1949, the California Legislature enacted an alternative method for the distribution of secured property taxes to local agencies. This method, known as the "Teeter Plan," is found in Sections 4701-4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county collects property taxes and certain other public agencies and taxing areas located in the county receive annually the full amount of their shares of property taxes and other impositions collected on the secured roll, including delinquent property taxes which have yet to be collected. While the county bears the risk of loss on unpaid delinquent taxes, it retains the penalties associated with delinquent taxes when they are paid. In turn, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless, prior to the commencement of a fiscal year, a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, decide to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency.

Under the Teeter Plan, a county must initially provide a participating local agency with 95% of the estimated amount of the then-accumulated tax delinquencies (excluding penalties) for that agency. After the initial distribution, each participating local agency receives annually 100% of the secured property tax levies to which it is otherwise entitled, regardless of whether the county has actually collected the levies.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a pro rata adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the county as an interest-free offset against future advances of tax levies under the Teeter Plan.

The Board of Supervisors of San Joaquin County adopted the Teeter Plan in 1994-95. The County's Teeter Plan will apply to the School District and the collection of the Special Tax. To the extent that the County's Teeter Plan continues in existence and is carried out as adopted, and to the extent the County does not discontinue the Teeter Plan with respect to the School District or the Community Facilities District, the County's Teeter Plan may help protect owners of the 2012 Bonds from the risk of delinquencies in the payment of Special Tax. *However, there have been recent proposals to modify the Teeter Plan, and there can be no assurance that the County will not modify or eliminate its Teeter Plan while the 2012 Bonds are outstanding.*

Special Tax Fund

Deposits. Under the Fiscal Agent Agreement, the Finance Officer of the School District must deposit, immediately upon receipt, all Special Tax Revenue received by the School District into the Special Tax Fund. The Finance Officer will hold moneys in the Special Tax Fund for the benefit of the School District and the Owners of the Bonds and will disburse those moneys as described below. Pending any disbursement, moneys in the Special Tax Fund will be subject to a lien in favor of the Owners of the Bonds.

Disbursements. As soon as practicable after the receipt by the School District of any Special Tax Revenues or the transfer of excess amounts in the Administrative Expense Fund, but no later than 10 Business Days after such receipt or transfer, the Finance Officer will withdraw from the Special Tax Fund and make the following transfers:

(i) to the Fiscal Agent for deposit in the Bond Fund:

(a) an amount necessary to pay any principal or interest on the Bonds not paid when due, together with additional interest at rate of the Bonds to the expected date of payment from the date such payment was due, plus

(b) an amount, taking into account any amounts then on deposit in the Bond Fund, such that the amount in the Bond Fund equals the principal, premium, if any, and interest due on the Bonds on the next two Interest Payment Dates with respect to

Special Tax Revenues received during the periods from August 15 through the following February 15 and February 16 through the following August 14;

(ii) to Fiscal Agent for deposit in the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, so that the amount in the Reserve Fund equals the Reserve Requirement; and

(iii) after the foregoing transfers, any amount remaining in the Special Tax Fund will be transferred by the Finance Officer to the Administrative Expense Fund.

Bond Fund

Deposits. The Fiscal Agent will hold the moneys in the Bond Fund for the benefit of the School District and the Owners of the Bonds, will disburse those funds for the payment of the principal of, and interest and any premium on, the Bonds as described below.

Disbursements. On each Interest Payment Date, the Fiscal Agent will withdraw from the Bond Fund and pay to the Owners of the 2012 Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the Bonds.

Five Business Days prior to each Interest Payment Date, the Fiscal Agent will determine if the amounts then on deposit in the Bond Fund are sufficient to pay the debt service due on the Bonds on the next Interest Payment Date. If amounts in the Bond Fund are insufficient for this purpose, the Fiscal Agent promptly will notify the Finance Officer by telephone (and confirm in writing) of the amount of the insufficiency, and withdraw from the Reserve Fund, in accordance with the provisions of the Fiscal Agent Agreement, to the extent of any funds therein, amounts to cover the Bond Fund insufficiency, and deposit these amounts in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments of the principal of, and interest and any premium, due and payable on the Bonds, the Fiscal Agent will apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, if any, and then to payment of principal due on the bonds by reason of sinking payments.

Reserve Fund

General. In order to further secure the payment of principal of and interest on the Bonds, certain proceeds of the 2012 Bonds will be deposited into the 2012 Reserve Fund in an amount equal to the "Reserve Requirement" for the 2012 Bonds, being the amount which, when combined with the amounts on deposit in the 2012 Reserve Fund on the Closing Date prior to such deposit, will be equal to the Reserve Requirement for the 2012 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS".

Reserve Requirement. The "**Reserve Requirement**" is defined in the Fiscal Agent Agreement to mean the least of the following:

(a) Maximum Annual Debt Service on the Outstanding Refunding Bonds and any series of Parity Bonds the principal of and interest on which is payable from amounts in the 2012 Reserve Fund,

(b) 125% of average Annual Debt Service on the Outstanding Refunding Bonds and any series of Parity Bonds the principal of and interest on which is payable from amounts in the 2012 Reserve Fund and

(c) 10% of the original principal amount of the Outstanding Refunding Bonds and any series of Parity Bonds the principal of and interest on which is payable from amounts in the 2012 Reserve Fund.

Disbursements. Except as provided in the Fiscal Agent Agreement with respect to certain investment earnings, monies in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund if needed to pay debt service on the Bonds, or for the purpose of redeeming Bonds from the Bond Fund if the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds.

Qualified Reserve Fund Credit Instruments. The School District has the right at any time to direct the Fiscal Agent to release funds from the 2012 Reserve Fund, in whole or in part, by tendering to the Fiscal Agent: (i) a Qualified Reserve Account Credit Instrument (as defined in the Fiscal Agent Agreement), and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Refunding Bonds or any Parity Bonds payable from the 2012 Reserve Fund the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation.

See “APPENDIX E” for a complete description of the timing, purpose and manner of disbursements from the 2012 Reserve Fund.

Investment of Moneys in Funds

Moneys in any fund or account created or established by the Fiscal Agent Agreement (except for the Administrative Expense Fund, which may be invested in any lawful investment for the School District) and held by the Fiscal Agent or the Finance Officer, respectively, will be invested by the Fiscal Agent or the Finance Officer, respectively, in Permitted Investments, which in any event by their terms mature or are redeemable at par prior to the date on which such moneys are required to be paid out under the Fiscal Agent Agreement. See “APPENDIX D” for a definition of “Permitted Investments.”

THE COMMUNITY FACILITIES DISTRICT

Formation and Background

Formation Proceedings. The Community Facilities District was established by the Board under the Act on April 24, 2002, following a noticed public hearing. On the same date, an election was held in which the qualified electors within the Community Facilities District approved a ballot proposition authorizing the School District to incur bonded indebtedness for the Community Facilities District of up to $250,000,000 to finance the acquisition and construction of the authorized facilities, to levy the Special Taxes, and to establish an appropriations limit for the Community Facilities District.

The Community Facilities District is authorized to finance the construction of authorized School District facilities, which are generally defined to include public elementary, middle and (subject to the establishment of a unified school district, which has since occurred), high school facilities, including related multi-use, administrative, service and support and maintenance facilities and related equipment, together with buses, vans, trucks and other required vehicles and fixtures.

The Rate and Method for the Community Facilities District is attached as APPENDIX B.

Issuance of 2002 Bonds. On September 26, 2002, the School District issued the 2002 Bonds, which were the first series of bonds issued under this voter authorization. The proceeds of the 2002 Bonds were used primarily to contribute to the construction of authorized School District facilities in satisfaction of developer obligations to finance school facilities necessary to serve the projected student population generated by the development of certain property within the boundaries of the School District.

All of the outstanding 2002 Bonds will be defeased and refunded with the proceeds of the 2012 Bonds. See "FINANCING PLAN."

Issuance of 2006 Bonds. On August 24, 2006, the School District issued the 2006 Bonds, which was the second series of bonds under the voter authorization. The proceeds of the 2002 Bonds were used primarily to contribute to the construction of authorized School District facilities in satisfaction of developer obligations to finance school facilities necessary to serve the projected student population generated by the development of certain property within the boundaries of the School District. The 2006 Bonds are currently outstanding in the principal amount of $24,650,000, and are payable from Special Taxes on a parity with the 2012 Bonds. See "DEBT SERVICE SCHEDULE."

