

\$25,000,000
Lammersville School District
Community Facilities District No. 2002
(Mountain House)
Special Tax Bonds, Series 2002

ESCROW DEPOSIT AND TRUST AGREEMENT

THIS ESCROW DEPOSIT AND TRUST AGREEMENT (this "**Agreement**") is dated as of July 1, 2012, and is entered into by and between the LAMMERSVILLE UNIFIED SCHOOL DISTRICT (formerly, the Lammersville School District), a unified school district organized and existing under the Constitution and laws of the State of California (the "**District**"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized under the laws of the United States of America, as Escrow Agent (the "**Escrow Agent**"), in connection with the issuance of the Lammersville Unified School District Special Tax Refunding Bonds, Series 2012 (Lammersville School District Community Facilities District No. 2002 (Mountain House)) (the "**Bonds**") pursuant to a Fiscal Agent Agreement (the "**Original Fiscal Agent Agreement**"), dated as of September 1, 2002, by and between the District and The Bank of New York Mellon Trust Company, N.A., as successor fiscal agent (the "**Fiscal Agent**"), as supplemented by a First Supplemental Fiscal Agent Agreement, dated as of August 1, 2006 (the "**First Supplemental Fiscal Agent Agreement**"; together with the Original Fiscal Agent Agreement, the "**Master Fiscal Agent Agreement**"), as supplemented by a Second Supplemental Fiscal Agent Agreement (the "**Second Supplemental Fiscal Agent Agreement**"), dated as of July 1, 2012, by and between the District and the Fiscal Agent, for the purpose of refinancing the outstanding \$25,000,000 initial aggregate principal amount of Lammersville School District Community Facilities District No. 2002 (Mountain House) Special Tax Bonds, Series 2002 (the "**Prior Bonds**");

WITNESSETH:

WHEREAS, the District, by its Resolution No. ___ adopted May 16, 2012 (the "**Resolution of Issuance**"), has authorized the issuance of the Bonds for the purpose of defeasing the Prior Bonds and redeeming the Prior Bonds maturing after September 1, 2012;

WHEREAS, the District has determined to enter into this Agreement whereby the proceeds of sale of the Bonds, together with other funds held under the Master Fiscal Agent Agreement, and certain other moneys held by the District shall be deposited into a special escrow fund (the "**Escrow Fund**") to be created by and maintained with the Escrow Agent as set forth in this Agreement, all for the purpose of defeasing the Prior Bonds pursuant to and in accordance with the provisions Section 9.03 of the Original Fiscal Agent Agreement;

WHEREAS, pursuant to Section 9.03 of the Original Fiscal Agent Agreement, the Prior Bonds will be defeased when amounts irrevocably deposited into the Escrow Fund are sufficient, in the opinion of a certified public accountant, together with the interest to accrue on the Escrow Investments (defined below) and moneys then on deposit in the "**Bond Fund**" and the "**Reserve Fund**," in each case as defined in the Original Fiscal Agent Agreement (to the extent invested in "**Federal Securities**," as defined in the Original Fiscal Agent Agreement), to pay and discharge the principal of, premium, if any, and interest on such Prior Bonds, as and when the same shall become due and payable;

WHEREAS, the District wishes to instruct the Escrow Agent with respect to investment, use and disposition of funds deposited into the Escrow Fund, including but not limited to investment of certain amounts in the Escrow Fund in "**Escrow Investments**," which, pursuant to the requirements of Section 9.03 of the Original Fiscal Agent Agreement, shall be Federal Securities; and

WHEREAS, the Escrow Agent has full powers to act with respect to the Escrow Fund and to perform the duties and obligations to be undertaken pursuant to this Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises hereinafter set forth and for other valuable consideration, the District and the Escrow Agent agree as follows:

Section 1. Definitions. Capitalized terms used herein are used with the meanings assigned to them in the Resolution of Issuance and in the recitals hereof unless the context clearly requires some other meaning.

