COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 432
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

June 18, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

RESOLUTION OF THE BOARD OF SUPERVISORS ACTING AS THE LEGISLATIVE BODY FOR COMMUNITY FACILITIES DISTRICT NO. 6 (AGUA DULCE AREA) IMPROVEMENT AREA A AUTHORIZING THE ISSUANCE OF SPECIAL TAX BONDS (FIFTH DISTRICT -- 3-VOTES)

IT IS RECOMMENDED THAT YOUR BOARD, ACTING AS THE EX-OFFICIO GOVERNING BODY OF THE COMMUNITY FACILITIES DISTRICT NO. 6 IMPROVEMENT AREA A:

Adopt a Resolution of the Board of Supervisors of the County of Los Angeles acting as the Legislative Body of CFD No. 6 (Agua Dulce Area) Improvement Area A authorizing the issuance of Special Tax Bonds in an amount not to exceed $4 million; approving and authorizing the execution of the Indenture, Bond Purchase Contract, Official Statement, Escrow Agreement, Continuing Disclosure Undertaking and other documents in connection with the sale; approving the distribution of a Preliminary Official Statement and authorizing the preparation of a Final Official Statement in connection with such Bond Issuance.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

We are requesting approval of various legal documents, which provide for a current refunding of $3,875,000 in outstanding CFD No. 6 Improvement Area A (CFD 6A) Series 1993A bonds. Refunding this issue will result in lower debt service and annual savings to the taxpayers in the Improvement Area.

On October 24, 1991, your Board approved the formation of CFD No. 6 Improvement Area A in order to finance certain regional improvements to provide water service to the Improvement Area. Subsequently, a landowner election was held which approved the issuance of bonds to finance the improvements and the levying of a special tax to pay debt service on the bonds. The landowner election authorized a maximum of $13,000,000 in bonded indebtedness and created a Rate and Method of Apportionment which established maximum special tax rates that would pay the cost of debt service on the maximum amount of authorized bonded debt.

The CFD 6A Series 1993A bonds were issued in January of 1993 in the principal amount of $4,675,000. The proposed refunding of this bond issue will result in lower debt service and a lower special tax levy for residential property owners in the Improvement Area beginning in FY 2003-04.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal of Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions. And, it supports the Strategic Plan Goal of Fiscal Responsibility by utilizing public-private partnerships for the investment in and development of regional benefit public infrastructure in the County.

FISCAL IMPACT/ FINANCING

There is no direct fiscal impact on the County. The debt service on any existing or future bonds is derived solely from the special tax levied on properties within the Improvement Area.

Based on current market information, we anticipate a bond issue size of $3,670,000 and an overall true interest cost of 5.77%. Based on these assumptions, the refunding of this issue would result in net present value savings of 15.0% to taxpayers in the Improvement Area. The proceeds of the refunding bonds will be escrowed and used to call the 1993A bonds, which are outstanding for the Improvement Area. We are requesting that your Board authorize a maximum bond size of $4 million and a maximum interest rate of 6.5% to provide for any fluctuation in market conditions experienced at the time of the sale of bonds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Series 2003A bonds are authorized pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (beginning with Section 53311 et seq. of the Government Code) commencing with Section 53580 of Chapter 3, Part 1 of Division 2, Title 5 of the Government Code, and pursuant to an Indenture.

Based on the County's Bond Sale Policies, the Treasurer is recommending a negotiated transaction because savings generated by the refunding of this financing are sensitive to market fluctuations and control of market timing is essential to a successful sale. Also, we are selling "story bonds" where debt repayment is based solely on the levy and collection of special taxes on property in the Improvement Area. We believe our recommendation is appropriate because of our need to time the market for the refunding bonds and to allow an underwriter sufficient time to market our story bonds.

Stone & Youngberg has been selected as underwriters for this transaction based on a mini-RFP to qualified firms in our Board approved pool of underwriters. In accordance with Board policy regarding consultants for Community Facilities Districts, we have selected, at no cost to the County, the firm of David Taussig & Associates as special tax consultant.

Following the issuance of the proposed bonds, the Improvement Area will have approximately $8,000,000 in unused bond authorization. No additional bond issue utilizing this unused authorization has been scheduled or planned.

IMPACT ON CURRENT SERVICES

None

CONCLUSION

After the Board has taken action on this request, please:

1. Forward two (2) stamped copies of this letter to the TTC Executive Office.

2. Forward two (2) certified copies of the Minute Order and Resolution to the TTC Executive Office.

Respectfully submitted,

MARK J. SALADINO
Treasurer and Tax Collector

MJS:DL:GB
z:Board/CFD6ARefunding Brd Ltr.doc

Attachments (6)

c: Chief Administrative Officer
County Counsel
Auditor-Controller

COMMUNITY FACILITIES DISTRICT NO. 6
(AGUA DULCE AREA)
OF THE COUNTY OF LOS ANGELES
IMPROVEMENT AREA A
(SIERRA COLONY RANCH)

RESOLUTION AUTHORIZING THE ISSUANCE OF SPECIAL TAX REFUNDING BONDS OF IMPROVEMENT AREA A OF COMMUNITY FACILITIES DISTRICT NO. 6 (AGUA DULCE AREA) OF THE COUNTY OF LOS ANGELES, AND APPROVING DOCUMENTS AND PROVIDING FOR OTHER MATTERS RELATING THERETO

WHEREAS, following the adoption on September 10, 1991 of its Resolution of Intention and a duly called public hearing and the adoption on October 24, 1991 of its Resolution of Formation, the Board of Supervisors of the County of Los Angeles ("County") established the District and Improvement Area A therein (the "Improvement Area A"), all pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (the "Code"), known as the "Mello-Roos Community Facilities Act of 1982" (the "Act"), and, after an election duly held on October 25, 1991, adopted Ordinance No. 92-0113M on October 27, 1992 authorizing the levy of the special tax within the Improvement Area; and

WHEREAS, more than two-thirds of the votes cast at the election were cast in favor of approving the Rate and Method of Apportionment of Special Tax and of authorizing the bonded indebtedness within Improvement Area A of the District to an aggregate principal amount of not to exceed $13,000,000, for the purposes set forth in the Resolution of Intention and Resolution of Formation; and

WHEREAS, pursuant to a judgment entered in the case of County of Los Angeles v. All Persons, etc., et al. (BC 043482) in the Superior Court of the State of California in and for the County of Los Angeles on March 17, 1992, the issuance of bonds of the District to be paid by a special tax authorized under the Act, as amended, and collected within the Improvement Area with respect to which such bonds are issued, has been declared valid and consistent with Articles XIIIA and XIIIB of the Constitution of the State; and

WHEREAS, the County has previously issued, on behalf of the District, bonds secured by special taxes levied on the land within Improvement Area A of the District in the amount of $4,675,000 as authorized by its Resolution adopted October 20, 1992 (the "Prior Bonds"); and

WHEREAS, the District proposes to issue up to $4,000,000 aggregate principal amount of Improvement Area A Special Tax Refunding Bonds, Series 2003A (the "Bonds") secured by a special tax levied within Improvement Area A to refund all the Prior Bonds; and

NOW, THEREFORE, THE BOARD OF SUPERVISORS ACTING AS THE LEGISLATIVE BODY OF THE DISTRICT HEREBY RESOLVES AS FOLLOWS:

Section 1. Definitions. For purposes of this Resolution, the following capitalized terms have the indicated meanings:

"Bond Counsel" means Arter & Hadden LLP in its capacity as bond counsel with respect to the Series 2003A Bonds or such other counsel as shall be acceptable to County Counsel.

"County Counsel" means the County Counsel of the County, or his deputy.

"Fiscal Year" means the twelve-month period ending on June 30 of each year, or any other annual accounting period hereafter selected and designated by the County as its Fiscal Year in accordance with applicable law.

"Officers of the County" means the Chair of the Board of Supervisors of the County, the Executive Officer-Clerk of the Board of Supervisors, the Treasurer and Tax Collector of the County, the Auditor-Controller of the County, or any designee of the listed officers.

"Special Tax" means, with respect to any parcel within Improvement Area A, the tax authorized to be levied in accordance with the proceedings of the District and an Ordinance of the County authorizing such levy.

"Special Tax Lien" means the lien established as to each parcel in Improvement Area A by recordation of the Notice of Special Tax Lien, as amended, pursuant to Section 53328.5 of the Code.

All capitalized terms not defined herein shall have the meaning assigned to them in the Indenture (as hereinafter defined).

Section 2. Issuance of Bonds. A series of bonds of Improvement Area A designated Series 2003A (the "Series 2003A Bonds") is hereby established and authorized to be issued provided that the maximum bonded indebtedness may not exceed $4,000,000. The Series 2003A Bonds shall be issued upon the terms and conditions contained in the Indenture (hereinafter defined), which terms and conditions are by this reference incorporated herein. Notwithstanding the foregoing, in accordance with Section 53362.5 of the Act, the Bonds shall

not be issued if the total net interest cost to maturity on the Bonds plus the principal amount of the Bonds exceeds the total net interest cost to maturity on the Prior Bonds plus the principal amount of the Prior Bonds to be refunded.

Section 3. Manner of Sale of the Series 2003A Bonds. Pursuant to Section 53360.4 of the Code, the Board of Supervisors hereby finds and determines that a private sale of the Series 2003A Bonds would result in a lower overall cost to the District, and the Series 2003A Bonds shall be sold at private sale.

Section 4. Designation of Office to Administer Special Tax. Pursuant to Section 53340.2 of the Code, the Office of the Treasurer and Tax Collector of the County is hereby designated as the office that is responsible for annually preparing the current roll of Special Tax levy obligations and for estimating future Special Tax levies.

Section 5. Indenture. The proposed form of the Indenture, dated as of July 1, 2003 (the "Indenture"), pertaining to Improvement Area A to be entered into by the County on behalf of the District, presented to the Board of Supervisors at this meeting, is hereby approved. The Chair of the Board of Supervisors of the County, the Executive Officer-Clerk of the Board of Supervisors, the Treasurer and Tax Collector of the County, as paying agent, and the Auditor-Controller of the County, as fiscal agent, are, and each of them is, hereby authorized and directed, for and in the name of the District, to execute and deliver the Indenture in substantially said form, with such changes therein as County Counsel and Bond Counsel may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Indenture.