Description and Location

General. The Community Facilities District consists of a portion of the larger Mountain House community, a master-planned community being developed in the southwestern portion of the County adjacent to the Alameda County line, approximately 3 miles northwest of the City of Tracy. The Community Facilities District specifically includes the residential portions of Neighborhoods E, F and G in the Mountain House community. See "APPENDIX A – General Information About the City of Tracy and San Joaquin County" and "APPENDIX J – General Information on the Mountain House Community."

The Community Facilities District is bounded generally by Mascot Boulevard on the south, De Anza Boulevard on most of the east and north, and Marina Boulevard on the west, and has access to Mountain House Parkway (formerly Patterson Pass Road) on the east leading to Interstate 205 to the south.

Property Ownership and Development Status. Substantially all of the property in the Community Facilities District is designated for development as single-family detached homes, single family condominium homes and multifamily apartment residences. Approximately 5 acres are zoned for neighborhood commercial use, and are not taxable under the Rate and Method. See "SECURITY FOR THE 2012 BONDS – Rate and Method." The Community Facilities District contains approximately 468 gross acres that are entitled and anticipated to be developed with 3,956 residences.

The property in the Community Facilities District currently includes 2,909 single-family detached lots, 255 improved condominiums, one vacant condominium parcel (312 units), and two apartment parcels (480 units).

Information on the projected development plan for the property in the Community Facilities District is shown in the table below.

Table 1
Property Summary

Neighbor-hood	Improvement Area [1]	Gross Acreage [2]	Number of Single-Family Lots > = 6,000 Sq. Feet [3]	Number of Single-Family Lots < 6,000 Sq. Feet [3]	Number of Single-Family Attached Units [3]	Projected Number of Single-Family Attached and Multifamily Units [4]	Total Projected Number of Lots/Units	Projected Share of Special Tax Liability [5]	Ultimate Projected Share of Special Tax Liability [6]
F	1	174	605	374	0	480	1,459	33.0%	33.9%
E	2	154	449	591	255	0	1,295	39.0	34.7
G	3	140	357	533	0	312	1,202	28.0	31.4
Total		468	1,411	1,498	255	792	3,956	100.0%	100.0%

[1] Improvement Area designation under the Rate and Method.
[2] Based on the gross acreage of all taxable property in the Community Facilities District.
[3] Based on the fiscal year 2011-12 special tax levy.
[4] Based on the projected number of units entitled for the three parcels of Undeveloped Property in Neighborhoods F and G.
[5] During fiscal year 2012-13.
[6] As calculated by Goodwin Consulting Group, Inc., at buildout of the project.
Source: Goodwin Consulting Group, Inc.

See "– Property Ownership" and "– Development Status" below.

See "APPENDIX A" for demographic and other information regarding the area in and around the School District. The boundary map showing the boundaries of the Community Facilities District is attached as APPENDIX I.

Net Taxable Acres. The property in the Community Facilities District currently contains approximately 423 net acres that have been developed and are classified as Taxable Property.

Special Tax Revenues and Projected Debt Service Coverage

The Rate and Method is structured to produce Special Tax revenues from the Maximum Special Tax which, when applied to the projected debt service on the Bonds, is anticipated to result in a debt service coverage ratio of at least 110% for the life of the 2012 Bonds and the 2006 Bonds , as shown in the table below.

Table 2
Projected Revenues from Levy of Maximum Special Tax
on Estimated Net Acreage

Fiscal Year Ending June 30	Total Annual Special Tax [1]	Debt Service on 2006 Bonds	Debt Service on 2012 Bonds	Total Debt Service	Projected Debt Service Coverage
2013					
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
Total:					

[1] Projected annual special tax revenues based on development status as of __________, 2012. Does not exclude CFD administration charges or estimated delinquencies.
Source: Goodwin Consulting Group, Inc.

It should be noted that the School District may in the future issue Parity Bonds on a parity with the 2012 Bonds and the 2006 Bonds, upon the satisfaction of the conditions contained in the Fiscal Agent Agreement, up to a total combined bond authorization of $250,000,000. However, any Parity Bonds will be issued on the condition (among others) that the projected debt service coverage on the 2012 Bonds, the 2006 Bonds and any Parity Bonds be at least 110%. See "THE 2012 BONDS – Authority for Issuance" and "– Issuance of Future Parity Bonds."

Mortgage Study

General. The School District retained the Mortgage Consultant to prepare the Mortgage Study to discuss the mortgage loan characteristics as well as the current equity levels of the current homeowners within the Community Facilities District, and to relate these to the timeliness of their special tax payments.

Of the 3,033 completed residential properties in the Community Facilities District that had closed escrow as of the date of the Mortgage Study, the Mortgage Study analyzed certain characteristics of the mortgage loans on 2,943 homes for which information was available.

The Mortgage Study does not intend to arrive at any predictions of future special tax delinquencies for homeowners in the Community Facilities District.

The Mortgage Study is attached to this Official Statement as APPENDIX D, and should be reviewed carefully. *The School District makes no representation as to the accuracy or completeness of the Mortgage Study.*

Conclusions. The Mortgage Study concludes that purchasers of new homes in newly developing communities during 2004 to 2007 may have higher risks of having mortgage loan delinquencies as well as tax delinquencies due to the following factors:

- Purchasers of homes, in order to be able to afford the high prices during the recent housing market bubble that were significantly more than what they would normally qualify for, often utilized non-conventional/creative loan structures, characterized by undocumented income, initial teaser interest rates below prevailing market rates, and/or monthly payments that were not fully amortized

- Such purchasers of homes paid high prices during the housing market bubble, and so the subsequent price declines have significantly eroded their original levels of equity.

For prior purchasers of homes in newly developing communities, there is a concentration of risk as compared to the broader housing market which has homeowners that are much more diverse with regard to their times of purchase, and hence amount of their current equity, as well as their use of conventional types of mortgages, as compared to aggressive creative mortgage structures.

Although residential projects that have their homes built and occupied by homeowners are typically viewed as providing bondholders with strong credits, some of the home purchasers, especially those during 2004 to 2007, may face challenges in making their mortgage and tax payments on a timely basis, due to their initial high loan to value ratios, creative mortgage loan structures, and current negative equity levels.

The Mortgage Report focuses on three specific characteristics of the mortgage loans for which information was available: a discussion of mortgage loan characteristics for current homeowners; the impact of recent declines in housing prices and their impacts on the level of homeowner equity; and a comparison of current estimated equity levels among homeowners that are delinquent and those that are not delinquent in the payment of their Special Taxes.

Loan to Value Ratios. The Mortgage Study analyzed the mortgage loan characteristics for the 2,943 homes for which mortgage data was available, and concluded that the loan to value ratios for these homes were as follows:

Loan to Value Category	Number of Homes	Percent of Total
100% LTV	249	8%
90-99% LTV	1,044	35
80-89% LTV	706	24
1-79% LTV	680	23
No mortgage	264	9
Total:	2,943	100%

On average, these 2,943 homeowners have loan to value ratios of 78%, with the median at 86% (50% of homeowners above this level and 50% below).

Impact of Recent Declines in Home Prices on Homeowner Equity. The Mortgage Study then analyzed the potential changes in loan to value ratios by comparing original mortgage loan amounts and recent sales prices of homes in the Community Facilities District, and concluded that the estimated equity levels of the 2,943 homes within the Community Facilities District for which information is available were as follows:

Estimated Equity Levels	Number of Homes	Percent of Total
Below (20%)	813	28%
(10%) to (20%)	232	8
0% to (10%)	291	10
0% to 10%	623	11
10% to 20%	345	12
Above 20%	930	32
Total:	2,943	100%

Delinquency Analysis. Finally, the Mortgage Study reported that 91 of the 2,943 homeowners (or 3%) for which mortgage information was available were initially reported as delinquent in the payment of the first installment of Special Taxes for Fiscal Year 2011-12.

The Community Facilities District's records reflect that 124 homeowners were delinquent for Fiscal Year 2011-12 as of April 25, 2012. See "– Special Tax Collection and Delinquency Rates" below.