Section 2. Establishment of Escrow; Deposit of Funds. The Escrow Fund, designated the "Lammersville School District Community Facilities District No. 2002 (Mountain House) Special Tax Bonds, Series 2002 Escrow Fund," is hereby established by the District with the Escrow Agent as an irrevocable escrow account to be maintained by the Escrow Agent for the benefit and protection of the owners of the Prior Bonds. All cash and Escrow Investments in the Escrow Fund are hereby irrevocably pledged as a special fund for the payment of the Prior Bonds in accordance with the provisions of the Master Fiscal Agent Agreement. The Escrow Agent shall have no lien upon or right of set off against the Escrow Investments and cash at any time on deposit in the Escrow Fund.

(a) Deposit of Bond Proceeds. Concurrently with the delivery of the Bonds to the purchaser thereof, proceeds of the Bonds in the amount of \$_____ shall be transferred to the Escrow Agent by the Fiscal Agent, which Bond proceeds, together with amounts transferred pursuant to the following paragraph (b), shall be used exclusively for the timely payment and redemption of the Prior Bonds as set forth on Exhibit B hereto or as otherwise set forth below.

(b) Deposit of Moneys Relating to the Prior Bonds Held by the Fiscal Agent. Concurrently with the delivery of the Bonds to the purchaser thereof, the Fiscal Agent shall transfer moneys held under the Original Fiscal Agent Agreement to the Escrow Agent in the following amounts, which amounts, together with Bond proceeds transferred pursuant to the preceding paragraph (a), shall be used exclusively for the timely payment and redemption of the Prior Bonds as set forth on Exhibit B hereto or as otherwise set forth below:

(i) \$_____ on deposit in the Reserve Fund shall be transferred to the Escrow Agent and deposited in the Escrow Fund; and

(ii) \$_____ on deposit in the Bond Fund shall be transferred to the Escrow Agent and deposited in the Escrow Fund.

Accordingly, the total amount on deposit in the Escrow Fund will be \$_____.

(c) If at any time the Escrow Agent shall receive actual knowledge that the moneys and Escrow Investments in the Escrow Fund will not be sufficient to make any payment required

hereunder, the Escrow Agent shall notify the District of such fact and the District shall promptly cure such deficiency from any source of legally available funds. The Escrow Agent shall not be liable for any such deficiency.

(d) The Escrow Agent shall deposit the Escrow Investments and cash received by the Escrow Agent in the Escrow Fund solely for the uses and purposes set forth herein upon receipt by the Escrow Agent of (i) an opinion of an independent certified public accountant or of an Independent Financial Consultant that the Escrow Investments and cash set forth in Section 3, together with interest to be derived therefrom, shall be in an amount which shall at all times be at least sufficient to make the payments specified in Section 5 hereof and (ii) an opinion of "**Bond Counsel**" (as defined in the Master Fiscal Agent Agreement), which may rely upon the opinion of the certified public accountant, to the effect that the Prior Bonds being defeased have been legally defeased in accordance with the Master Fiscal Agent Agreement.

Section 3. Purchase of Escrow Investments. The Escrow Agent shall use \$_____ of the amounts deposited in the Escrow Fund pursuant to Section 2 to acquire in its own name, as Escrow Agent, the Escrow Investments described in Exhibit A attached hereto. The Escrow Agent shall hold the balance (\$_____) uninvested in cash.

At the written direction of the District, the Escrow Agent shall invest and reinvest any proceeds received from any of the Escrow Investments acquired pursuant to this Section 3 (the "**Original Escrow Investments**"), and the cash originally deposited into the Escrow Fund, for a period ending not later than the date on which such proceeds or cash are required for the purposes specified in Section 5 and maturing in an amount at least equal to their purchase price, in Escrow Investments; provided, however, that with respect to any such reinvestment, such written directions of the District shall be accompanied by an opinion of Bond Counsel that investment in accordance with such directions will not affect, for Federal income tax purposes, the exemption from Federal income taxes of the interest on the Prior Bonds or the Bonds. In the event that the District shall fail to file any such written directions with the Escrow Agent concerning the reinvestment of any such proceeds, such proceeds shall be held uninvested by the Escrow Agent.

Section 4. Payment for Escrow Investments. Payment for the Escrow Investments referred to in Section 3 shall be conclusively evidenced by the Escrow Agent's execution and delivery of an acknowledgment of payment.