Section 6. Preliminary Official Statement; Official Statement. The form of the Preliminary Official Statement relating to Improvement Area A with respect to the Series 2003A Bonds (the "Preliminary Official Statement") is presented to the Board of Supervisors at this meeting, and the Underwriter's distribution thereof to prospective purchasers of the Bonds is hereby approved. The Preliminary Official Statement, together with the addition of pricing and financial terms as are determined necessary by the Treasurer and Tax Collector of the County, for and in the name of the District, to make such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), including, but not limited to, such additions and changes as are necessary to make the information therein accurate and not misleading, and to execute a Certificate (the "15c2-12 Certificate"), for and in the name of the District, to certify the same, are hereby authorized. The preparation of the final Official Statement (the "Official Statement") in the form of the Preliminary Official Statement, together with such changes as are determined necessary by the Treasurer and Tax Collector of the County to make the Official Statement complete and accurate as of its date, is hereby authorized. The Underwriter is further authorized to distribute the final Official Statement relating to the Bonds and any supplement thereto to the purchasers thereof upon its execution on behalf of the District as described above.

Section 7. Bond Purchase Agreement. The proposed form of Bond Purchase Agreement between the District and the Underwriter is hereby approved substantially in the form presented at this meeting and the Treasurer and Tax Collector of the County is hereby authorized and directed, for and in the name of and on behalf of the District, to execute by manual or facsimile signature, acknowledge, and deliver such Bond Purchase Agreement in substantially said form, with such changes therein as the County Counsel and Bond Counsel may require or

approve, such approval to be conclusively evidenced by the execution and delivery thereof. In connection with the execution of said Bond Purchase Agreement, the Treasurer and Tax Collector of the County is further authorized and directed to negotiate the price or prices and interest rate or rates for the bonds and the terms of such Bond Purchase Agreement shall be consistent with the following: (i) the Bonds may be sold to the Underwriter at a discount not to exceed three percent (3%) of the aggregate principal amount thereof and (ii) the net interest cost of the Bonds excluding any Underwriter's discount but including original issue discount, if any, shall not exceed eight percent (8%).

Section 8. Continuing Disclosure Undertaking. The proposed form of the Continuing Disclosure Undertaking, dated as of July 1, 2003 (the "Continuing Disclosure Undertaking"), pertaining to Improvement Area A to be entered into by the District, presented to the Board of Supervisors at this meeting, is hereby approved. The Treasurer and Tax Collector of the County is hereby authorized and directed, for and in the name of the District, to execute and deliver the Continuing Disclosure Undertaking in substantially said form, with such changes therein as County Counsel and Bond Counsel may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Continuing Disclosure Undertaking.

Section 9. Escrow Agreement. The proposed form of the Escrow Agreement (the "Escrow Agreement") dated the date of issuance of the Bonds to be entered into by the District, presented to the Board of Supervisors at this meeting, is hereby approved. The Treasurer and Tax Collector of the County is hereby authorized and directed, for and in the name of the District, to execute and deliver the Escrow Agreement in substantially said form, with such changes therein as County Counsel and Bond Counsel may require or approve, such requirement or approval to be conclusively evidence by the execution of the Escrow Agreement.

Section 10. Designation of Consultants. With respect to the Series 2003A Bonds and in accordance with the policy of the Board of Supervisors, the selection of David Taussig & Associates, as special tax consultant and Causey Demgen & Moore Inc., as Verification Agent, is hereby approved.

Section 11. Transfer of Funds from Prior Bonds. The Auditor-Controller of the County of Los Angeles as the Fiscal Agent for the Prior Bonds is hereby authorized to transfer any funds on deposit in the funds and accounts of the indenture for the Prior Bonds to such funds and accounts as directed by Section 4.02 of the Indenture including amounts on deposit in the Special Tax Fund.

Section 12. Delegation of Authority. The Officers of the County and/or their designees are, and each of them hereby is, authorized and directed to do any and all things, and to execute and deliver any and all documents that said Officers of the County may deem necessary or advisable in order to consummate the issuance of the Series 2003A Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution, the Series 2003A Bonds, the Continuing Disclosure Undertaking, the Indenture, the Escrow Agreement, the Preliminary Official Statement, the Official Statement, the 15c2-12 Certificate and compliance with Rule 15c2-12 and all actions heretofore taken by any of them with respect to the issuance and sale of the Bonds or in connection with or related to any of the agreements referenced herein are hereby approved, confirmed and ratified.

Section 13. Severability. If any portion of this Resolution is declared illegal, invalid or unenforceable, then such portion or provisions shall be deemed to be severable from this Resolution. Such illegality, invalidity or unenforceability shall not affect the remainder hereof.

Section 14. Effective Date. This Resolution shall take effect immediately upon its adoption.

The foregoing resolution was on the ____ day of _____, 2003, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

VIOLET VARONA-LUKENS, Executive Officer- Clerk of the Board of Supervisors of the County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM

LLOYD W. PELLMAN
County Counsel

By _____
Deputy

LAX 528219.7
68210/31886

INDENTURE
DATED AS OF JULY 1, 2003

Executed by

COMMUNITY FACILITIES DISTRICT NO. 6
(AGUA DULCE AREA)
OF THE COUNTY OF LOS ANGELES

acting through the

BOARD OF SUPERVISORS OF THE
COUNTY OF LOS ANGELES,

as the legislative body,

and by the

TREASURER AND TAX COLLECTOR
OF THE COUNTY OF LOS ANGELES,

as the Paying Agent

and by the

AUDITOR - CONTROLLER
OF THE COUNTY OF LOS ANGELES

as the Fiscal Agent

Community Facilities District No. 6
(Agua Dulce Area)
of the County of Los Angeles
Improvement Area A
Special Tax Refunding Bonds, Series 2003A
(Sierra Colony Ranch)

INDENTURE

This Indenture (the "Indenture") dated as of July 1, 2003 is executed by Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles (the "District") acting through the Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles, State of California (respectively, the "County" and the "State") as the legislative body, by the Treasurer and Tax Collector of the County, as Paying Agent (the "Paying Agent") on behalf of the owners of the Bonds (as hereafter defined) and by the Auditor Controller of the County, as Fiscal Agent (the "Fiscal Agent") on behalf of the owners of the Bonds.

WITNESSETH:

WHEREAS, following the adoption on September 10, 1991 of its Resolution of Intention and a duly called public hearing and the adoption on October 24, 1991 of its Resolution of Formation, the Board of Supervisors established the District and Improvement Area A therein (the "Improvement Area"), all pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (the "Code"), known as the "Mello Roos Community Facilities Act of 1982" (the "Act"), and, after an election duly held on October 25, 1991, adopted Ordinance No. 92-0113M on October 27, 1992 authorizing the levy of the special tax within the Improvement Area; and

WHEREAS, more than two thirds of the votes cast at the election were cast in favor of approving the Rate and Method of Apportionment of Special Tax and of authorizing the bonded indebtedness within Improvement Area A of the District to an aggregate principal amount of not to exceed $13,000,000, for the purposes set forth in the Resolution of Intention and Resolution of Formation; and

WHEREAS, pursuant to a judgment entered in the case of County of Los Angeles v. All Persons, etc., et al. (BC 043482) in the Superior Court of the State of California in and for the County of Los Angeles on March 17, 1992, the issuance of bonds of the District to be paid by a special tax authorized under the Act, as amended, and collected within the Improvement Area with respect to which such bonds are issued, has been declared valid and consistent with Articles XIIIA and XIIIB of the Constitution of the State; and

WHEREAS, the County has previously issued, on behalf of the District Bonds secured by land within Improvement Area A of the District in the amount of $4,675,000 as authorized by its Resolution adopted October 20, 1992 (the "Prior Bonds"); and

WHEREAS, pursuant to its Resolution adopted on _____ , 2003 the District has determined to issue up to $4,000,000 aggregate principal amount of Improvement Area A Special Tax Refunding Bonds, Series 2003A (Sierra Colony Ranch) (the "Bonds") secured by a special tax levied within Improvement Area A to provide moneys to refund the Prior Bonds and authorized the execution of the Bonds; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds from time to time, to establish and declare the terms and conditions upon which the Bonds are to be

issued and secured, and to secure the payment of the principal thereof and premium (if any) and interest thereon, the District has authorized the execution and delivery of this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the District, authenticated and delivered by the Paying Agent and duly issued, the valid, binding and legal limited obligations of the District, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture has been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless the context otherwise requires, the following terms shall have the following meanings:

"**Act**" means the Mello Roos Community Facilities Act of 1982, constituting Sections 53311 *et seq.* of the California Government Code, as amended.

"**Administrative Expenses**" mean the ordinary and necessary costs of administering the levy and collection of the Special Taxes and all other administrative costs and incidental expenses related to the Bonds or the Special Taxes, including but not limited to annual audit fees, Paying Agent fees, Fiscal Agent fees, Escrow Agent fees, fees incurred in connection with the calculation of arbitrage rebate due to the federal government, costs of compliance with disclosure obligations of the District and other costs permitted by the Act.

"**Authorized Investments**" means any legal investments of the District's funds, which presently include the following:

(1) Bonds issued by the County, including bonds payable solely out of the revenues from a revenue producing property owned, controlled or operated by the County or by a department, board, agency or authority thereof;

(2) United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest;

(3) Registered warrants or treasury notes or bonds of the State, including bonds payable solely out of the revenues from a revenue producing property owned, controlled or operated by the State or by a department, board, agency or authority thereof;

(4) Bonds, notes, warrants or other evidences of indebtedness of any local agency within the State, including bonds payable solely out of the revenues from a

revenue producing property owned, controlled or operated by the local agency or by a department, board, agency or authority thereof;

(5) Obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or in obligations, participations or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in obligations, participations, or other instruments of, or issued by, a federal agency or a United States government sponsored enterprise;

(6) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System (purchases of bankers acceptances may not exceed 180 days maturity);

(7) Commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by S&P and Moody's (eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of $500,000,000, and having an "A" or higher rating for the issuer's debt, other than commercial paper, if any, as provided for by S&P and Moody's, and purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation);

(8) Negotiable certificates of deposit issued by a nationally or state chartered bank or a state or federal association (as defined by section 5102 of the California Financial Code) or by a state licensed branch of a foreign bank;