Of these currently delinquent homeowners, the years in which 10 or more homes were purchased were as follows: 13 purchased their homes in 2004, 12 purchased their homes in 2006, 12 purchased their homes in 2007, and 16 purchased their home in 2011. Therefore, the Mortgage Study concluded that current delinquencies are closely correlated to homeowners that purchase their homes during the price bubble years, 2004 to 2007, and also 2011. By comparison, the delinquencies for homeowners that purchased during 2008-2010 have been relatively low.

Foreclosure Duress. The Mortgage Study further reported that the 125 homes in the Community Facilities District are in some stage of the "foreclosure process." Specifically, 32 homes had received a notice of default/pre-foreclosure (including 2 homes with Special Tax delinquencies), 76 homes had a scheduled foreclosure sale/auction (including 6 homes with Special Tax delinquencies), and 17 homes were bank-owned (including 1 home with a Special Tax delinquency).

The Mortgage Report is being provided for informational purposes only, and no statement in the Mortgage Report should be construed as a prediction, or an assurance by the Mortgage Consultant, the

School District or the Community Facilities District, that the existing property owners within the Community Facilities District or any successors thereof will continue making the Special Tax payments when due.

Appraisal

The Appraisal. The Appraisal was prepared to ascertain the aggregate market value of the as-is condition of the taxable property in the Community Facilities. The estimated market value contained in the Appraisal is as of a April 6, 2012, date of value.

The Appraisal was intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice, and with the guidelines proposed by the California Debt and Investment Advisory Commission.

The Appraisal is attached as APPENDIX C.

Basis for Appraisal and Assumptions. The property rights appraised were of a fee simple interest subject to easements of record and the lien of the Special Taxes.

The Appraisal was based on certain assumptions and limiting conditions set forth in APPENDIX C. The Appraisal was prepared in compliance with the Uniform Standards of Professional Appraisal Practice and Code of Ethics of the Appraisal Institute, and the Appraisal Standards for Land Secured Financing as promulgated by the California Debt and Investment Advisory Commission.

As of the April 6, 2012, date of value, the property in the Community Facilities District included 2,914 single-family detached lots, 250 improved condominiums, one vacant condominium parcels (312 units), two apartment parcels (480 units). All vacant parcels were finished lots with level topography and are ready for development. The properties benefit from full street improvements that include signaled intersections, thoroughfares, neighborhood parks and schools. Infrastructure improvements include water and storm drain facilities, street lighting, paved access and concrete curbs, gutters and sidewalks.

Value Estimate. The Appraiser estimated that, as of the April 6, 2012, date of value, the market value of the as-is condition of the taxable property within the Community Facilities District (subject to the lien of the Special Taxes) was as follows:

Neighborhood E	$342,770,000
Neighborhood F	310,420,000
Neighborhood G	267,530,000
Total:	$921,000,000

Valuation Methods. The Appraiser estimated the value of the property in the Community Facilities District using the following methods:

- To value the completed structures, recorded data was gathered that reflects the current assessed value for these homes and compared against current sales of similar properties.

- For the homes under construction, an amount which is 50% of the estimated value for the finished products sold in that subdivision after deducting a 15% profit is used. This calculation is summarized as follows: Average sale price for each assessor's map page less

15% of the sale price to eliminate sales costs and profit, times 50%. While some homes are nearly complete, others have only started construction; the average state of completion is estimated at 50% based on the variety of levels of completed construction seen during the appraiser's inspection.

• To estimate a value for the finished lots, which include detached single family lots, two apartment parcels, and a condominium parcel, sales of similar land were relied on. Because there are only 84 remaining residential finished lots which is less than a 12-month supply, it was not necessary to discount the aggregate value of the lots. The lots could be sold in bulk or in any number of increments to one or multiple developers.

The School District makes no representation as to the accuracy or completeness of the Appraisal. See APPENDIX C for the Summary Appraisal Report.

Assessed Value to Burden Ratio

The tables below shows the approximate projected value to burden ratio for the parcels in the Community Facilities District currently classified as Developed Property and subject to the Special Tax levy, based on the assessed values reported by the County Assessor for Fiscal Year 2011-12 and the proposed principal amount of the 2012 Bonds.

No assurance can be given that the amounts shown in this table will conform to those ultimately realized in the event of a foreclosure action following delinquency in the payment of the Special Taxes.

Table 3
Assessed Values and Value to Burden Ratios
Allocated by Neighborhood

	Number of Parcels	Projected Fiscal Year 2012-13 Special Taxes[1]	2011-12 Assessed Valuation[2]	Principal Amount of 2012 Bonds[3]*	Principal Amount of 2006 Bonds[3]*	Total Lien*	Value to Lien Ratios[4]*
Neighborhood E	1,295	$1,663,545	$364,770,393	$9,321,665	$9,549,688	$18,871,353	19.3
Neighborhood F	981	1,408,995	319,341,302	7,895,297	8,088,428	15,983,725	20.0
Neighborhood G	891	1,195,332	263,648,232	6,698,038	6,861,883	13,559,922	19.4
Total	3,167	$4,267,873	$947,759,927	$23,915,000	$24,500,000	$48,415,000	19.6

* Preliminary; subject to change.
[1] Assumes all parcels of Developed Property are taxed at Fiscal Year 2012-13 maximum special tax rates and no special tax is levied on the three parcels of Undeveloped Property.
[2] Source: County Assessor's Roll as of January 1, 2011.
[3] Debt has been allocated based on current development, actual allocation may vary based on future development.
[4] Average value-to-lien ratio per Lot; actual value-to-lien ratio may vary by Lot.
Source: Goodwin Consulting Group, Inc.

Table 4
Assessed Values and Value to Burden Ratios
Allocated by Value-to-Lien Category

Value-to-Lien Category	Number of Parcels	Combined Principal Amount of 2012 and 2006 Bonds*	2011-12 Assessed Valuation[1]	Combined Value-to-Lien	Projected 2012-13 Special Tax[1]	Percentage Share of 2012-13 Special Tax
30:1 to 40:1	18	$ 242,960	$ 7,552,855	31.1	$ 21,417	0.5%
20:1 to 30:1	1,463	22,371,497	509,224,917	22.8	1,972,089	46.2
10:1 to 20:1	1,544	23,782,126	417,102,347	17.5	2,096,439	49.1
5:1 to 10:1	38	628,040	3,846,896	6.1	55,363	1.3
5:1 and below	101	1,390,378	5,250,898	3.8	122,564	2.9
Total	3,164	$48,415,000	$942,977,913	19.5	$4,267,873	100%

* Preliminary; subject to change.
[1] Source: County Assessor's Roll as of January 1, 2011.
[2] Assumes all parcels of Developed Property are taxed at Fiscal Year 2012-13 maximum special tax rates and no special tax is levied on the three parcels of Undeveloped Property.
Source: Goodwin Consulting Group, Inc.

Direct and Overlapping Governmental Obligations

Overlapping Debt Statement. Contained within the boundaries of the Community Facilities District are certain overlapping local agencies providing public services. Many of these local agencies have outstanding debt. The direct and overlapping debt affecting the Community Facilities District as of _________________, 2012 (other than the Mountain House CSD, which is defined and described below), is shown in the table below, a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The School District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the Community Facilities District in whole or in part. These long-term obligations are not payable from revenues of the Community Facilities District (except as indicated) nor are they necessarily obligations secured by land within the Community Facilities District. In many cases long term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies that have outstanding debt as of the date of the Debt Report and whose territory overlaps the Community Facilities District; (2) the second column shows the percentage of the assessed valuation of the overlapping public agency identified in column 1 which is represented by property located within the Community Facilities District; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the Community Facilities District, as determined by multiplying the total outstanding debt of each agency by the percentage of the public agency's assessed valuation represented in column 2.

Table 5
Direct and Overlapping Governmental Obligations

[TO COME]

Mountain House Community Services District

The table of direct and overlapping governmental obligations shown above does not include the lien of the Mountain House Community Services District (the "Mountain House CSD"). Pursuant to approval of its registered voters, the Mountain House CSD is authorized to levy four separate special taxes to pay for services provided by the Mountain House CSD. These special taxes will constitute an additional lien on the property in the Community Facilities District. [See "APPENDIX ___ – General Information On The Mountain House Community" for detailed information on the maximum special tax rates that can be levied by the Mountain House CSD and the services to be financed by those special taxes.]

Estimated Tax Burden on Single Family Homes

Single-Family Detached. The following table sets forth the estimated total tax burden on a developed single family detached unit in the Community Facilities District, based on projected tax rates for Fiscal Year 2012-13.