Section 5. Retention for, and Payment of, the Prior Bonds. The District hereby instructs the Fiscal Agent to retain and hold in trust moneys and Escrow Investments in the Escrow Fund for the purpose of paying principal of and interest on the Prior Bonds through September 1, 2012, and, on September 1, 2012 to redeem the Prior Bonds maturing after September 1, 2012 at the redemption prices set forth in the Original Fiscal Agent Agreement. The Escrow Agent shall transfer to the Fiscal Agent from the Escrow Fund such amounts as may be necessary for such purposes, as shown on Exhibit B attached hereto. Any monies remaining in the Escrow Fund established under this Agreement after making all of the payments described in this Section 5 shall be transferred to the Fiscal Agent, for deposit into the Bond Fund for the Bonds.

Section 6. Notice of Redemption and Defeasance. The Fiscal Agent is hereby directed to give notice of the redemption of the Prior Bonds to the registered Owners thereof, not less than 30 days nor more than 60 days prior to the redemption date, in accordance with the provisions of the Original Fiscal Agent Agreement, so that redemption shall occur strictly in accordance with the applicable provisions thereof.

In addition, the Fiscal Agent is hereby directed to give on the date of issuance of the Bonds a notice of defeasance to the owners of the Prior Bonds in the form attached hereto as Exhibit C; such notice shall be given in the manner specified in the Fiscal Agent Agreement and by filing the notice on the Municipal Securities Rulemaking Board's EMMA system.

Section 7. Substitution of Escrow Investments. The District may at any time direct the Escrow Agent to substitute noncallable Escrow Investments for any or all the Escrow Investments then deposited in the Escrow Fund, provided that any such direction and substitution shall be accompanied by a certification of an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions that the Escrow Investments then to be so deposited in the Escrow Fund, together with interest to be derived therefrom, shall be in an amount at all times at least sufficient to make the payments specified in Section 5 hereof and, further, to be accompanied by an opinion of nationally recognized bond counsel that the substitution will not affect, for Federal income tax purposes, the exemption from Federal income taxes of the interest on the Prior Bonds and the Bonds. In the event that, following any such substitution of Escrow Investments pursuant to this Section 7, there is an amount of moneys or Escrow Investments in excess of an amount sufficient to make the payments required by Section 5 hereof, such excess shall be transferred to the Fiscal Agent, for deposit into the Bond Fund for the Bonds.

Section 8. Limited Power of Escrow Agent; Permitted Investments. Except as herein otherwise expressly provided, the Escrow Agent shall have no power or duty to make substitutions of the Escrow Investments, or to sell, transfer or otherwise dispose of the Escrow Investments. The Escrow Agent shall have no power or duty to invest amounts that it has been instructed to hold uninvested.

Section 9. No Arbitrage. The District hereby covenants that no part of the Escrow Fund shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause the Prior Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and regulations promulgated thereunder.

Section 10. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrow Investments accruing to the Escrow Agent hereunder, and such books shall be available for inspection at reasonable hours and under reasonable conditions with reasonable prior notice by the owners of the Prior Bonds and the Bonds.

Section 11. Proper Filings. The District will, at its expense, execute, acknowledge, deliver or file this Agreement and assignments, transfers, financing statements, continuation statements, and assurances required for the better assuring, conveying, pledging, assigning and confirming unto the Escrow Agent, the moneys and Escrow Investments hereby pledged, or intended so to be or which the District may be or may hereafter become bound to pledge, convey or assign to the Escrow Agent or for carrying out the intention or facilitating the performance of the terms of this Agreement.

Section 12. Discharge. The covenants, liens and pledges entered into, created or imposed pursuant to this Agreement shall be fully discharged, and satisfied when all of the Prior Bonds shall have been paid in full, as to principal, premium and interest. Upon such discharge and satisfaction this Agreement shall cease, terminate and become null and void, and

thereupon the Escrow Agent shall, upon the written request of the District, forthwith execute proper instruments acknowledging satisfaction and discharge of this Agreement.

Section 13. Insufficiency of the Escrow Fund. The District agrees that if for any reason the investments and moneys and other funds in the Escrow Fund are insufficient or otherwise unavailable to pay timely principal and premium of, and interest on, the Prior Bonds, the District shall continue to be liable therefor in accordance with the terms of the Master Fiscal Agent Agreement and the Prior Bonds.