(9) Investments in repurchase agreements or reverse repurchase agreements of any securities enumerated above, if the Fiscal Agent shall have received a perfected security interest in such securities securing such repurchase agreement and the Fiscal Agent shall hold such obligations free and clear of the claims of third parties. For purposes of this definition, the term "repurchase agreement" means a purchase of securities pursuant to an agreement by which the seller will repurchase such securities on or before a specified date and for a specified amount and will deliver the underlying securities by physical delivery or third party custodial agreement. For the purposes of this subdivision, the term "counterparty" means the other party to the transaction. A counterparty bank's trust department or safekeeping department may be used for physical delivery of the underlying security. The term of repurchase agreements shall be for one year or less. Such securities, for purposes of repurchase under this definition, shall mean securities of the same issuer, description, issue date and maturity;

(10) Medium term notes of a maximum of five years maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States (notes eligible for investment under this paragraph must be rated "A/A" or its equivalent by Moody's and S&P);

(11) Shares of beneficial interest issued by money market funds investing in the securities and obligations as authorized by paragraphs (1) to (10), inclusive, of this definition and which comply with the investment restrictions of Articles 1 and 2 of Chapter 4 of Title 5 of the California Government Code (commencing with Section 53630) (to be eligible for investment pursuant to this paragraph (11) these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest nationally recognized rating services, or (2) have an investment advisor registered with the Securities and Exchange Commission with not less than five years experience investing in the securities and obligations as authorized by paragraphs (1) to (10), inclusive, of this definition and with assets under management in excess of $500,000,000; the purchase price of shares of beneficial interest purchased pursuant to this paragraph (11) may not include any commission that these companies may charge);

(12) An Investment Agreement;

(13) To the extent of moneys pledged to the payment of or security for the Bonds and held by a fiscal agent (including the Fiscal Agent), in any other investment deemed prudent by the Treasurer; and

(14) Any legal investments of the District's funds authorized pursuant to Section 53601 of the California Government Code and consistent with the County of Los Angeles Investment Policy, including the County Investment Pool.

"**Authorized Representative of the District**" means the Treasurer or any other person designated by such officer and authorized to act on behalf of the District under or with respect to this Indenture and all other agreements related hereto.

"**Average Annual Debt Service**" means the average over all Bond Years of the annual debt service from the date of the Bonds to their maturity, including:

(1) The principal amount of all Outstanding Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and

(2) The interest payable on the aggregate principal amount of the Bonds Outstanding in such Bond Year assuming the Bonds are retired as scheduled.

"**Board of Supervisors**" means the Board of Supervisors of the County of Los Angeles.

"**Book Entry Bonds**" means Bonds of any Series registered in the name of the Nominee of a Depository as the Owner thereof pursuant to the terms and provisions of Section 2.15 hereof.

"**Bond Counsel**" means an attorney or firm of attorneys of recognized national standing in the field of municipal finance selected by the District.

"**Bond Register**" means the books that the Paying Agent shall keep or cause to be kept on which the registration and transfer of Bonds shall be recorded.

"**Bondowner**" or "**Owner**" means the person or persons in whose name or names any Bond is registered.

"**Bond Year**" means the period of twelve consecutive months ending on **September 1** in any year during which Bonds are or will be Outstanding; provided, however, that the final Bond Year shall end on the date on which the Bonds are fully paid or redeemed.

"**Bonds**" means the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds, Series 2003A (Sierra Colony Ranch), authenticated and delivered under this Indenture.

"**Business Day**" means any day other than a Saturday or a Sunday or a day on which financial institutions in the State of New York or in the State are required or authorized to close.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Continuing Disclosure Undertaking**" shall mean that certain Continuing Disclosure Undertaking of the District dated as of July 1, 2003 relating to the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"**Costs of Issuance**" means all of the costs of issuing the Bonds, including but not limited to, all printing and document preparation expenses in connection with this Indenture, the Bonds and any and all other agreements, instruments, certificates or other documents issued in connection therewith; legal fees and expenses of counsel with respect to the financing of the Project; any computer and other expenses incurred in connection with the Bonds; the initial fees and expenses of the Fiscal Agent and the Paying Agent, if any (including without limitation, origination fees and first annual fees payable in advance); and other fees and expenses incurred in connection with the issuance of the Bonds or the implementation of the financing for the Project, to the extent such fees and expenses are approved by the District.

"**County**" means the County of Los Angeles, California.

"**Depository**" means the securities depository acting as Depository pursuant to Section 2.15 hereof, initially, the Depository Trust Company.

"**Dissemination Agent**" means the dissemination agent appointed by the District pursuant to the Continuing Disclosure Undertaking.

"**District**" means Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles.

"**Escrow Agreement**" means the Escrow Agreement, dated as of July 1, 2003, by and between the District, acting through the Board of Supervisors of the County, and the Escrow Holder relating to the Prior Bonds, as may be amended or supplemented.

"**Escrow Fund**" means the fund by that name which is established in the Escrow Agreement.

"**Escrow Holder**" means U.S. Bank National Association acting in its capacity as such under the Escrow Agreement, and any successor thereto.

"**Federal Securities**" means, subject to applicable law, United States Treasury notes, bonds, bills or certificates of indebtedness including United States Treasury Obligations State and Local Government Series ("SLGS") or other direct obligations issued by the United States Treasury for which the faith and credit of the United States are pledged for the payment of principal and interest; and obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, and the Federal Home Loan Bank Board.

"**Fiscal Agent**" means the Auditor Controller of the County, acting as an officer of the District, and its designated agents or its successors and assigns, acting in the capacity of fiscal agent. The Auditor Controller of the County is authorized to contract with any third party to perform the services of Fiscal Agent under this Indenture.

"**Fiscal Year**" means the twelve-month period ending on June 30 of each year, or any other annual accounting period hereafter selected and designated by the County as its Fiscal Year in accordance with applicable law.

"**Gross Taxes**" mean (i) all Special Taxes and (ii) all proceeds from the sale of property collected pursuant to the foreclosure provisions of the Act and this Indenture for the delinquency of such Special Taxes.

"**Improvement Area A**" means the area so designated in the District and shown on the boundary map of the District recorded in the Office of the County Clerk and Recorder of the County of Los Angeles at Book ___ at Page ___ of Assessment Maps Los Angeles County, California on _____ as Instrument No. _____.

"**Indenture**" means this Indenture, as amended or supplemented pursuant to the terms hereof.

"**Independent Consultant**" means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the District and satisfactory to and approved by the Fiscal Agent (which shall be under no liability by reason of such approval) and who, or each of whom:

(1) Is in fact independent and not under the domination of the District;

(2) Does not have any substantial interest, direct or indirect, with the District; and

(3) Is not connected with the District as a member, officer or employee of the District, but who may be regularly retained to make annual or other reports to the District.

"**Information Services**" means: Financial Information, Inc.'s Financial Daily Called Bond Service; Interactive Data Corporation's Bond Service; Kenny Information Service's Called Bond Service; Moody's Municipal and Government; or Standard & Poor's Called Bond Record.

"**Interest Payment Date**" means each March 1 and **September 1**, commencing **September 1**, 2003.

"**Investment Agreement**" means one or more agreements entered into between the District, the Fiscal Agent and an entity or entities whose long term debt or claims paying ability is rated in either of the two highest categories (without regard to gradations of plus and minus within such categories) by S&P or Moody's or an agreement between the District, the Fiscal Agent and an entity which is rated in either of the two highest categories (without regard to gradations of plus and minus within such categories) by S&P or Moody's.

"**Investment Property**" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity or investment type property, excluding, however, obligations the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code.

"**Maximum Annual Debt Service**" means the maximum sum obtained for any Bond Year prior to the final maturity of Bonds by totaling the following for each Bond Year:

(1) The amount of all Outstanding Bonds payable in such Bond Year;

(2) The principal amount of any Bonds scheduled to be called and redeemed in such Bond Year; and

(3) The interest payable on the aggregate principal amount of Outstanding Bonds in such Bond Year if the Outstanding Bonds are retired as scheduled.

"**Moody's**" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term Moody's shall be deemed to refer to any other nationally recognized securities rating agency selected by the District and approved by the Fiscal Agent.

"**Net Taxes**" mean the amount of all Gross Taxes minus Administrative Expenses.

"**Nominee**" shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.15 hereof.

"**Ordinance**" means the ordinance entitled "Ordinance Authorizing The Levy Of A Special Tax Within Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles," adopted by the Board of Supervisors of the County on October 27, 1992.

"**Outstanding**" or "**Outstanding Bonds**" means all Bonds theretofore or thereupon being authenticated and delivered by the Paying Agent under this Indenture except:

(1) Bonds theretofore cancelled by the Paying Agent or surrendered to the Paying Agent for cancellation;

(2) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Paying Agent pursuant to this Indenture;

(3) From and after the date fixed for redemption, Bonds or portions thereof designated for redemption for which notice of redemption has been duly given and the amount necessary for redemption has been made available for that purpose; and

(4) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have theretofore been deposited with the Paying Agent in accordance with Section 8.01 hereof (whether on or prior to the maturity or redemption date of such Bonds).

"**Participants**" shall mean those broker dealers, banks and other financial institutions from time to time for which the Depository holds Book Entry Bonds as securities depository.

"**Participating Underwriter**" shall have the meaning ascribed thereto in the Continuing Disclosure Undertaking.

"**Paying Agent**" means the Treasurer and its designated agents or its successor or assigns, acting in the capacity of registrar, paying agent and transfer agent. The initial designated agent for the Bonds is U.S. Bank National Association, a national banking association, with a corporate trust office in Los Angeles, California. The Treasurer is authorized to contract with any third party to perform the services of Paying Agent under this Indenture. The District shall provide Bondowners with notice of any change in identity of the Paying Agent or of any third party authorized to perform the services of the Paying Agent.

"**Payment Request Form**" means a payment request form to be used in connection with the payment of Costs of Issuance, substantially in the form of Exhibit B attached hereto.

"**Principal Office**" means the principal office of the Paying Agent, located in Los Angeles, California.

"**Prior Bonds**" means the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Bonds, Series 1993A (Sierra Colony Ranch).

"**Project**" means the acquisition, construction and installation of certain real and other tangible property with an estimated useful life of five years or longer, including certain road, water system, sewer, drainage and utility improvements, a certain school site and school fees, and a certain regional sewage treatment plant and trunk line, as more particularly described in the Resolution of Formation.

"**Record Date**" means the fifteenth calendar day of the month preceding any Interest Payment Date.

"**Representation Letter**" means the letter of the District delivered to the Depository, required of any issuer of book-entry bonds setting forth the basis on which the Depository serves as depository for such book-entry bonds, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute depository.

"**Reserve Facility**" means, a surety bond or other financial instrument acceptable to the Treasurer provided as part of the Reserve Fund to insure timely payment of the Bonds.