Table 6
Fiscal Year 2012-13 Tax Rates
(Developed Single Family Detached Units)

Assessed Valuations and Property Taxes			
Assessed Value [1]	$314,000		
Homeowner's Exemption	(7,000)		
Net Assessed Value [2]	$307,000		
Ad Valorem Property Taxes		Percent of Total AV	Amount
General Purposes		1.0000%	$3,070
Ad Valorem Tax Overrides		0.0466	143
Total Ad Valorem Property Taxes		1.0466%	3,213
Assessments, Special Taxes and Parcel Charges [3]			
Lammersville School District CFD No. 2002			1,577
Water Investigation District			3
SJC Mosquito Abatement			1
SJC Mosquito and Vector Control - Benefit Assessment			8
CSA No. 53 - Hazardous Waste			4
Mountain House Road & Admin			768
Mountain House Public Safety			393
Mountain House Public Works			73
Mountain House Parks & Recreation			68
Total Assessments, Special Taxes and Parcel Charges			$2,895
Total Property Taxes			**$6,108**
Total Effective Tax Rate			1.95%

[1] Fiscal Year 2011-12 assessed valuation for a Developed Single Family Detached Unit, selected to represent the average effective tax rate for a detached unit within the Community Facilities District.
[2] Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption.
[3] Based on a sample tax bill from the San Joaquin County Tax Collector's website.
Source: Goodwin Consulting Group, Inc.

Special Tax Collection and Delinquency Rates

Overall Delinquencies. The table below shows the collections and delinquencies of the Special Taxes for the past five Fiscal Years, and for the first installment of the Fiscal Year 2011-12 Special Tax levy, with updated delinquency amounts as of April 25, 2012.

Table 7
Special Tax Collections and Delinquencies
Fiscal Years 2006-07 through 2011-12

	Subject Fiscal Year [1]					As of April 25, 2012		
Fiscal Year Ending June 30	**Aggregate Annual Special Tax**	**Total Annual Special Taxes Collected**	**Parcels Delinquent**	**Fiscal Year Amount Delinquent**	**Fiscal Year Delinquency Rate**	**Remaining Parcels Delinquent**	**Remaining Amount Delinquent**	**Remaining Delinquency Rate**
2007	$3,718,470	$3,529,434	202	$189,036	5.08%	2	$1,475	0.04%
2008	3,814,403	3,428,447	405	385,956	10.12	4	3,610	0.09
2009	3,942,851	3,664,709	265	278,141	7.05	3	3,887	0.10
2010	4,021,689	3,877,417	138	144,272	3.59	8	8,177	0.20
2011	4,102,130	4,036,114	67	66,016	1.61	19	19,017	0.46
2012	4,184,168	4,068,516	124	115,652	2.76	124	115,652	2.76

[1] Delinquency information as provided by San Joaquin County as of July or August of the applicable Fiscal Year, except for the Fiscal Year ending June 30, 2012, for which the delinquency information is as of April 25, 2012.
Source: Goodwin Consulting Group, Inc.

Prior or Pending Foreclosure Actions. To date, the School District has initiated foreclosure actions against 2 parcels with Special Tax delinquencies for Fiscal Year 2010-11, and has initiated foreclosure actions against 3 parcels with Special Tax delinquencies for Fiscal Year 2011-12.

Potential Consequences of Special Tax Delinquencies

General. Future delinquencies in the payment of property taxes (including the Special Taxes) with respect to property in the Community Facilities District could result in draws on the Reserve Fund established for the 2012 Bonds, and perhaps, ultimately, a default in the payment on the 2012 Bonds. See "BOND OWNERS' RISKS."

Special Tax Enforcement and Collection Procedures. The School District could receive additional funds for the payment of debt service through foreclosures sales of delinquent property, but no assurance can be given as to the amount foreclosure sale proceeds or when foreclosure sale proceeds would be received. The School District has covenanted in the Fiscal Agent Agreement to take certain enforcement actions and commence and pursue foreclosure proceedings against delinquent parcels under the terms and conditions described herein. See "SECURITY FOR THE 2012 BONDS — Covenant to Foreclose" and "BOND OWNERS' RISKS – Limited Number of Taxable Parcels."

Foreclosure actions would include, among other steps, formal Board action to authorize commencement of foreclosure proceedings, mailing multiple demand letters to the record owners of the delinquent parcels advising them of the consequences of failing to pay the applicable special taxes and contacting secured lenders to obtain payment. If these efforts were unsuccessful, they would be followed (as needed) by the filing of an action to foreclose in superior court against each parcel that remained delinquent.

No Increases in Special Tax Levy. The Rate and Method requires that the Special Taxes be levied on each Developed Parcel in the amount up to the Assigned Annual Special Tax as set forth therein. See "SECURITY FOR THE 2012 BONDS – Rate and Method." If owners are delinquent in the payment of Special Taxes, the School District has no ability to increase Special Tax levies to make up for delinquencies for prior Fiscal Years. This may result in defaults in the payment of principal of and interest on the 2012 Bonds. See "BOND OWNERS' RISKS."

Property Ownership

Neither the Bonds nor the Special Taxes are personal obligations of any owners of Taxable Property within the Community Facilities District.

General. All of the property in the Community Facilities District was originally acquired by Trimark Communities, LLC, a California limited liability company, which has acted as master developer for the property.

The table below shows the ownership of property within the Community Facilities District designated for single-family detached home development as of January 1, 2011.

Table 8
Property Ownership by Share of Special Taxes
(as of January 1, 2011)

Property Owner	Number of Lots/Units [1]	2012-13 Special Taxes	Percentage Share of 2012-13 Special Tax Liability
Individual Homeowners	3,029	$4,096,823	96.0%
Trimark Communities LLC	79	89,722	2.1
D R Horton Bay Inc.	58	81,328	1.9
Sunchaser Real Estate One LLC	1	0	0.0
Totals:	3,167	$4,267,873	100.0%

[1] Excludes exempt parcels.
Source: Goodwin Consulting Group, Inc.

Development Status

Developed Property. As of January 1, 2011, the Community Facilities District had been developed as 3,029 parcels owned by individual homeowners and classified under the Rate and Method as Developed Property, consisting of 2,774 single-family detached homes and 255 single-family attached units.

Undeveloped Property. The remaining property consists of approximately 45.08 acres intended for single-family attached and multifamily home development, but which are currently vacant and undeveloped.

The Taxable Property in the Community Facilities District is ultimately intended for development of approximately [792 units (consisting of approximately 312 single-family attached units and approximately 480 multifamily attached units).

Environmental Conditions

[TO COME]

BOND OWNERS' RISKS

The purchase of the 2012 Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks which should be considered before making an investment decision. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the 2012 Bonds.

Limited Obligation of the School District to Pay Debt Service

The School District has no obligation to pay principal of and interest on the 2012 Bonds if Special Tax collections are delinquent or insufficient, other than from amounts, if any, on deposit in the Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels for Special Tax delinquencies. The School District is not obligated to advance funds to pay debt service on the 2012 Bonds.

Levy and Collection of the Special Tax

General. The principal source of payment of principal of and interest on the 2012 Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the Community Facilities District.

Limitation on Maximum Special Tax Rate. The annual levy of the Special Tax is subject to the maximum annual Special Tax rate authorized in the Rate and Method. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the 2012 Bonds.

No Relationship Between Property Value and Special Tax Levy. Because the Special Tax formula set forth in the Rate and Method is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels of Taxable Property and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels of Taxable Property and their proportionate share of debt service on the 2012 Bonds, and certainly not a direct relationship.

Factors that Could Lead to Special Tax Deficiencies. The following are some of the factors that might cause the levy of the Special Tax on any particular parcel of Taxable Property to vary from the Special Tax that might otherwise be expected:

Transfers to Governmental Entities. The number of parcels of Taxable Property could be reduced through the acquisition of Taxable Property by a governmental entity and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels.

Property Tax Delinquencies. Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax revenues. See "–Property Tax Delinquencies" below. For a summary of recent property tax collection and delinquency rates in the Community Facilities District, see "THE COMMUNITY FACILITIES DISTRICT – Property Tax Collection and Delinquency Rates."