Section 14. Tax-Exempt Nature of the Prior Bonds and the Bonds. The District covenants and agrees for the benefit of the owners of the Prior Bonds and the Bonds that it will not perform or permit to be performed any thing or act in such manner as would cause interest on the Prior Bonds or the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "**Code**"), and, in particular, it will not use any of the proceeds received from the sale of the Bonds, directly or indirectly, in any manner which would result in such Bonds being classified as "arbitrage bonds" within the meaning of Section 148(a) of the Code.

Section 15. Compensation of the Escrow Agent. The Escrow Agent's fees, expenses and reimbursement for costs incurred, for and in carrying out the provisions of this Agreement have been fixed by separate agreement. The Agency shall pay the Escrow Agent full compensation for its duties under this Agreement. Under no circumstances shall amounts deposited in or credited to the Escrow Fund be deemed to be available for said purposes.

Section 16. No Implied Duties; No Rights to Others. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any person other than the District, the Escrow Agent, the Fiscal Agent and the registered owners of the Prior Bonds, any legal or equitable right, remedy or claim under or in respect to this Agreement or any covenants, conditions or provisions therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the District, the Escrow Agent and the Owners of the Prior Bonds. The Escrow Agent shall perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent.

Section 17. Immunities and Liabilities of Escrow Agent.

(a) The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. The Escrow Agent is not required to resolve conflicting demands to money or property in its possession under this Agreement.

(b) The Escrow Agent may consult with counsel of its own choice (which may be counsel to the District) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

(c) The Escrow Agent shall not be responsible for any of the recitals or representations contained herein or in the Resolution of Issuance.

(d) The Escrow Agent may become the owner of, or acquire any interest in, any of the Prior Bonds with the same rights that it would have if it were not the Escrow Agent, and may engage or be interested in any financial or other transaction with the District.

(e) The Escrow Agent shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys or Escrow Investments deposited with it to pay the principal, interest or premiums, if any, on the Prior Bonds and shall not be liable for any insufficiency of such moneys and securities to affect such payment.

(f) The Escrow Agent shall not be liable for any action or omission of the District under this Agreement or the Resolution of Issuance.

(g) Whenever in the administration of this Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established before taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of an authorized official of the District, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of this Agreement upon the faith thereof.

(h) The Escrow Agent may at any time resign by giving written notice to the District of such resignation. The District shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective only upon acceptance of appointment by a successor Escrow Agent. If the District does not appoint a successor, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the District may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the District appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the District, shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

(i) The District agrees to indemnify the Escrow Agent, its agents and its officers or employees for and to hold the Escrow Agent, its agents, officers or employees harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel, including in-house counsel, for the Escrow Agent) which may be imposed on, incurred by, or asserted against the Escrow Agent at any time by reason of the performance of its duties as Escrow Agent hereunder and under the Resolution of Issuance, in any transaction arising out of this Agreement or the Bond Resolution or any of the transactions contemplated herein or in the Resolution of Issuance, unless due to the Escrow Agent's or its officers' or employees' or agents' negligence or willful misconduct. Such indemnity shall survive the termination of this Agreement or resignation or removal of the Escrow Agent.

(j) All notices, certificates or other communications hereunder with the Escrow Agent shall be addressed to the Escrow Agent at:

The Bank of New York Mellon Trust Company, N.A.
100 Pine Street, Suite 3100
San Francisco, California 94111
Attention: Corporate Trust Department

Section 18. Waiver of Notice. Whenever in this Agreement the giving of notice by mail or otherwise shall be required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 19. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provisions has never been contained herein.

Section 20. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and such counterparts, or as many of them as the Agency and the Escrow Agent shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 21. Business Days. Whenever any act is required by this Agreement to be done on a specified day or date, and such day or date shall be a day other than a business day, then such act may be done on the next succeeding business day.

Section 22. California Law. This Agreement shall be governed exclusively by and interpreted in accordance with, the laws of the State of California.

IN WITNESS WHEREOF, the District and the Escrow Agent have each caused this Agreement to be executed by the duly authorized officers thereof as of the date first above written.