"**Reserve Requirement**" means, as of any date of calculation, an amount equal to the least of (a) 10% of the stated principal amount (within the meaning of Section 148 of the Code) of any Series of Bonds, (b) Maximum Annual Debt Service on the Outstanding Bonds or (c) 125% of Average Annual Debt Service; provided, that any Reserve Facility shall be taken into account in calculating the balance on deposit in the Reserve Fund.

"**Resolution of Formation**" means the resolution entitled "Resolution Establishing Community Facilities District No. 6 of the County of Los Angeles, Providing for Special Taxes To Pay For Certain Public Facilities Within Each Improvement Area Within Such Community Facilities District And Calling a Special Election To Submit To The Qualified Electors Within Each Such Improvement Area The Consolidated Question of Levying Such Special Taxes, Incurring A Bonded Indebtedness Secured By Such Special Taxes And Establishing An Appropriations Limit For Such District," adopted by the Board of Supervisors of the County on October 24, 1991.

"**S&P**" means Standard and Poor's Rating Services, a Division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the District and approved by the Fiscal Agent.

"**Securities Depositories**" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Facsimile transmission: (516) 227 4039 or (516) 227 4190; Midwest Securities Trust Company, Capital Structures Call Notification, 440 South La Salle Street, Chicago, Illinois 60605, Facsimile transmission: (312) 663 2343; and Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Facsimile transmission: (215) 496 5058.

"**Serial Bonds**" means Bonds for which no mandatory sinking fund payments are provided.

"**Series of Bonds**" means all Bonds of like designation authenticated and delivered on original issuance at the same time pursuant to this Indenture or a Supplemental Indenture and any Bond or Bonds thereafter delivered in lieu of or as substitution for any of such Bonds pursuant to this Indenture.

"**Special Taxes**" mean the annual special taxes authorized under the Act to be levied on property lying within Improvement Area A, as described in the Rate and Method of

Apportionment of Special Tax attached as Exhibit C to the Resolution of Intention, pursuant to the election referred to in the recitals of this Indenture and in accordance with the Act.

"**State**" means the State of California.

"**Supplemental Indenture**" means any Supplemental Indenture amending or supplementing this Indenture.

"**Tax Certificate**" means, for each Series of Bonds, the Tax Certificate executed and delivered by the District on the date each such Series of Bonds is delivered.

"**Tax Exempt**" means, with reference to an Authorized Investment, an Authorized Investment the interest earnings on which are excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, other than one described in Section 57(a)(5)(C) of the Code.

"**Term Bonds**" means any Bonds of any Series so designated herein authorizing the issuance of such Series and for the retirement of which mandatory sinking fund payments have been established.

"**Treasurer**" means the Treasurer and Tax Collector of the County, acting as an officer of the District.

"**Undeveloped Property**" means all parcels of land within Improvement Area A for which no final tract map has been recorded as of March 1 of the prior fiscal year.

"**Verification Agent**" means Causey Demgen & Moore Inc.

"**Yield**" shall mean that discount rate which when computing the present worth of all payments of principal and interest to be paid on an obligation produces an amount equal to the purchase price of the obligation. With respect to each Series of Bonds, the Yield shall be the discount rate at which the present value of payments on such Series of Bonds is equal to the purchase price at par, less original issue discount and plus accrued interest.

Section 1.02 Rules of Construction. Words of the masculine gender shall be deemed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

Section 1.03 Authorization. The parties executing this Indenture hereby represent and warrant that they have full legal authority and are duly empowered to execute this Indenture, and have taken all action necessary to authorize the execution and delivery of this Indenture.

ARTICLE II

THE BONDS

Section 2.01 Authorization. The Bonds may be issued hereunder from time to time in order to obtain funds for the purpose of refinancing the Prior Bonds; provided that the aggregate principal amount of the Bonds which may be issued and Outstanding hereunder shall not exceed _____million dollars ($_____). The Bonds may consist of one or more Series of varying denominations, dates, maturities, interest rates and other provisions as may be established pursuant hereto and to one or more Supplemental Indentures. The Bonds are designated generally as "Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds Series 2003A (Sierra Colony Ranch)" each Series thereof to bear such additional designation as may be necessary to distinguish such Series from every other Series of Bonds.

Section 2.02 Type and Nature of Bonds. The Bonds and interest thereon, together with any premium paid thereon upon redemption, are not obligations of the County, but are limited obligations of the District secured by and payable from an irrevocable first lien on the Net Taxes. Except with respect to the Special Taxes, neither the credit nor the taxing power of the District or the County is pledged for the payment of the Bonds or the interest thereon, and no Owner of the Bonds may compel the exercise of taxing power by the District or the County or the forfeiture of any of their property. The principal of and interest on the Bonds and premiums upon the redemption thereof, if any, are not a debt of the District, the County, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds are not a legal or equitable pledge, charge, lien, or encumbrance, upon any of the District's property, or upon any of its income, receipts, or revenues, except the amounts which are, under Section 2.01 of this Indenture and the Act, set aside for the payment of the Bonds and interest thereon and neither the members of the Legislative Body of the District nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Notwithstanding anything contained in this Bond Indenture, the District shall not be required to advance any money derived from any source of income other than the Net Taxes for the payment of the interest on or the principal of the Bonds or for the performance of any covenants herein contained. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

Section 2.03 Equality of Bonds, Pledge of Net Taxes. Pursuant to the Act and this Indenture, the Bonds shall be equally payable from the Net Taxes without priority for number, issue date, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and any premiums upon the redemption thereof shall be exclusively paid from the Net Taxes on deposit in the Special Tax Fund and moneys on deposit in the Bond Service Fund, the Redemption Fund, and the Reserve Fund which are hereby set aside for the payment of the Bonds. The Net Taxes shall constitute a trust fund held for the benefit of the owners of the Bonds to be applied to the payment of the interest on and principal of the Bonds and so long as any of the Bonds or interest thereon remain outstanding shall not be used for any other purpose, except as permitted by this Indenture or any Supplement.

Nothing in this Indenture or any Supplement shall preclude the redemption prior to maturity of any Bonds of any maturity of any Series subject to call and redemption and payment of said Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as hereafter amended, or under any other law of the State of California.

Section 2.04 Description of Bonds; Interest Rates. An initial Series of Bonds is hereby created and such Bonds shall be designated "Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds, Series 2003A (Sierra Colony Ranch)." The Bonds shall be issued in fully registered form in authorized denominations of $5,000 or any integral multiple thereof. The Bonds shall be issued in the aggregate principal amount of _____ dollars ($_____) and shall mature and be payable on **September 1** in the years and in the aggregate principal amounts and shall bear interest at the rates as follows:

Year (September 1)	Principal Amount	Interest Rate
2003	$	%
20__ (maturity)		

Principal of, premium (if any) and interest on the Bonds shall be payable in lawful money of the United States of America. The principal of the Bonds and any premium due upon the redemption thereof shall be payable upon presentation and surrender thereof at maturity or earlier redemption at the Principal Office of the Paying Agent. Interest with respect to each Bond shall accrue from _____, 2003. Interest on any Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest shall be payable from the dated date of the Bonds; provided, however, that if at the time of authentication of such Bond, interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or from the dated date of the Bonds if no interest has been paid or made available for payment. Interest on any Bond shall be paid by check or draft of the Paying Agent mailed by first class mail, postage prepaid, to the person whose name shall appear in the Bond Register as the Owner of such Bond as of the close of business on the Record Date at the address which appears on the Bond Register; provided, however, that in the case of an Owner of $1,000,000 or more in aggregate principal amount of Bonds, upon written request of such Owner to the Paying Agent 20 days prior to any Interest Payment Date, such interest shall be paid on the Interest Payment Date in immediately available funds by wire

transfer. Interest with respect to each Bond shall be computed using a year of 360 days comprised of twelve 30-day months.

The Bonds shall be subject to redemption as provided in Article III hereof.

Section 2.05 Form of Bonds and Certificate of Authentication and Registration. Except as otherwise provided in Section 2.09 and Section 2.15 hereof, the Bonds and the certificate of authentication and registration thereon shall be substantially in the form attached hereto as Exhibit A and incorporated herein by this reference.

Section 2.06 Execution and Authentication. The Bonds shall be executed by the manual or facsimile signature of the Chair of the Board of Supervisors, and attested by the manual or facsimile signature of the Executive Officer Clerk of the Board of Supervisors, and the seal of the County (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed have been authenticated and delivered by the Paying Agent (including new Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or to lost, stolen, destroyed or mutilated Bonds), such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices.

The Bonds shall bear thereon a certificate of authentication and registration, in the form set forth in Exhibit A hereto, executed manually by the Paying Agent. Only such Bonds as shall bear thereon such certificate of authentication and registration shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid or obligatory for any purpose until the Paying Agent shall have duly executed such certificate of authentication and registration.

Section 2.07 Registration of Exchange or Transfer. The registration of any 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 his or her duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent and duly executed by the Bondowner or his or her duly authorized attorney. Bonds may be exchanged at the Principal Office for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate. The Paying Agent will not charge for any new Bond issued upon any exchange, but may require the Bondowner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Whenever any Bond or Bonds shall be surrendered for registration of transfer or exchange, the Paying Agent shall authenticate and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount; provided that the Paying Agent shall not be required to register transfers or make exchanges of (i) Bonds for a period of 15 days next preceding the date of any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

Section 2.08 Mutilated, Lost, Destroyed or Stolen Bonds. If any Bond shall become mutilated, the Paying Agent shall authenticate and deliver a new Bond of like tenor, date, maturity and amount in exchange and substitution for the Bond so mutilated, but only upon

surrender to the Paying Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Paying Agent shall be cancelled and delivered to or upon the order of the District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Paying Agent and, if such evidence is satisfactory to the Paying Agent and, if an indemnity satisfactory to the Paying Agent shall be given, the Paying Agent shall authenticate and deliver a new Bond of like tenor and maturity, numbered and dated as the Paying Agent shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. Any Bond issued under the provisions of this section in lieu of any Bond alleged to have been lost destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Bonds secured hereby. The Paying Agent shall not treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be executed, authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond to replace a Bond which has been mutilated, lost, destroyed or stolen, and which has matured or has been called for redemption, the Paying Agent may make payment with respect to such Bond upon receipt of indemnity satisfactory to the Paying Agent.

