

Mello-Roos Financing Information

The following information is being provided to all prospective buyers in the South Davis Plan Area to inform them that the property is located in a Mello-Roos Community Facilities District, created by the City of Davis. This means that a Mello-Roos Special Tax lien has been placed on this property, and that as a homebuyer in this development, you will be responsible for paying Special Taxes which are in addition to the standard general property taxes paid by homeowners in other parts of the City of Davis. Information summarizing the specific tax liabilities associated with this Community Facilities District and the facilities to be financed for the Community Facilities District is presented in this brochure.

Background

A Marks-Roos Public Financing Authority with five pooled Community Facilities Districts has been established by the City of Davis pursuant to the Marks-Roos Local Bond Pooling Act of 1985, as amended ("the Bond").

Community Facilities District (CFD) No. 1990-4 (South Davis) has been established by the City of Davis in the South Davis Plan Area pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"). This Act was passed by the California Legislature in response to various public funding limitations imposed by Proposition 13. The purpose of the Act is to provide an alternative method to finance the construction of needed public facilities in a timely fashion which are required to service various needs of property owners within a CFD.

A CFD is authorized to issue and sell bonds to provide funds to acquire or construct public capital facilities. These bonds qualify for tax exempt status, thereby providing a lower interest rate than conventional, taxable financing methods.

Financing and Facilities

CFD No. 1990-4 has issued an initial series of bonds on November 1, 1990 with a 25-year term. An additional series of bonds is expected to be issued for the District in 1997. Payment of these bonds is secured by all taxable property within CFD No. 1990-4 and will be repaid by a levy of a Special Tax on this property. This Special Tax was levied beginning in the 1992-93 tax year and will be collected semi-annually at the same time and in the same manner as regular general property taxes. The facilities that will be financed by the issuance of bonds and levy of this Special Tax may include but are not limited to those listed below in Table I.

TABLE I

Public Facilities to be Financed through CFD No. 1990-4
Transportation and Roadway Improvements
Drainage Facilities and Improvements
Various General City Facilities Fees including Public Safety Facilities
Municipal Golf Course Expansion

As mentioned above, CFD No. 1990-4 has issued tax exempt bonds (and proposes to issue additional tax-exempt bonds) to be repaid by the levy of a Special Tax on single and multi-family residential units and office, retail commercial, service commercial, business park and industrial property located within the CFD. Table II outlines the Mello-Roos Base Special Tax to be paid by each category of land use. These Special Taxes will be paid in addition to the standard level of general property taxes paid by property owners within CFD No. 1990-4 and by other property owners in the City of Davis whose property is not subject to a special tax.

TABLE II

Assigned Mello-Roos Base Special Taxes on Property in Community Facilities District No. 1990-4	
Class and Land Uses	Initial 1991-92 Special Tax Rates*
Single Family	\$591.82 per unit
Multi-Family	\$421.99 per Dwelling Unit
Retail	\$0.57684 per Square Foot
Office	\$0.75514 per Square Foot
Business Park	\$0.40288 per Square Foot
Service Commercial	\$0.57508 per Square Foot

Mello-Roos Special Taxes

TABLE III

Acknowledgement

Acreage Special Tax and Maximum Mello-Roos Special Taxes that may be Levied on Property in CFD No. 1990-4	
If development falls below levels projected for the District, and if Special Taxes on developed and undeveloped property are not sufficient to pay debt service on the District's bonds and to pay other amounts chargeable to the District, then the Maximum Special Tax Rate that may be levied annually on property within the District is the greater of the amount of the Base Special Tax, calculated as shown in Table II above, or the Acreage Special Tax, calculated on the basis of each acre of land (or fractional share thereof), at a rate not to exceed the amount designated as follows for each Class and Land Use:	
Class and Land Use	Maximum Acreage Special Tax
Residential Single Family	\$3,000 per acre
Residential Multi-Family	\$6,400 per acre
Retail	\$8,700 per acre
Office	\$11,500 per acre
Business Park	\$6,100 per acre
Service Commercial	\$8,700 per acre

I, the undersigned, acknowledge that I have read this disclosure document and understand that a Special Tax will be collected along with regular general property taxes to finance public facilities as listed in Table I. By reference to Table II and Table III of this disclosure, I recognize that the property I am considering for purchase falls into the following Class and Land Use: _____. Therefore, I understand that I may be responsible for the corresponding Base Mello-Roos Special Tax and the Mello-Roos Special Tax, which may be based on a Mello-Roos Base Special Tax Rate or an Acreage Special Tax as described herein. I also understand that I may terminate the contract to purchase or deposit receipt after receiving this notice from the owner or agent selling the property. The contract may be terminated within three days if the notice was received in person or within five days after it was deposited in the mail by giving written notice of that termination to the owner or agent selling the property.

Signed

Date

Signed

Date

NOTE: This disclosure brochure and information is only intended to provide a summary of the information contained in the "Notice of Special Tax Lien" from the title report for your property. For more detailed information, a prospective homeowner should review the entire "Notice of Special Tax Lien," and "Rate and Method of Apportionment of Special Taxes" for CFD No. 1990-4 which can be obtained from the City of Davis.

**SPECIAL TAX
DISCLOSURE
NOTICE
TO THE
HOMEOWNER**

**CFD NO. 1990-4
(SOUTH DAVIS PLAN AREA)
CITY OF DAVIS**