Delays Following Special Tax Delinquencies and Foreclosure Sales. The Fiscal Agent Agreement generally provides that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described in "SECURITY FOR THE 2012 BONDS – Covenant to Foreclose" and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the 2012 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the School District of the proceeds of sale if the Reserve Fund is depleted. See "SECURITY FOR THE 2012 BONDS – Covenant to Foreclose."

The ability of the School District to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC") has or obtains an interest. The FDIC would obtain such an interest by taking over a financial institution which has made a loan which is secured by property within the Community Facilities District. See " – Exempt Properties – Property Owned by FDIC" below.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of such military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

Property Tax Delinquencies

General. Delinquencies in the payment of property taxes and, consequently, the Special Taxes, can occur because the owners of delinquent parcels may not have received property tax bills from the County in a timely manner, including situations in which the County initially sent property tax bills to the property developer or merchant builder at a time when the parcels in question had already been sold to individual homeowners. Delinquencies can also reflect economic difficulties and duress by the property owner. See "THE COMMUNITY FACILITIES DISTRICT – Property Tax Collection and Delinquency Rates."

Sustained or increased delinquencies in the payment of the Special Taxes could cause a draw on the Reserve Fund established for the 2012 Bonds and perhaps, ultimately, a default in the payment on the 2012 Bonds.

Measures to Mitigate Consequences of Continuing Delinquencies. The School District intends to take certain actions designed to mitigate the impact of future delinquencies, including: enforcing the lien of the Special Taxes through collection procedures that will include foreclosure actions under certain circumstances (see "SECURITY FOR THE 2012 BONDS – Covenant to Foreclose"); and increasing the levy of Special Taxes against non-delinquent property owners in the Community Facilities District, to the extent permitted under the Rate and Method and the Act and to the extent the Special Taxes are not already being levied at the maximum Special Tax rate. See "THE COMMUNITY FACILITIES DISTRICT – Potential Consequences of Special Tax Delinquencies."

Risks Related to Homeowners With High Loan to Value Ratios

Any future decline in home values in the Community Facilities District could result in property owner unwillingness or inability to pay mortgage payments, as well as *ad valorem* property taxes and Special Taxes, when due. Under such circumstances, bankruptcies are likely to increase. Bankruptcy by homeowners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings to collect delinquent Special Taxes.

It is possible that laws could be enacted in the future to assist homeowners in default in the payment of mortgages and property taxes. It is further possible that federal laws could be enacted that would adversely impact the ability of the School District to foreclose on parcels with delinquent Special Taxes. No assurance can be given that any such laws will be enacted, or if enacted will be effective in assisting affected homeowners.

Limited Number of Taxable Parcels; Concentration of Ownership

The Special Taxes may only be levied and collection on the property classified as Taxable Property within the Community Facilities District.

Numerous future delinquencies by the owners of Taxable Property in the Community Facilities District in the payment of property taxes (and, consequently, the Special Taxes, which are collected on the ordinary property tax bills) when due could result in a deficiency in Special Tax revenues necessary to pay debt service on the 2012 Bonds, which could in turn result in the depletion of the Reserve Fund, prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax. In that event, there could be a delay or failure in payments of the principal of and interest on the 2012 Bonds. See "SECURITY FOR THE 2012 BONDS – Reserve Fund," and "THE COMMUNITY FACILITIES DISTRICT – Potential Consequences of Special Tax Delinquencies."

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

An owner of Taxable Property is not personally obligated to pay the Special Taxes. Rather, the Special Taxes are an obligation running only against the parcels of Taxable Property. If, after a default in the payment of the Special Tax and a foreclosure sale by the School District, the resulting proceeds are insufficient, taking into account other obligations also constituting a lien against the affected parcels of Taxable Property, the School District has no recourse against the owner.

Appraised Values

The Appraisal summarized in APPENDIX C estimates the market value of the Taxable Property within the Community Facilities District. This market value is merely the opinion of the Appraiser as of the date of value set forth in the Appraisal, and is subject to the assumptions and limiting conditions stated in the Appraisal. The School District has not sought an updated opinion of value by the Appraiser subsequent to the date of value of the Appraisal, or an opinion of the value of the Taxable Property by any other appraiser. A different opinion of value might be rendered by a different appraiser.

The opinion of value assumes a sale by a willing seller to a willing buyer, each having similar information and neither being forced by other circumstances to sell or to buy. Consequently, the opinion is of limited use in predicting the selling price at a foreclosure sale, because the sale is forced and the buyer may not have the benefit of full information.

In addition, the opinion is a present opinion, based upon present facts and circumstances. Differing facts and circumstances may lead to differing opinions of value. The appraised value is not evidence of future value because future facts and circumstances may differ significantly from the present.

No assurance can be given that any of the Taxable Property in the Community Facilities District could be sold for the estimated market value contained in the Appraisal if that property should become delinquent in the payment of Special Taxes and be foreclosed upon.

Property Values

The value of Taxable Property within the Community Facilities District is a critical factor in determining the investment quality of the 2012 Bonds. If a property owner defaults in the payment of the Special Tax, the School District's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land values could be adversely affected by economic and other factors beyond the School District's control, such as a general economic downturn, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, flood, landslides, wildfires, or other natural disasters, environmental pollution or contamination, or unfavorable economic conditions.

The following is a discussion of specific risk factors that could affect the value of property in the Community Facilities District.

Risks Related to Availability of Mortgage Loans. The current state of the world-wide capital markets has adversely affected the availability of mortgage loans to homeowners, including potential buyers of homes within the Community Facilities District. Any such unavailability could hinder the ability of the current homeowners to resell their homes, or the sale of newly completed homes in the future.

Natural Disasters. The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements. The areas in and surrounding the Community Facilities District, like those in much of California, may be subject to unpredictable seismic activity, including earthquakes and landslides. See "THE COMMUNITY FACILITIES DISTRICT – Environmental Conditions."

Other natural disasters could include, without limitation, floods, landslides, wildfires, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the Taxable Property may well depreciate or disappear.

Legal Requirements. Other events that may affect the value of Taxable Property include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures.

Hazardous Substances. One of the most serious risks in terms of the potential reduction in the value of Taxable Property is a claim with regard to a hazardous substance. In general, the owners and operators of Taxable Property 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 Taxable Property 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.

The property values set forth in this Official Statement do not take into account the possible reduction in marketability and value of any of the Taxable Property by reason of the possible liability of the owner or operator for the remedy of a hazardous substance condition of the parcel. Although the School District is not aware that the owner or operator of any of the Taxable Property has such a current liability with respect to any of the Taxable Property, it is possible that such liabilities do currently exist and that the School District is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the Taxable Property resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that 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 that 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 Taxable Property that is realizable upon a delinquency.

Future Property Development

Continuing development of the parcels in the Community Facilities District may be adversely affected by changes in general or local economic conditions, fluctuations in or a deterioration of the real estate market, increased construction costs, development, financing and marketing capabilities of the developer, water or electricity shortages, discovery on the undeveloped property of any plants or animals in their habitat that have been listed as endangered species, and other similar factors. Development in the Community Facilities District may also be affected by development in surrounding areas, which may compete with the property in the Community Facilities District.

Other Possible Claims Upon the Value of Taxable Property

While the Special Taxes are secured by the Taxable Property, the security only extends to the value of such Taxable Property that is not subject to priority and parity liens and similar claims.

The table in the section entitled "THE COMMUNITY FACILITIES DISTRICT – Direct and Overlapping Governmental Obligations" shows the presently outstanding amount of governmental obligations (with stated exclusions), the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property. The table also states the additional amount of general obligation bonds the tax for which, if and when issued, may become an obligation of one or more of the parcels of Taxable Property. The table does not specifically identify which of the governmental obligations are secured by liens on one or more of the parcels of Taxable Property.

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of Taxable Property and may be secured by a lien on a parity with the lien of the Special Tax securing the 2012 Bonds.

In general, as long as the Special Tax is collected on the County tax roll, the Special Tax and all other taxes, assessments and charges also collected on the tax roll are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Special Taxes securing the 2012 Bonds, the Special Tax will be subordinate only to existing prior governmental liens, if any. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See "– Bankruptcy and Foreclosure Delays" below.

Exempt Properties

Exemptions Under Rate and Method and the Act. Certain properties are exempt from the Special Tax in accordance with the Rate and Method and the Act, which provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the Community Facilities District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. See "SECURITY FOR THE 2012 BONDS – Rate and Method."