Section 2.09 Temporary Bonds. Any Bonds issued under this Indenture may be initially issued in temporary form exchangeable for definitive bonds. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the District and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed and sealed by the District and authenticated by the Paying Agent in substantially the same manner as provided in Section 2.06 hereof. If the District issues temporary Bonds it will have executed and will furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered for cancellation at the Principal Office of the Paying Agent and the District shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of the same interest rates and maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds issued hereunder.

Section 2.10 Bond Register. The Paying Agent will keep or cause to be kept, at the Principal Office, sufficient books for the registration and transfer of the Bonds which shall at all times during reasonable business hours be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on the Bond Register, Bonds as herein provided.

The District and the Paying Agent may treat the Owner of any Bond whose name appears on the Bond Register as the absolute Owner of such Bond for any and all purposes, and any notice to the contrary shall not affect the District and the Paying Agent. The District and the Paying Agent may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It shall be the duty of each Bondowner to give written notice to the Paying Agent of any change in such Bondowner's address so that the Bond Register may be revised accordingly.

Section 2.11 Unclaimed Money. All money which the Paying Agent shall have received from any source and set aside for the purpose of paying or redeeming any of the Bonds shall be held for the respective Owners of such Bonds, but any money which shall be so set aside or deposited by the Paying Agent and which shall remain unclaimed by the Owners of such Bonds for a period of three years after the date on which any payment or redemption with respect to such Bonds shall have become due and payable shall be transferred to the General Fund of the District; provided, however, that the Paying Agent, before making such payment, shall cause notice to be mailed to the Owners of such Bonds, by first class mail, postage prepaid, and by a single publication in The Bond Buyer not less than 90 days prior to the date of such payment to the effect that said money has not been claimed and that after a date named therein any unclaimed balance of said money then remaining will be transferred to the General Fund of the District. Thereafter, the Owners of such Bonds shall look only to the General Fund of the District for payment and then only to the extent of the amount so received without any interest thereon.

Section 2.12 Nonpresentment of Bonds. Except as otherwise provided in Section 2.11 hereof, in the event any Bonds shall not be presented for payment when the principal thereof becomes due, if funds sufficient to pay such Bonds shall be held by the Paying Agent for the benefit of the Owners thereof, all liability of the District to the Owners thereof shall forthwith cease and be completely discharged and thereupon it shall be the duty of the Paying Agent to hold such funds (subject to Section 2.11 hereof), without liability for interest thereon, for the benefit of the Owners of such Bonds, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature with respect to such Bonds.

Section 2.13 Conditions for the Issuance of Additional Bonds. The District may at any time issue one or more Series of Bonds (in addition to the Bonds) payable from the proceeds of the Special Taxes as provided herein on a parity with all other Series of Bonds theretofore issued hereunder, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Series of Bonds:

(a) The issuance of such Series of Bonds shall have been authorized under and pursuant to the Act and under and pursuant hereto and shall have been provided for by a Supplemental Indenture which shall specify the following:

(1) The purpose for which such Series of Bonds is to be issued; provided, that the proceeds of the sale of such Series of Bonds shall be applied solely for the purpose of providing funds (i) to pay for the costs of the acquisition and construction of the Project, including costs incidental to or connected with such acquisition or (ii) to refund any Outstanding Bonds issued hereunder, including the payment of all costs incidental to or connected with financing;

(2) The principal amount and designation of such Series of Bonds and the denomination or denominations of the Bonds of such Series;

(3) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund payments are due, if any, for such Series of Bonds; provided, that (i) the Serial Bonds of such Series of Bonds shall

be payable as to principal annually on **September 1** of each year in which principal falls due, and the Term Bonds of such Series of Bonds shall have annual mandatory redemption on **September 1**, (ii) the bonds of such Series of Bonds shall be payable as to interest semiannually on March 1 and September 1 of each year, except that the first installment of interest may be payable on either March 1 or **September 1** and shall be for a period of not longer than twelve (12) months and the interest shall be payable thereafter semiannually on March 1 and **September 1**, (iii) all bonds of a Series of like maturity shall be identical in all respects, except as to number or denomination, and (iv) serial maturities of Serial Bonds or mandatory sinking fund payments for Term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Series of Bonds on or before their respective maturity dates;

(4) The redemption premiums and terms, if any, for such Series of Bonds;

(5) The form of the bonds of such Series;

(6) The amount to be deposited from the proceeds of sale of such Series of Bonds in the Reserve Fund; provided, that the Reserve Fund shall be increased at the time that such Series of Bonds becomes Outstanding to an amount at least equal to the Reserve Requirement, and an amount at least equal to the Reserve Requirement shall thereafter be maintained in the Reserve Fund;

(7) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof.

(b) The District shall be in compliance with all agreements, conditions, covenants and terms contained herein and in all Supplemental Indentures required to be observed or performed by it; and

(c) The District shall have received a certificate from one or more Independent Consultants which, when taken together, certify that (i) on the basis of the parcels of land and improvements existing in Improvement Area A as of the March 1 preceding the proposed issuance of the additional Series of Bonds, the amount of maximum Special Taxes that may be levied by the District pursuant to the Act, the Ordinance and the applicable resolutions of the District for each Bond Year that the Bonds will be Outstanding, after subtracting an amount determined by the District to be necessary to pay Administrative Expenses, is at least 1.1 times Maximum Annual Debt Service on all Outstanding Bonds, including the Series of Bonds proposed to be issued, (ii) the fair market value of the land in Improvement Area A is at least three times the debt allocable to Improvement Area A, and (iii) the fair market value of the Undeveloped Property within Improvement Area A is at least three times the debt allocable to such Undeveloped Property; provided, however, that if the fair market value of the Undeveloped Property is less than three times the debt allocable to such Undeveloped Property, a credit support in form and substance satisfactory to the District is provided to secure the payment of the Special Taxes due on such Undeveloped Property. In making

the calculations under (ii) and (iii) above, the fair market value of the land shall be the appraised value of the land, including then existing improvements and any facilities to be constructed or acquired with the proceeds of the proposed Series of Bonds, as determined by an appraisal performed by an appraiser selected by the District, and the debt allocable to the land shall be the sum of (A) the portion of the aggregate principal amount of all Bonds then Outstanding (including for purposes of this calculation under this paragraph (A) the Series of Bonds proposed to be issued) equal to the aggregate principal amount of all Bonds Outstanding multiplied by a fraction the numerator of which is the amount of special taxes levied for all Bonds on such land and the denominator of which is the total amount of special taxes levied for all Bonds on all land (such fraction to be determined based upon the maximum special taxes which could be levied the year in which Maximum Annual Debt Service on all Bonds occurs), based upon land use classifications existing from the most recently available Fiscal Year, plus (B) the pro rata portion of the principal amount of all assessment district bonds then outstanding which at the time of calculation are payable from assessments to be levied on such land, plus (C) a portion of the aggregate principal amount of other community facilities district bonds then outstanding and payable at least partially from special taxes to be levied on such land (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 such land, and the denominator of which is the total amount of special taxes levied for the Other CFD Bonds on land (such fraction to be determined based upon the maximum special taxes which could be levied the year in which maximum annual debt service on the Other CFD Bonds occurs, except in the case of debt secured by ad valorem taxes such fraction shall be determined based on the taxes levied for the current Fiscal Year), based upon the land use classifications existing from the most recently available Fiscal Year. For purposes of making the certifications required by this subparagraph (c), the Independent Consultants may rely on reports or certificates of such other persons as may be acceptable to the District, Bond Counsel and the underwriter of the proposed Series of Bonds, and

provided, that nothing contained herein shall limit the issuance of any special tax bonds of the District payable from Special Taxes as provided herein if after the issuance and delivery of such special tax bonds none of the Bonds theretofore issued hereunder will be Outstanding.

Section 2.14 Procedure for the Issuance of Bonds. At any time after the sale of any Series of Bonds in accordance with the Act, such Series of Bonds shall be executed by the District for issuance hereunder and shall be delivered to the Paying Agent and thereupon shall be authenticated and delivered by the Paying Agent, but only upon receipt by the Paying Agent of the following:

(a) A certified copy hereof or of the Supplemental Indenture authorizing the issuance of such Series of Bonds;

(b) A written request of the District as to the delivery of such Series of Bonds;

(c) An opinion of Bond Counsel substantially to the effect that (i) the Indenture and all Supplemental Indentures have been duly authorized, executed and

delivered by, and constitute the valid and binding obligation of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State such as the District); and (ii) the Bonds of such Series constitute valid and binding special tax obligations of the District payable solely from Net Taxes as provided herein and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State such as the District);

(d) The proceeds of the sale of such Series of Bonds; and

(e) Such further documents or money as are required by the provisions hereof or by the provisions of the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Section 2.15 Book-Entry System. The Bonds shall be initially issued in the form of a single, fully registered Bond for each maturity (which may be typewritten). Upon initial issuance, the ownership of such Bond shall be registered in the Bond Register in the name of the Nominee identified below as nominee of The Depository Trust Company, New York, New York and its successors and assigns (the Depository or "DTC"). Except as hereinafter provided, all of the outstanding Bonds shall be registered in the Bond Register in the name of the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to this Section.

With respect to the Bonds registered in the Bond Register in the name of the Nominee, neither the District nor the Fiscal Agent shall have any responsibility or obligation to any broker dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as securities depository or to any person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, neither the District nor the Fiscal Agent shall have any responsibility or obligation (except as to the District, if it is at such time the Depository) with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than an Owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the District redeems the Bonds in part, or (iv) the payment to any Participant or any other person, other than an Owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds. The District and the Fiscal Agent may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute Owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption, if applicable, and other matters with respect to such Bond, for the purpose of registering transfers

with respect to such Bond, and for all other purposes whatsoever. The District shall pay all principal of and interest on the Bonds only to or upon the order of the respective Owner of a Bond, as shown in the Bond Register, or its respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner of a Bond, as shown in the Bond Register, shall receive a Bond evidencing the obligation of the District to make payments of principal and interest pursuant to this Indenture. Upon delivery by the Depository to the Owners of the Bonds and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

In order to qualify the Bonds for the Depository's book entry system, the District shall execute and deliver to the Depository the Representation Letter in the form approved by the Depository. The execution and delivery of the Representation Letter shall not in any other way limit the provisions of this Section or in any other way impose upon the District any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners of the Bonds, as shown on the Bond Register. In addition to the execution and delivery of the Representation Letter, the District shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify the Bonds for the Depository's book entry program.

