

Mello-Roos Financing Information

The following information is being provided to all prospective buyers in the East Davis-Mace Ranch project 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. A copy of this document with your signature will be kept on file with the City of Davis.

Background

A Community Facilities District (CFD No. 1991-2) has been established by the City of Davis in the East Davis-Mace Ranch project 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. 1991-2 has issued an initial series of bonds on November 7, 1991 with a 30-year term. A second series of bonds were issued on December 1, 1992 and an additional series of bonds is expected to be issued for the District in 1996. Payment of these bonds is secured by all taxable property within CFD No. 1991-2 and will be repaid by a levy of a Special Tax on this property. This Special Tax will be 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. 1991-2
Transportation and Roadway Improvements
Sanitary Sewer Facilities and Improvements
Water Distribution Facilities and Improvements
Drainage Facilities and Improvements
Various City Facilities Fees
Greenbelt and Park Improvements
Community Benefit Improvements

Mello-Roos Special Taxes

As mentioned above, CFD No. 1991-2 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. 1991-2 and by other property owners in the City of Davis whose property is not subject to a special tax.

In addition to the special taxes annually levied pursuant to any one or more of the Steps [1-6 in the Rate and Method contained in the Notice of Special Tax Lien], there shall be levied on a one-time basis the Single-Family First Sale Special Tax in the amount of \$3,500 with respect to each Developed Single-Family Residential Property which shall be due and payable by the seller upon closing of the first sale of, or the first transfer of, or upon recordation of a deed of conveyance for the first sale of, each single family detached dwelling unit.

"Single-Family First Sale Special Tax" means the Special Tax which shall be levied, one time only, in the amount of \$3,500 upon each Developed Single-Family Residential Property and which shall be due and payable by the seller upon the closing of the first sale of, or the first transfer of, or upon recordation of a deed of conveyance for the first sale of, each single-family detached dwelling unit with the exception of a developer-built and contracted affordable for sale housing.

**Table II**

Assigned Mello-Roos Base Special Taxes on Property in Community Facilities District No. 1991-2		
Class and Land Uses	Square Footage of Unit	Initial 1991-92 Special Tax Rates*
Single Family Detached	Up to 1,500 Square Feet	\$775.00 per Unit, to increase by STA Factor

**Table III**

Acreage Special Tax and Maximum Mello-Roos Special Taxes that may be Levied on Property in CFD No. 1991-2	
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	\$9,500 per acre
Residential Multi-Family	\$16,500 per acre
Retail	\$16,000 per acre
Office	\$21,500 per acre
Industrial	\$16,500 per acre
Business Park	\$17,500 per acre
Service Commercial	\$19,500 per acre

Acknowledgement

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 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. I also understand that a copy of this disclosure with my signature will be kept on file with the office of the City Treasurer of the City of Davis.

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 Appointment of Special Taxes" for CFD No. 1991-2 which can be obtained from the City of Davis.

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**SPECIAL TAX  
DISCLOSURE  
NOTICE  
TO THE  
HOMEOWNER**

**CFD NO. 1991-2  
(EAST DAVIS/MACE RANCH AREA)  
CITY OF DAVIS**

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