In addition, although the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Tax. The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

Property Owned by FDIC. The ability of the School District to collect interest and penalties specified by State law and to foreclose the lien of a delinquent Special Tax installment may be limited in certain respects with regard to property in which the Federal Deposit Insurance Corporation (the "**FDIC**") has or obtains an interest. The FDIC has asserted a sovereign immunity defense to the payment of special taxes and assessments. The School District is unable to predict what effect this assertion would have in the event of a delinquency on a parcel within the Community Facilities District in which the FDIC has or obtains an interest.

In addition, although the FDIC does not claim immunity from *ad valorem* property taxation, it requires a foreclosing entity to obtain FDIC's consent to foreclosure proceedings. Prohibiting a foreclosure on property owned by the FDIC could reduce the amount available to pay the principal of and interest on the 2012 Bonds. Either outcome would cause a draw on the Reserve Fund established for the 2012 Bonds and perhaps, ultimately, a default in the payment on the 2012 Bonds.

No investigation has been made as to whether the FDIC or any other governmental entity currently owns or has an interest in any property in the Community Facilities District.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement. See "SECURITY FOR THE 2012 BONDS – Reserve Fund." The Reserve Fund will be used to pay principal of and interest on the 2012 Bonds if insufficient funds are available from the proceeds of the levy and collection of the Special Tax against property within the Community Facilities District. If the Reserve Fund is depleted, it can be replenished from the proceeds of the levy and collection of the Special Taxes that exceed the amounts to be paid to the Bondowners under the Fiscal Agent Agreement. However, because the Special Tax levy is limited to the maximum annual Special Tax rates, it is possible that no replenishment would be possible if the Special Tax proceeds, together with other available funds, remain insufficient to pay all such amounts. Thus it is possible that the Reserve Fund will be depleted and not be replenished by the levy and collection of the Special Taxes.

Bankruptcy Delays

The payment of the Special Tax and the ability of the School District to foreclose the lien of a delinquent unpaid Special Tax, as discussed in "SECURITY FOR THE 2012 BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the 2012 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2012 Bonds.

In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Special Tax, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the 2012 Bonds and the possibility of delinquent Special Taxes not being paid in full.

To the extent that property in the Community Facilities District continues to be owned by a limited number of property owners, the chances are increased that the Reserve Fund established for the 2012 Bonds could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient moneys would not be available in the Reserve Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the 2012 Bonds on a timely basis.

Disclosure to Future Purchasers

The School District has recorded a notice of the Special Tax lien in the Office of the County Recorder. 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 parcel of land or a home in the Community Facilities District or the lending of money secured by property in the Community Facilities District. The Act and the Goals and Policies require the subdivider of a subdivision (or its agent or representative) 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 these 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.

No Acceleration Provisions

The 2012 Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the 2012 Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a Bondholder is given the right for the equal benefit and protection of all Bondowners similarly situated to pursue certain remedies. See “APPENDIX E – Summary of Certain Provisions of the Fiscal Agent Agreement.” So long as the 2012 Bonds are in book-entry form, DTC will be the sole Bondholder and will be entitled to exercise all rights and remedies of Bond holders.

Loss of Tax Exemption

As discussed under the caption “LEGAL MATTERS – Tax Exemption,” interest on the 2012 Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the 2012 Bonds were issued as a result of future acts or omissions of the School District in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the 2012 Bonds were to become includable in gross income for purposes of federal income taxation, the 2012 Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Taxes. See “THE 2012 BONDS – Redemption.”

IRS Audit of Tax-Exempt Bond Issues

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 2012 Bonds will be selected for audit by the IRS. It is also possible that the market value of such 2012 Bonds might be affected as a result of such an audit of such 2012 Bonds (or by an audit of similar bonds or securities).

Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2012 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bondowners from realizing the full current benefit of the tax status of such interest.

Voter Initiatives

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Since 1978, the voters have exercised this power through the adoption of Proposition 13 and similar measures, including Proposition 218, which was approved in the general election held on November 5, 1996, and Proposition 26, which was approved on November 2, 2010.

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the Community Facilities District. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2012 Bonds.

Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment, added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the "Supermajority Vote to Pass New Taxes and Fees Act". Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes ("special taxes") require a two-thirds vote.

The Special Taxes and the 2012 Bonds were each authorized by not less than a two-thirds vote of the landowners within the Community Facilities District who constituted the qualified electors at the time of such voted authorization. The School District believes, therefore, that issuance of the 2012 Bonds does not require the conduct of further proceedings under the Act, Proposition 218 or Proposition 26.

Like their antecedents, Proposition 218 and Proposition 26 are likely to undergo both judicial and legislative scrutiny before the impact on the Community Facilities District and its obligations can be determined. Certain provisions of Proposition 218 and Proposition 26 may be examined by the courts for their constitutionality under both State and federal constitutional law, the outcome of which cannot be predicted.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2012 Bonds or, if a secondary market exists, that any 2012 Bonds can be sold for any particular price. Prices of bond 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.

No assurance can be given that the market price for the 2012 Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the 2012 Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the 2012 Bonds or obligations that present similar tax issues as the 2012 Bonds.

LEGAL MATTERS

Legal Opinions

The legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, approving the validity of the 2012 Bonds will be made available to purchasers at the time of original delivery and is attached in substantially final form as APPENDIX H.

Jones Hall, A Professional Law Corporation, San Francisco, California, has served as Disclosure Counsel to the School District. ____________, ______________, California, will pass upon certain legal matters for the School District as its general counsel. Nossaman, LLP, Irvine, California, is serving as counsel to the Underwriter.

Tax Exemption

Opinion of Bond Counsel. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2012 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the School District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Bonds. The School District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2012 Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a 2012 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a 2012 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2012 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2012 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2012 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2012 Bonds who purchase the 2012 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2012 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2012 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2012 Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2012 Bond (said term being the shorter of the 2012 Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2012 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2012 Bond is amortized each year over the term to maturity of the 2012 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2012 Bond premium is not deductible for federal income tax purposes. Owners of premium 2012 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2012 Bonds.

In the further opinion of Bond Counsel, interest on the 2012 Bonds is exempt from California personal income taxes.

Owners of the 2012 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2012 Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2012 Bonds other than as expressly described above.

No Litigation

At the time of delivery of the 2012 Bonds, the School District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending with respect to which the School District has been served with process or threatened, which:

- in any way questions the powers of the Board or the School District, or

- in any way questions the validity of any proceeding taken by the Board in connection with the issuance of the 2012 Bonds, or

- wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the purchase contract with respect to the 2012 Bonds, or

- which, in any way, could adversely affect the validity or enforceability of the resolutions of the Board adopted in connection with the formation of the Community Facilities District or the issuance of the 2012 Bonds, the Fiscal Agent Agreement, the Continuing Disclosure Certificate or the purchase contract with respect to the 2012 Bonds, or

- to the knowledge of the School District, which in any way questions the exclusion from gross income of the recipients thereof of the interest on the 2012 Bonds for federal income tax purposes, or

- in any other way questions the status of the 2012 Bonds under State tax laws or regulations.

CONTINUING DISCLOSURE

The School District will covenant for the benefit of owners of the 2012 Bonds to provide certain financial information and operating data relating to the Community Facilities District and the 2012 Bonds by not later than eight months after the end of the School District's fiscal year (currently March 1 based on the School District's fiscal year end of June 30) (the "Annual Report") and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in APPENDIX G.

The School District has never failed to comply, in any material respect, with an undertaking under the Rule. **[PLEASE CONFIRM]**

VERIFICATION OF MATHEMATICAL ACCURACY

Grant Thornton, LLP, Minneapolis, Minnesota, upon delivery of the 2012 Bonds, will deliver a report on the mathematical accuracy of certain computations contained in schedules provided to them, which were prepared by the Financial Advisor, relating to (1) the sufficiency of the anticipated receipts from the moneys deposited in the Escrow Fund to pay, when due, the principal and interest requirements of the 2002 Bonds, and (2) the yield on the 2012 Bonds.

RATINGS

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("**S&P**"), has assigned its municipal bond rating of "____" to the 2012 Bonds.

This rating reflects only the views of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The School District has provided certain additional information and materials to the rating agencies (some of which does not appear in this Official Statement).

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2012 Bonds may have an adverse effect on the market price or marketability of the 2012 Bonds.