In the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the Depository shall no longer so act and gives notice to the District of such determination, then the District will discontinue the book entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered Bond, per maturity, registered in the name of such successor or substitute qualified securities depository or its nominee. If the District fails to identify another qualified securities depository to replace the Depository then the Bonds shall no longer be restricted to being registered in the Bond Register in the name of the Nominee, but shall be registered in whatever name or names Owners of the Bonds transferring or exchanging Bonds shall designate, in accordance with provisions of Section 2.07 hereof, and the District shall prepare and deliver Bonds to the Owners thereof for such purpose.

In the event of a reduction in aggregate principal amount of Bonds Outstanding or an advance refunding of part of the Bonds Outstanding, DTC, in its discretion, (a) may request the District to prepare and issue a new Bond or (b) may make an appropriate notation on the Bond indicating the date and amounts of such reduction in principal, but in such event the District records maintained by the Fiscal Agent shall be conclusive as to what amounts are outstanding on the Bond, except in the case of final maturity in which case the Bond must be presented to the Fiscal Agent prior to payment.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments of principal and interest with respect to such Bond and all notices with respect to such Bond shall be made and given,

respectively, as provided in the Representation Letter or as otherwise instructed by the Depository and acceptable to the District.

The initial Depository under this Article shall be DTC. The initial Nominee shall be Cede & Co., as Nominee of DTC.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01 Optional Redemption. The Bonds maturing on or after **September 1**, 20__ may be redeemed prior to maturity, in whole or in part on any Interest Payment Date pro rata among maturities and by lot within a maturity from amounts on deposit in the Redemption Fund, at the option of the District on or after **September 1**, 20__ at the following redemption prices, expressed as a percentage of par value of the Bonds to be redeemed, together with accrued interest to the date of redemption:

Redemption Dates	Redemption Price
September 1, 20__ or March 1, 20__	%
September 1, 20__ or March 1, 20__	
September 1, 20__ and thereafter	

In the event that the District shall elect to redeem Bonds as provided in this Section, the District shall give written notice to the Paying Agent of its election to so redeem the Bonds, the redemption date and the principal amount of the Bonds to be redeemed. Such notice shall be given at least 30 days but no more than 60 days prior to the redemption date.

Section 3.02 Mandatory Sinking Fund Redemption. The Bonds maturing on **September 1**, 20__ (the "20__ Term Bonds") shall be subject to mandatory sinking fund redemption in part, by lot, on **September 1**, 20__, and on each **September 1** thereafter to and including **September 1**, 20__ from mandatory sinking fund payments set aside in the Bond Service Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the respective dates set forth below:

Redemption Dates **(September 1)**	Principal Amount
20__	$

20__

20__

20__

20__

20__

20__ (maturity)

The Bonds maturing **September 1**, 20__ (the "20__ Term Bonds") shall be subject to mandatory sinking fund redemption in part, by lot, on **September 1**, 20__ and on each **September 1** thereafter to and including **September 1**, 20__ from mandatory sinking fund payments set aside in the Bond Service Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the respective dates set forth below:

Redemption Dates **(September 1)**	Principal Amount
20__	$
20__	
20__	
20__	
20__	
20__	
20__ (maturity)	

In lieu of having the Fiscal Agent deposit cash with the Paying Agent as a mandatory sinking fund payment, the District shall have the option to tender to the Paying Agent for cancellation any amount of Term Bonds purchased by the District, which Term Bonds may be purchased by the District at public or private sale as and when and at such prices as the District may in its discretion determine. The par amount of any Term Bonds so purchased by the District and tendered to the Paying Agent in any twelve month period ending on July 1 in any calendar year shall be credited towards and shall reduce the next mandatory sinking fund payments

required to be made in the order in which they are required to be made pursuant to this Section 3.02.

Section 3.03 Selection of Bonds for Redemption. If less than all of the Outstanding Bonds are to be redeemed, the Paying Agent shall redeem the Bonds pro rata among maturities and by lot within a maturity, provided, however, that the portion of any Bond of a denomination of more than $5,000 to be redeemed shall be in the principal amount of $5,000 or an integral multiple thereof, and that, in selecting portions of such Bonds for redemption, the Paying Agent shall treat each such Bond as representing that number of Bonds of a $5,000 denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by $5,000. The Paying Agent shall promptly notify the District in writing of the Bonds, or portions thereof, selected for redemption. In the event of a partial redemption of any Term Bonds, the mandatory sinking fund payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of Term Bonds to be partially redeemed in inverse order of mandatory sinking fund redemption dates.

Section 3.04 Notice of Redemption. When redemption is required pursuant to the provisions of Article III, the Paying Agent shall give notice (the "Redemption Notice"), at the expense of the District, of the redemption of the Bonds. Such Redemption Notice shall specify: (i) the Bonds or designated portions thereof which are to be redeemed, (ii) the date of redemption, (iii) the place or places where the redemption will be made, including the name and address of any redemption agent, (iv) the redemption price, (v) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (vi) if less than all Bonds of a maturity are to be redeemed, the Bond numbers of the Bonds to be redeemed, and (vii) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to such Redemption Notice:

(i) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register as of the close of business on the day before such Redemption Notice is given;

(ii) At least 35 days before the redemption date, such Redemption Notice shall be given by (A) registered or certified mail, postage prepaid, (B) confirmed facsimile transmission, or (C) overnight delivery service, to each of the Securities Depositories;

(iii) At least 35 days before the redemption date, such Redemption Notice shall be given by (A) registered or certified mail, postage prepaid, or (B) overnight delivery service, to one of the Information Services.

Neither failure to receive any Redemption Notice nor any defect in such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds. Each check or other transfer of funds issued by the Paying Agent for the purpose of redeeming Bonds shall bear to the extent specified the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Section 3.05 Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the Paying Agent shall authenticate and deliver to the Bondowner, at the expense of the District, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered, with the same interest rate and the same maturity. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District and the Paying Agent shall be released and discharged thereupon from all liability to the extent of such payment.

Section 3.06 Effect of Notice and Availability of Redemption Price. Notice of redemption having been duly given, as provided in this Section, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption:

(1) The Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Indenture, anything in this Indenture or in the Bonds to the contrary notwithstanding;

(2) Upon presentation and surrender thereof at the Principal Office of the Paying Agent, such Bonds shall be redeemed at the redemption price;

(3) From and after the redemption date, the Bonds or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds or portions thereof shall cease to bear further interest; and

(4) From and after the date fixed for redemption no Owner of any of the Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of this Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

ARTICLE IV

FUNDS AND ACCOUNTS

Section 4.01 Funds and Accounts. The following funds and accounts are hereby created and established and shall be maintained by the Fiscal Agent for the administration and control of the Special Taxes and Bond Proceeds:

(1) Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds, Series 2003A, Costs of Issuance Fund (the "Costs of Issuance Fund")

(2) Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds, Series 2003A, Special Tax Fund (the "Special Tax Fund");

(3) Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds, Series 2003A, Reserve Fund (the "Reserve Fund");

(4) Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds, Series 2003A, Administrative Expense Fund (the "Administrative Expense Fund");

(5) Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds, Series 2003A, Bond Service Fund (the "Bond Service Fund");

(6) Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds, Series 2003A, Rebate Fund (the "Rebate Fund");

(7) Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds, Series 2003A, Redemption Fund (the "Redemption Fund"); and

(8) Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds, Series 2003A, Earnings Fund (the "Earnings Fund").

Pursuant to the Tax Certificate, the funds and accounts established herein may be subdivided into sub accounts for each Series of Bonds issued hereunder, in order to perform the necessary rebate calculations.

Section 4.02 Disposition of Bond Proceeds.

(a) The proceeds of the sale of the Bonds (less $_____ which shall be transferred directly to the Escrow Holder for deposit to the Escrow Fund established under the Escrow Agreement) shall be received by the Fiscal Agent and deposited as follows:

(1) An amount equal to $_____, representing the Reserve Requirement, shall be placed in the Reserve Fund; and

(2) An amount equal to $_____, representing the Costs of Issuance shall be placed in the Costs of Issuance Fund.

(b) Concurrently with the delivery of the Bonds, moneys represented by cash and investments in the following funds created under that certain Indenture, dated as January 1, 1993 (the "Prior Indenture"), executed by the District, acting through the Board of Supervisors as the legislative body, by the Treasurer, as paying agent, and by the Auditor-Controller of the County, as fiscal agent, providing for the issuance of the Prior Bonds, shall be applied, transferred, or maintained by the Fiscal Agent as follows:

(1) All moneys, in the amount of $_____, in the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Special Tax Bonds, Series 1993A Reserve Fund shall be transferred to the Escrow Holder for deposit to the Escrow Fund;

(2) All moneys in the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Special Tax Bonds, Series 1993A Special Tax Fund shall be transferred first, in the amount of $_____ to the Escrow Holder for deposit to the Escrow Fund; and second, in the mount of $_____ to the Bond Services Fund, and, finally, in the amount of $100,000 to the Special Tax Fund;

(3) All moneys, in the amount of $_____ in the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Special Tax Bonds, Series 1993A Bond Service Fund shall be transferred to the Escrow Fund;

(4) All moneys in the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Special Tax Bonds, Series 1993A Administrative Expense Fund shall be transferred to the Administrative Expense Fund;

(5) All moneys in the amount of $_____ in the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Special Tax Bonds, Series 1993A Redemption Fund shall be transferred to the Escrow Fund;

(6) There are no moneys in (i) the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Special Tax Bonds, Series 1993A Acquisition Fund, (ii) the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Special Tax Bonds, Series 1993A Capitalized Interest Fund, or (iii) Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Special Tax Bonds, Series 1993A Rebate Fund.

Section 4.03 Special Tax Fund. The Fiscal Agent shall, on each date on which the Gross Taxes have been received by the Treasurer and deposited with the Fiscal Agent, deposit the Gross Taxes in the Special Tax Fund, such Gross Taxes to be held and transferred on the dates and in the amounts set forth in the following Sections, in the following order of priority, to: (1) the Administrative Expense Fund; (2) the Bond Service Fund; and (3) the Reserve Fund. Any amounts remaining on deposit in the Special Tax Fund when there are no longer any Bonds Outstanding shall be transferred to the Rebate Fund, if necessary, and otherwise shall be transferred to the District and used for any lawful purpose under the Act.

Section 4.04 Administrative Expense Fund.

(a) On or before the date amounts are needed to pay Administrative Expenses, the Fiscal Agent shall withdraw from the Special Tax Fund and place in the Administrative Expense Fund an amount necessary, together with amounts on deposit therein, to pay all Administrative Expenses.