LAMMERSVILLE UNIFIED SCHOOL
DISTRICT for and on behalf of the
LAMMERSVILLE SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO.
2002 (MOUNTAIN HOUSE)

By: _____
Superintendent

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
as Escrow Agent

By: _____
Authorized Officer

ACKNOWLEDGED AND ACCEPTED:
THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., *as Fiscal Agent*

By: _____
Authorized Officer

EXHIBIT A

DESCRIPTION OF ESCROW INVESTMENTS

<u>Type</u>	Maturity <u>Date</u>	Par <u>Amount</u>	<u>Rate</u>	<u>Cost</u>
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EXHIBIT B

PAYMENT AND REDEMPTION SCHEDULE OF PRIOR BONDS

Date	Principal	Interest	Premium	Receipts	Disbursements	Cash Balance
9/1/12						
Total	\$	\$		\$	\$	

EXHIBIT C

FORM OF NOTICE OF REDEMPTION AND DEFEASANCE

**Notice to the Holders of Outstanding
\$25,000,000
Lammersville School District
Community Facilities District No. 2002
(Mountain House)
Special Tax Bonds, Series 2002**

Date of Issuance: September 26, 2002

NOTICE IS HEREBY GIVEN that the Lammersville Unified School District (the "**District**") has, on July __, 2012, from the proceeds of sale of bonds and other sources, irrevocably set aside in an Escrow Fund created for such purpose and held by The Bank of New York Mellon Trust Company, N.A., San Francisco, California, as escrow agent (the "**Escrow Agent**") pursuant to an Escrow Deposit and Trust Agreement, dated as of July 1, 2012 (the "**Escrow Agreement**"), by and between the District and the Escrow Agent, moneys which shall be sufficient to (i) pay principal of and interest due on the captioned bonds (the "**Bonds**") on September 1, 2012 and (ii) redeem on September 1, 2012, all the remaining outstanding Bonds at a redemption price equal to 101% of the principal amount to be redeemed. A schedule of the maturity dates of the Bonds to be redeemed and the CUSIP numbers of such bonds is attached as Schedule 1.

In accordance with the terms of the Fiscal Agent Agreement relating to the Bonds, notice of redemption of the captioned Bonds to be redeemed is required to be given by The Bank of New York Mellon Trust Company, N.A., as successor fiscal agent thereunder, on a date not more than 60 days or less than 30 days prior to the date fixed for redemption thereof.

The moneys deposited in the Escrow Fund (as defined in the Escrow Agreement), including the earnings derived from the investment thereof, are irrevocably pledged to the payment of principal or redemption price of and interest on the Bonds. Said moneys have been invested in certain United States Treasury Bonds State and Local Government Series issued by the United States Treasury ("**SLGS**") and that bear interest and mature on such dates as to insure the payment of all principal, premium, as applicable, and interest on the Bonds. Pursuant to the Escrow Agreement, the District may substitute securities for those initially allocated to the Escrow Fund and withdraw moneys from the Escrow Fund subject to the terms and conditions set forth in the Escrow Agreement.

As a consequence of the foregoing actions and in accordance with the Fiscal Agent Agreement relating to the Bonds, the Bonds are no longer secured by a pledge of the Special Tax described in or moneys held in certain funds established under the Fiscal Agent Agreement relating to the Bonds, such pledge and the obligations and covenants of the District under the Fiscal Agent Agreement having been fully released and discharged, and the Bonds are now payable solely from the moneys and investments set aside in the Escrow Fund as described above.

Interest will not accrue on the Bonds from and after September 1, 2012.

Additional information regarding the foregoing actions may be obtained from The Bank of New York Mellon Trust Company, N.A., 100 Pine Street, Suite 3100, San Francisco, California 94111.

Dated: July __, 2012

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Escrow Agent

Schedule 1

Schedule of Bonds to be Redeemed on September 1, 2012

Maturity Date	CUSIP (Base No. 513539)	Outstanding Principal Amount (\$)
2013	AN6	
2014	AP1	
2015	AQ9	
2016	AR7	
2017	AA4	
2018	AB2	
2024	AC0	
2032	AD8	