UNDERWRITING

The 2012 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, at a purchase price of $________ (which represents the aggregate principal amount of the 2012 Bonds ($________) less an Underwriter's discount of $________).

The purchase agreement relating to the 2012 Bonds provides that the Underwriter will purchase all of the 2012 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the 2012 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.

PROFESSIONAL FEES

In connection with the issuance of the 2012 Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the 2012 Bonds. Those professionals include:

- the Underwriter;
- Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel;
- Nossaman, LLP, as Underwriter’s Counsel;
- A portion of the fees of Goodwin Consulting Group, Inc., as special tax consultant;
- Dolinka Group, LLC, as Financial Advisor; and
- The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent for the 2012 Bonds.

EXECUTION

The execution and delivery of the Official Statement by the School District has been duly authorized by the Board, acting as the legislative body of the Community Facilities District.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

By: ____

________________,

___________________,

APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF TRACY AND SAN JOAQUIN COUNTY

The following information concerning the City of Tracy (the "City") and San Joaquin County (the "County") are included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the City, the County, the State or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

Population

Population figures for the City, the County and the State for the last five years are shown in the following table.

CITY OF TRACY AND SAN JOAQUIN COUNTY
Population Estimates
Calendar Years 2008 through 2012

Calendar Year	City of Tracy	County San Joaquin	State of California
2008	81,490	672,492	36,704,375
2009	82,040	677,833	36,966,713
2010	82,800	684,057	37,223,900
2011	83,242	689,160	37,427,946
2012	83,900	695,750	37,678,563

Source: State Department of Finance estimates (as of January 1, 2012)

Employment and Industry

The District is included in the Stockton Metropolitan Statistical Area ("MSA"), which includes all of San Joaquin County. The unemployment rate in the San Joaquin County was 16.7% in March 2012, up from a revised 16.5% in February 2012, but below the year-ago estimate of 18.1%. This compares with an unadjusted unemployment rate of 11.5% for California and 8.4% for the nation during the same period.

Set forth below is data from calendar years 2007 to 2011 reflecting the County's civilian labor force, employment and unemployment. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the District.

STOCKTON METROPOLITAN STATISTICAL AREA
(San Joaquin County)
Civilian Labor Force, Employment and Unemployment
(Annual Averages)

	2007	2008	2009	2010	2011
Civilian Labor Force (1)	289,100	293,200	298,200	300,800	297,600
Employment	265,700	262,800	252,700	248,900	247,400
Unemployment	23,400	30,400	45,400	51,900	50,100
Unemployment Rate	8.1%	10.4%	15.2%	17.3%	16.8%
Wage and Salary Employment: (2)					
Agriculture	14,500	14,900	15,200	15,700	15,100
Mining and Logging	200	200	100	100	100
Construction	13,800	11,400	8,400	7,600	7,300
Manufacturing	21,900	21,200	18,900	17,600	17,500
Wholesale Trade	10,500	10,400	9,900	10,000	10,200
Retail Trade	26,900	25,600	23,700	23,700	24,000
Transportation, Warehousing and Utilities	13,900	14,100	13,900	13,800	14,200
Information	2,500	2,400	2,200	2,100	2,000
Financial Activities	9,900	9,400	8,900	7,700	7,400
Professional and Business Services	18,300	17,600	15,900	15,400	15,000
Educational and Health Services	27,700	28,400	28,300	28,800	29,100
Leisure and Hospitality	17,800	17,500	16,700	16,100	16,200
Other Services	7,700	7,400	7,000	6,500	6,100
Federal Government	3,900	3,900	4,100	4,300	4,000
State Government	4,300	4,300	4,100	3,900	3,800
Local Government	32,100	32,100	31,700	30,000	28,500
Total All Industries	225,900	220,600	209,000	203,400	200,500

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: State of California Employment Development Department.

The following table list the major employers within the County, as of April 2012.

SAN JOAQUIN COUNTY
Major Employers
As of April 2012

Employer Name	Location	Industry
All Trade Handyman Mgmt LLC	Tracy	Handyman Services
B & B Ranch	Linden	Ranches
Deuel Vocational Institution	Tracy	City Govt-Correctional Institutions
Division of Juvenile Justice	Stockton	Government Offices-Us
Foster Care Svc	Stockton	County Government-Social/Human Resources
General Mills Inc	Lodi	Cereals (Mfrs)
Kaiser Permanente	Stockton	Hospitals
Lodi Memorial Hospital	Lodi	Physical Therapists
Lodi Memorial Hospital	Lodi	Hospitals
North California Youth Ctr	Not Available	Police Departments
O-G Packing & Cold Storage Co	Stockton	Warehouses-Cold Storage
Pacific Coast Producers	Lodi	Canning (Mfrs)
Picture Me Portrait Studios	Stockton	Photographers-Portrait
San Joaquin Cnty School Supt	Stockton	Schools
San Joaquin Co Altern Prog	Stockton	Schools
San Joaquin County Human Svc	Stockton	County Government-Social/Human Resources
San Joaquin General Hospital	French Camp	Hospitals
San Joaquin Sheriff's Office	French Camp	Sheriff
Stockton Police Dept	Stockton	Police Departments
Tele Tech Communications Inc	Stockton	Communications Consultants
Tracy Jnt Union High Schl Dist	Tracy	Schools
Tracy Obstetrics & Gynecology	Tracy	Clinics
Vida En El Valle	Stockton	Advertising-Newspaper
Waste Management Inc	Lodi	Garbage Collection
Wine Group	Ripon	Wineries (Mfrs)

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database.

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 and 2010 is not comparable to that of prior years.

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during calendar year 2010 in the City were reported to be $928,740,000, a 5.67% increase over the total taxable sales of $878,925,000 reported during calendar year 2009.

CITY OF TRACY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2006	826	1,020,060	1,476	1,176,772
2007	831	976,047	1,517	1,133,674
2008	848	883,180	1,494	1,026,995
2009(1)	909	752,864	1,338	878,925
2010(1)	961	829,188	1,382	928,740

(1) Not comparable to prior years. “Retail” category now includes “Food Services.”
Source: State Board of Equalization.

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during calendar year 2010 in the County were reported to be $7,602,090,000, a 4.71% increase over the total taxable sales of $7,260,073,000 reported during calendar year 2009.

COUNTY OF SAN JOAQUIN
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2006	6,643	6,738,173	13,290	9,528,419
2007	6,435	6,461,257	13,300	9,326,761
2008	6,824	5,834,396	13,419	8,696,074
2009(1)	8,203	4,974,437	12,297	7,260,073
2010(1)	8,534	5,213,982	12,633	7,602,090

(1) Not comparable to prior years. “Retail” category now includes “Food Services.”
Source: State Board of Equalization.

Median Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the County of San Joaquin, the State and the United States for the period 2006 through 2010.

CITY OF TRACY AND SAN JOAQUIN COUNTY
EFFECTIVE BUYING INCOME
2006 through 2010

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2006	City of Tracy	$ 1,744,308	$61,908
	San Joaquin County	11,235,220	41,693
	California	764,120,963	46,275
	United States	6,107,092,244	41,255
2007	City of Tracy	$ 1,733,560	$66,438
	San Joaquin County	11,881,045	43,478
	California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	City of Tracy	$ 1,762,535	$66,497
	San Joaquin County	11,910,065	43,718
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of Tracy	$ 1,914,495	$67,945
	San Joaquin County	12,260,330	44,434
	California	844,823,318	49,736
	United States	6,571,536,768	43,252
2010	City of Tracy	$ 1,713,418	$62,219
	San Joaquin County	11,425,114	42,086
	California	801,393,028	47,177
	United States	6,365,020,076	41,368

Source: The Nielsen Company (US), Inc.

Building Activity

The table below summarizes building activity in the City and the County from calendar years 2006 through 2010.