(b) Upon receipt of a duly executed Administrative Expense Payment Request Form in substantially the form attached hereto as Exhibit C and incorporated herein by this reference, the Fiscal Agent shall pay the Administrative Expenses. Administrative Expenses shall be paid directly to the person, corporation or entity entitled to payment hereunder and named as a Payee on the Administrative Expense Payment Request Form. Notwithstanding anything herein to the contrary, the Fiscal Agent may rely on an executed Administrative Expense Payment Request Form as complete authorization for any payments.

(c) The Fiscal Agent shall transfer all amounts remaining on deposit in the Administrative Expense Fund on the final maturity of the Bonds, after payment of any accrued Administrative Expenses, to the Special Tax Fund.

Section 4.05 Bond Service Fund. On or before February 20 and August 20 of each year, the Fiscal Agent shall withdraw from the Special Tax Fund, the Earnings Fund and the Reserve Fund to the extent required, and place in the Bond Service Fund an amount equal, together with amounts on deposit therein, to all of the principal (including mandatory sinking fund payments) and all of the interest due and payable on all of the Bonds on the next Interest Payment Date. On or before the Business Day prior to each Interest Payment Date, the Fiscal Agent shall pay to the Paying Agent an amount equal to the interest and principal due and payable on the Bonds on such Interest Payment Date.

The Fiscal Agent shall transfer any moneys remaining in the Bond Service Fund when there are no longer Bonds Outstanding to the Special Tax Fund.

Section 4.06 Reserve Fund. There shall be maintained in the Reserve Fund an amount equal to the Reserve Requirement. Moneys in the Reserve Fund, including draws on the Reserve Facility, if any, shall be used solely for the purpose of paying the principal of and interest on the Bonds in the event that the moneys in the Bond Service Fund are insufficient therefor, and for that purpose the Fiscal Agent shall withdraw from the Reserve Fund, for deposit in the Bond Service Fund, moneys necessary for such purpose. If the amount on deposit in the Reserve Fund, including the Reserve Facility, if any, is less than the Reserve Requirement, the Fiscal Agent shall notify the District of the amount needed to replenish the Reserve Fund to the Reserve Requirement and the District shall collect such deficiency either through including such amount in the next annual Special Tax levy, to the extent permitted by law and the Ordinance, or otherwise. If amounts on deposit in the Reserve Fund, including the Reserve Facility, if any, are less than the Reserve Requirement, after making the required transfers to the Administrative Expense Fund and the Bond Service Fund, the Fiscal Agent shall transfer to the Reserve Fund from the first available moneys in the Special Tax Fund an amount necessary to increase the balance therein to the Reserve Requirement. If on July 1 of each year, the amount on deposit in the Reserve Fund is in excess of the Reserve Requirement, the Fiscal Agent shall transfer such excess to the Bond Service Fund, as provided in Section 5.01 hereof. Moneys in the Reserve

Fund shall be transferred to the Bond Service Fund on the final maturity of the Bonds and applied to the payment of the principal of and interest on the last Outstanding maturity of the Bonds.

Section 4.07 Costs of Issuance Fund.

(a) The Fiscal Agent shall disburse moneys from the Costs of Issuance Fund on such dates and in such amounts as are necessary to pay Costs of Issuance, in each case in accordance with a Payment Request Form (Exhibit B) together with invoices therefor. Any amounts remaining on deposit in the Costs of Issuance Fund on the earlier of the date on which the District has notified the Fiscal Agent in writing that all Costs of Issuance have been paid or one year after the initial deposit of such amounts in the Costs of Issuance Fund shall be transferred to the Bond Service Fund.

(b) Costs of Issuance shall be paid directly to the person, corporation or entity entitled to payment hereunder and named as Payee on the applicable Payment Request Form. Notwithstanding anything herein to the contrary, the Fiscal Agent may rely on an executed Payment Request Form as complete authorization for any payments.

Section 4.08 Rebate Fund.

(a) The Fiscal Agent shall establish and maintain with respect to each Series of Bonds issued hereunder a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund (with such Series designation as may be appropriate). The provisions of this Section shall apply separately to the Rebate Fund established for each Series of Bonds. Subject to the transfer provisions provided in paragraph (e) below, all money at any time deposited in the Rebate Fund shall be held by the Fiscal Agent in trust, to the extent required to satisfy the Rebate Amount (as defined in the Tax Certificate), for payment to the United States of America. Neither the District nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts on deposit in the Rebate Fund shall be governed by this Section and by the Tax Certificate. The Fiscal Agent shall be deemed conclusively to have complied with such provisions if it follows the directions of the District including supplying all necessary information in the manner provided in the Tax Certificate, and shall have no liability or responsibility to enforce compliance by the District with the terms of the Tax Certificate.

(b) Upon the District's written direction, an amount equal to the Rebate Requirement specified to the Fiscal Agent shall be deposited into the Rebate Fund by the Fiscal Agent from balances in the following funds and accounts and in the following order of priority: (i) from the Earnings Fund, (ii) from the Special Tax Fund, (iii) from the Acquisition Fund, and (iv) from the Reserve Fund, so that the balance in the Rebate Fund after such deposit shall equal the Rebate Amount for the Bond Year (as such term is defined in the Tax Certificate and not as such term is defined in this Indenture) calculated as of the most recent Calculation Date (as defined in the Tax Certificate). Computations of the Rebate Amount shall be furnished by or on behalf of the District in accordance with the Tax Certificate.

(c) The Fiscal Agent shall have no obligation to rebate any amounts required to be rebated pursuant to this Section, other than from moneys held in the funds and accounts created under this Indenture or from other moneys provided to it by the District.

(d) The Treasurer shall invest all amounts held in the Rebate Fund at the written direction of the District in Authorized Investments, subject to the restrictions set forth in the Tax Certificate. The Fiscal Agent shall retain all earnings (calculated by taking into account net gains or losses on sales or exchanges and taking into account amortized discount or premium as a gain or loss, respectively) on investments held in the Rebate Fund. Money shall not be transferred from the Rebate Fund except as provided in paragraph (e) below.

(e) Upon receipt of the District's written directions, the Fiscal Agent shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if on the first day of any Bond Year the amount credited to the Rebate Fund exceeds the Rebate Requirement, and the District so directs, the Fiscal Agent will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as directed by the District's written directions. Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Amount shall be withdrawn and remitted to the District.

(f) Notwithstanding any other provision of this Indenture, the obligation to remit the Rebate Amounts to the United States and to comply with all other requirements of this Section and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

Section 4.09 Redemption Fund. Prior to any redemption date other than any mandatory sinking fund redemption date, the Fiscal Agent shall deposit in the Redemption Fund moneys available for the purpose and sufficient to redeem, at the redemption prices payable as provided in this Indenture, the Bonds designated for redemption. Such moneys must be set aside in the Redemption Fund solely for that purpose and shall be transferred to the Paying Agent on or before the applicable redemption date and be applied by the Paying Agent on or after the redemption date to the payment of the redemption price on the Bonds to be redeemed upon presentation and surrender thereof. Any moneys remaining in the Redemption Fund when there are no longer Bonds Outstanding shall be transferred to the Special Tax Fund.

Section 4.10 Earnings Fund. The Fiscal Agent shall establish and maintain for the administration and control of investment earnings on District receipts an Earnings Fund. The Fiscal Agent shall directly deposit investment earnings of the Cost of Issuance Fund, the Reserve Fund and the Earnings Fund into the Earnings Fund. The Fiscal Agent shall transfer all amounts in the Earnings Fund accrued to the transfer date, in excess of the Rebate Requirement (as defined in the Tax Certificate), to the Bond Service Fund.

ARTICLE V

INVESTMENTS

Section 5.01 Investments. Obligations purchased as investments of moneys in any fund or account in which investments are authorized shall be deemed at all times to be a part of such fund or account. Earnings on the investment of moneys on deposit in any fund or account established pursuant to this Indenture (except the Special Tax Fund, Administrative Expense Fund, Bond Service Fund and the Rebate Fund) shall be deposited to the Earnings Fund and applied pursuant to Section 4.10 of this Indenture. Earnings on the investment of any moneys on deposit in the Special Tax Fund, Administrative Expense Fund, Bond Service Fund or the Rebate Fund shall be held in each such fund or account. Subject to the restrictions set forth herein, moneys in said funds and accounts may be from time to time invested by the Treasurer at the written direction of an Authorized Representative of the District, or if no such written direction is given, in any manner the Treasurer deems appropriate, in Authorized Investments so long as:

(a) Moneys in the Administrative Expense Fund shall be invested in obligations that will by their terms mature no later than the date on which moneys must be available to meet scheduled payments of Administrative Expenses;

(b) Moneys in the Bond Service Fund shall be invested only in obligations which will by their terms mature on such dates so as to ensure the payment of principal and interest on the Bonds as the same become due; and

(c) Half of the moneys in the Reserve Fund may be invested in Authorized Investments which shall mature not more than two years from the date of purchase by the Treasurer and the balance shall be invested in Authorized Investments which shall mature not more than five years from the date of purchase by the Treasurer; provided no such investment shall mature later than the final maturity of the Bonds; provided further, if such investments may be redeemed at par on the Business Day prior to each Interest Payment Date, any amount of the Reserve Fund may be invested in such redeemable investments of any maturity on or prior to the final maturity of the Bonds.

Subject to the restrictions set forth in Section 6.06 hereof, the Treasurer shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer for such funds and accounts or from such funds and accounts. For the purpose of determining at any given time the balance in any fund or account, any such investments constituting a part of such fund and account shall be valued at their original cost. Notwithstanding anything herein to the contrary, the Treasurer shall not be responsible for any loss from any investments authorized pursuant to this Indenture.

ARTICLE VI

COVENANTS

Section 6.01 Punctual Payment. The District covenants that it will duly and punctually pay or cause to be paid the principal of, premium (if any) and interest on every Bond issued hereunder to the extent Net Taxes are available therefor, in strict conformity with the terms of the Bonds and this Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture as it may be amended from time to time.

Section 6.02 Limits on Additional Debt. The District covenants that it will not mortgage or otherwise encumber, pledge or place any charge upon any of the Gross Taxes, and will not issue any obligation or security superior to or, except as provided herein, on a parity with the Bonds, payable in whole or in part from the Net Taxes.