CITY OF TRACY
Building Permit Activity
Dollars in Thousands

	2006	2007	2008	2009	2010
Permit Valuation					
New Single-family	$32,255.5	$3,874.8	$2,787.7	$5,550.4	$4,549.0
New Multi-family	5,675.6	259.4	0.0	0.0	0.0
Res. Alterations/Additions	2,755.0	3,900.7	1,583.5	1,219.2	1,914.9
Total Residential	40,686.1	8,034.9	4,371.2	6,769.6	6,464.0
New Commercial	15,645.2	4,158.0	80,023.6	1,339.5	13,184.4
New Industrial	4,515.4	19,998.0	0.0	0.0	0.0
New Other	22,935.9	5,609.1	4,470.9	1,587.9	1,234.8
Com. Alterations/Additions	20,947.0	19,236.4	24,485.6	17,036.6	16,082.3
Total Nonresidential	$64,043.5	$49,001.5	$108,980.1	$19,964.0	$30,501.5
New Dwelling Units					
Single Family	175	26	18	28	18
Multiple Family	84	2	0	0	0
TOTAL	259	28	18	28	18

Source: Construction Industry Research Board, Building Permit Summary

COUNTY OF SAN JOAQUIN
Building Permit Activity
Dollars in Thousands

	2006	2007	2008	2009	2010
Permit Valuation					
New Single-family	$801,686.6	$496,495.0	$171,391.3	$160,431.1	$166,223.0
New Multi-family	19,725.6	41,329.0	4,717.6	0.0	15,426.9
Res. Alterations/Additions	55,815.7	49,874.0	34,289.5	25,995.5	28,058.7
Total Residential	877,227.9	587,698.1	210,398.5	186,426.6	209,708.7
New Commercial	178,696.6	252,935.9	306,150.5	18,405.6	31,521.9
New Industrial	36,898.1	112,741.1	38,172.5	3,102.2	1,333.0
New Other	105,925.7	119,439.9	40,025.0	35,574.4	40,130.0
Com. Alterations/Additions	114,395.3	129,865.0	146,515.9	96,536.3	100,108.9
Total Nonresidential	$435,915.6	$614,982.0	$530,863.9	$153,618.4	$173,093.8
New Dwelling Units					
Single Family	3,440	2,138	770	773	801
Multiple Family	210	341	54	0	157
TOTAL	3,650	2,479	824	773	958

Source: Construction Industry Research Board, Building Permit Summary

APPENDIX B

RATE AND METHOD OF APPORTIONMENT FOR LAMMERSVILLE SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2002 (MOUNTAIN HOUSE)

APPENDIX C

SUMMARY APPRAISAL REPORT

APPENDIX D

MORTGAGE STUDY

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the 2012 Bonds (herein, the "Securities") to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Securities (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Securities (the "Agent") takes any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Securities, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Securities, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Securities, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, 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 amount of such issue.

2. DTC, the world's largest securities 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated

subsidiaries. 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 a Standard & Poor's rating of AA+. 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. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. 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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

6. Redemption notices shall be sent to DTC. If less than all of the Securities 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 issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or 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, Agent, or Issuer, 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 Issuer or 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.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

$________
LAMMERSVILLE UNIFIED SCHOOL DISTRICT
SPECIAL TAX REFUNDING BONDS, SERIES 2012
(LAMMERSVILLE SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2002
(MOUNTAIN HOUSE))

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the Lammersville Unified School District (the "District") in connection with the issuance of the bonds captioned above (the "2012 Bonds"). The 2012 Bonds are being issued pursuant to Second Supplemental Fiscal Agent Agreement, dated as of July 1, 2012, which supplements a Fiscal Agent Agreement dated as of September 1, 2002, as previously amended (collectively, the "Fiscal Agent Agreement"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"). The District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the 2012 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Fiscal Agent Agreement, 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*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is eight months after the end of the District's fiscal year (currently March 1 based on the District's fiscal year end of June 30).

"*Dissemination Agent*" means Goodwin Consulting Group, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement dated ______________, 2012, executed by the District in connection with the issuance of the 2012 Bonds.

"*Participating Underwriter*" means Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, the original underwriter of the 2012 Bonds required to comply with the Rule in connection with offering of the 2012 Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 1, 2013, with the report for the 2011-12 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. 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 District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. The audited financial statements of the District may be included within or constitute a portion of the audited financial statements of the Lammersville Unified School District. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the District does not provide, or cause the Dissemination Agent to provide, an Annual Report by the Annual Report Date as required in subsection (a) above, the Dissemination Agent shall provide to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District and the Participating Underwriter certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following documents and information:

(a) The Lammersville Unified School District's audited financial statements for the most recently completed fiscal year, prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, together with the following statement:

THE SCHOOL DISTRICT'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE DISTRICT OR THE SCHOOL DISTRICT, OTHER THAN SPECIAL TAX REVENUES, ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE 2012 BONDS, AND NEITHER THE DISTRICT NOR THE SCHOOL DISTRICT IS OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER

ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE DISTRICT OR THE SCHOOL DISTRICT IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE 2012 BONDS.

(b) To the extent not included in the audited financial statements, the following information:

(i) Total assessed value (per the San Joaquin County Assessor's records) of all parcels currently subject to the Special Tax within the District, showing the total assessed valuation for all land and the total assessed valuation for all improvements within the District and distinguishing between the assessed value of improved and unimproved parcels. Parcels are considered improved if there is an assessed value for the improvements in the Assessor's records.

(ii) The total dollar amount of delinquencies, if any, in the District as of August 1 of the prior calendar year and, in the event that the total delinquencies within the District as of August 1 in the prior calendar year exceed 5% of the Special Tax for the previous fiscal year, delinquency information for each parcel responsible for more than $5,000 in the payment of Special Tax, amounts of delinquencies, length of delinquency and status of any foreclosure of each such parcel.

(iii) The amount of prepayments of the Special Tax with respect to the District for the prior Fiscal Year.

(iv) A land ownership summary listing property owners responsible for more than 5% of the annual Special Tax levy, as shown on the San Joaquin County Assessor's last equalized tax roll prior to the September next preceding the Annual Report Date.

(v) The principal amount of the Bonds outstanding and the balance in the Reserve Fund (along with a statement of the Reserve Requirement) as of the September 30 next preceding the Annual Report Date, including the issuance date and principal amount of any additional bonds or obligations issued under the Fiscal Agent Agreement on a parity with the Bonds.

(vi) An updated table in substantially the form of the table in the Official Statement entitled "Table 1, Assessed Values and Value to Burden Ratios Allocated by Land Use" based upon the most recent equalized tax roll prior to the September next preceding the Annual Report Date.

(vii) An updated table in substantially the form of the table in the Official Statement entitled "Table 2, Assessed Values and Value to Burden Ratios Allocated by Value-to-Lien Category," based upon the most recent equalized tax roll prior to the September next preceding the Annual Report Date.

(viii) Any changes to the Rate and Method of Apportionment of Special Tax for the District set forth in Appendix B to the Official Statement.

(ix) A copy of the most recent annual information required to be filed by the District with the California Debt and Investment Advisory Commission pursuant to the Act and relating generally to outstanding District bond amounts, fund balances, assessed values, special tax delinquencies and foreclosure information.

(c) In addition to any of the information expressly required to be provided under paragraph (b) above, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2012 Bonds, or other material events affecting the tax status of the 2012 Bonds.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District , or the sale of all or substantially all of the assets of the District (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional Fiscal Agent or the change of name of the Fiscal Agent, if material.

(b) Upon the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the 2012 Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2012 Bonds. If such termination occurs prior to the final maturity of the 2012 Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District 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 Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be Goodwin Consulting Group, Inc.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate 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(a), 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 2012 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2012 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the 2012 Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2012 Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information 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. The comparison shall include a 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, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District 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 District 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 District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the 2012 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its 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 have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Property Owner, the Fiscal Agent, the Bond owners or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2012 Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the 2012 Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: __________, 2012

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

By: ____

_______________,

________________,

AGREED AND ACCEPTED:
Goodwin Consulting Group, Inc.,
as Dissemination Agent

By: _________________________________
Name: ______________________________
Title: ________________________________

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Lammersville Unified School District
Name of Bond Issue:	Lammersville Unified School District Special Tax Refunding Bonds, Series 2012 (Lammersville School District Community Facilities District No. 2002 (Mountain House))
Date of Issuance:	________, 2012

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated __________, 2012 executed by the District and countersigned by Goodwin Consulting Group, Inc., as dissemination agent. The District anticipates that the Annual Report will be filed by _____________.

Dated: ____________

DISSEMINATION AGENT:

Goodwin Consulting Group, Inc.

By: ___________________________
Its: ___________________________

APPENDIX H

FORM OF OPINION OF BOND COUNSEL

APPENDIX I

COMMUNITY FACILITIES DISTRICT BOUNDARY MAP

APPENDIX J

PARCEL LISTING