Section 6.03 Levy of Special Tax. Subject to the limitations on the rate of Special Taxes, the District shall levy or cause to be levied the Special Taxes in an amount anticipated to be sufficient (after taking into account anticipated delinquencies in the payment of Special Taxes), together with any moneys on deposit in the Special Tax Fund or the Bond Service Fund (and, with respect to the final Bond Year, in the Reserve Fund) and anticipated to be available, to pay principal of, premium (if any) and interest on the Bonds, Administrative Expenses and any amounts required to maintain the Reserve Fund at the Reserve Requirement.

Section 6.04 Commencement of Foreclosure Proceedings. If the Fiscal Agent determines at any time that the balance in the Reserve Fund is less than the Reserve Requirement as the result of the failure by one or more owners of real property to pay Special Taxes when due, the District shall commence and diligently prosecute to completion such foreclosure proceedings as may be necessary to restore the Reserve Fund balance to the Reserve Requirement.

Section 6.05 Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the County, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent or of the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding or their representatives authorized in writing.

Section 6.06 Tax Covenants. In order to maintain the exclusion from gross income for Federal income tax purposes of the interest on the Bonds, the District covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code in that the District agrees to comply with the Tax Certificate for each Series of Bonds issued hereunder, as each such Tax Certificate may be amended from time to time, as a source of guidance for compliance with such provisions. A copy of the Tax Certificate for the Bond is attached hereto as Exhibit D and is incorporated herein by reference. The Fiscal Agent and the Paying Agent each hereby agree to comply with any written instructions received from the District which the

District indicates must be followed in order to comply with the Tax Certificate. This covenant shall survive the payment, redemption or defeasance of the Bonds.

Section 6.07 General. The District shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the District under the provisions of this Indenture. The District warrants that upon the date of execution and delivery of the Bonds, all conditions, acts and things required by law and this Indenture to exist, to have happened and to have been performed precedent to and in the execution and delivery of such Bonds do exist, have happened and have been performed and the execution and delivery of the Bonds shall comply in all respects with the applicable laws of the State.

Section 6.08 Extension of Payment of Bonds. The District shall not directly or indirectly extend the maturity dates of the Bonds or the time of payment of interest with respect thereto. Nothing herein shall be deemed to limit the right of the District to issue any securities for the purpose of providing funds for the redemption of the Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

Section 6.09 Protection of Rights. The District will preserve and protect the security of the Bonds and the rights of the Owners against all claims and demands of all persons, and will faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Indenture or in any Bond issued pursuant to this Indenture and will contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the District that (i) the Act is unconstitutional, (ii) the Special Tax is invalid, or (iii) the Special Taxes cannot be paid by the District for the debt service on the Bonds, or (b) any other action affecting the validity of the Bonds or diluting the security therefor, or (c) any assertion by the United States of America or any department or agency thereof or any other person that the interest received by the bondholders is includable in gross income for federal income tax purposes, to the extent there are Special Taxes available for such purpose.

Section 6.10 Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of its obligations under the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Indenture, failure of the District to comply with its obligations under the Continuing Disclosure Undertaking shall not be considered an event of default under this Indenture, and the sole remedy, in the event of any failure of the District to comply with the Continuing Disclosure Undertaking shall be an action to compel performance. Upon receipt of indemnification to its satisfaction, the Fiscal Agent shall at the request of any Participating Underwriter (as defined in the Continuing Disclosure Undertaking), or the Owners of a majority in aggregate principal amount of Outstanding Bonds or any Bondowner or Beneficial Owner 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 Section. For purposes of this Section, "Beneficial Owners," means any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Section 6.11 No County Covenants. The covenants contained herein are covenants of the District only and anything in this Article VI to the contrary notwithstanding, no covenant contained herein shall be deemed to have been made by the County, other than any such covenant it may have made in its capacity as legislative body of the District, Fiscal Agent or Paying Agent.

ARTICLE VII

PAYING AGENT AND FISCAL AGENT

Section 7.01 Paying Agent and Fiscal Agent. The District hereby appoints the Treasurer of the County as the Paying Agent and the Auditor Controller of the County as the Fiscal Agent for the Bonds.

The Paying Agent is hereby authorized to and shall mail interest payments to the Bondowners, select Bonds for redemption, give notice of redemption and meetings of Bondowners and maintain the Bond Register. The Paying Agent is hereby authorized to and shall pay the principal of and premium, if any, on the Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds presented to it for such purposes, to provide for the cancellation of Bonds all as provided in this Indenture, and to provide for the authentication of Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Indenture. The Paying Agent shall keep accurate records of all Bonds paid and discharged by it.

The Fiscal Agent is hereby authorized to and shall maintain and administer funds and accounts established pursuant to Section 4.01 hereof. The Fiscal Agent shall keep accurate records of all funds administered by it.

The Paying Agent and Fiscal Agent initially appointed and any successor thereto may each be removed by the District and a successor or successors may be appointed. So long as any Bonds are Outstanding and unpaid, the Paying Agent, the Fiscal Agent and any successor or successors thereto designated by the District shall continue to be Paying Agent and Fiscal Agent, respectively, of the District for all of said purposes until the designation of a successor or successors.

Section 7.02 Liability of Paying Agent and Fiscal Agent. The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds shall be taken as statements, promises, covenants and agreements of the District, and the Paying Agent and the Fiscal Agent assume no responsibility for the correctness of the same and make no representations as to the validity or sufficiency of this Indenture or of the Bonds, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations set forth herein or in the Bonds or in the certificate of authentication and registration assigned to or imposed upon the Paying Agent or Fiscal Agent, as applicable. The Paying Agent shall be under no responsibility or duty with respect to the issuance of the Bonds for value. Neither the Paying Agent nor Fiscal Agent shall be liable in connection with the performance of their respective duties hereunder, except for their respective negligence or default.

ARTICLE VIII

DEFEASANCE

Section 8.01 Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds the interest due thereon and the principal thereof, at the times and in the manner stipulated therein and in this Indenture, then the Owners of such Bonds shall cease to be entitled to the pledge of Net Taxes, and all covenants, agreements and other obligations of the District to the Owners of such Bonds under this Indenture shall thereupon cease, terminate and become void and be discharged and satisfied, except the District's obligations to comply with the tax covenants contained herein. In such event, the Fiscal Agent and the Paying Agent, as appropriate, shall execute and deliver to the District such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiscal Agent and the Paying Agent, as appropriate, shall pay over or deliver to the District all money or securities held by them pursuant to this Indenture which are not required for the payment of the interest due on and the principal of such Bonds.

Bonds for the payment of which money shall have been set aside (through deposit by the District or otherwise) to be held in trust by the Paying Agent for such payment at the maturity date thereof shall be deemed, as of the date of such setting aside, to have been paid within the meaning and with the effect expressed in the first paragraph of this section.

Any Outstanding Bonds shall prior to the maturity date thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if (1) there shall have been deposited with the Paying Agent either money in an amount which shall be sufficient, or Federal Securities the principal of and the interest on which when paid will provide money which, together with the money, if any, deposited with the Paying Agent at the same time, shall be sufficient to pay when due the interest due and to become due on such Bonds on and prior to the maturity date thereof, and the principal of such Bonds and (2) the District shall have given the Paying Agent in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (1) above has been made with the Paying Agent and that such Bonds are deemed to have been paid in accordance with this section and stating the maturity date upon which money is to be available for the payment of the principal of such Bonds. The sufficiency of any such deposit, other than money alone, must be verified by the report of an independent certified public accountant.

Neither Federal Securities nor money deposited with the Paying Agent pursuant to this section nor interest or principal payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the interest on and principal of such Bonds; provided that any cash received from such interest or principal payments on such Federal Securities deposited with the Paying Agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Federal Securities maturing at times and in amounts sufficient to pay when due the interest on and principal of such Bonds on and prior to such maturity date thereof, and interest earned from such reinvestments shall be deposited in the Special Tax Fund. For the purposes of this section, Federal Securities shall mean and include only such securities as are not subject to redemption prior to their maturity.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01 Supplemental Indentures without Bondowner Consent. The District, the Paying Agent and the Fiscal Agent, may from time to time, and at any time, without notice to or consent of any of the Bondowners, enter into such Supplemental Indentures as shall not be inconsistent with the terms and provisions hereof (which Supplemental Indentures or agreements shall thereafter form a part hereof) for any of the following purposes:

(a) To cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Indenture or in any Supplemental Indenture, provided that such action shall not adversely affect the interests of the Bondowners;

(b) To add to the covenants and agreements of and the limitations and the restrictions upon the District contained in this Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(c) To authorize the issuance of additional Bonds, subject to the terms hereof; and

(d) To modify, alter, amend or supplement this Indenture for any reason in any other respect which is not materially adverse to the interests of Bondowners.

Section 9.02 Supplemental Indenture with Bondowner Consent. Exclusive of the Supplemental Indentures covered by Section 9.01, the Owners of not less than 60% in aggregate principal amount of the Bonds then Outstanding shall have the right to consent to and approve the execution of such Supplemental Indentures as shall be deemed necessary or desirable for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture or agreement; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal of, or the payment date of interest on, any Bond, (b) a reduction in the principal amount of, or redemption price of, any Bond or the rate of interest thereon, (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds then Outstanding. Nothing herein contained, however, shall be construed as making necessary the approval by Bondowners of the execution of any Supplemental Indentures or agreements.

Section 9.03 Notice of Supplemental Indenture to Bondowners. If at any time the District shall desire to enter into a Supplemental Indenture, which pursuant to the terms of this Section shall require the consent of the Bondowners, the District shall so notify the Paying Agent and shall deliver to the Paying Agent a copy of the proposed Supplemental Indenture. The

Paying Agent shall, at the expense of the District, cause notice of the proposed Supplemental Indenture (or a summary thereof) to be mailed, by first class mail postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Authorized Representative of the District for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than 60% in aggregate principal amount of the Bonds then Outstanding as required by this Section. Whenever at any time within one year after the date of the first mailing of such notice, the Paying Agent shall receive an instrument or instruments purporting to be executed by the Owners of not less than 60% in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to and approve the Supplemental Indenture substantially in the form of the copy referred to in such notice as on file with the Authorized Representative of the District, such proposed Supplemental Indenture, when duly entered into by the District and the Paying Agent, shall thereafter become a part of the proceedings for the issuance of the Bonds. In determining whether the Owners of 60% of the aggregate principal amount of the Bonds have consented to the adoption of any Supplemental Indenture, Bonds which are known to the Paying Agent to be owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the execution and delivery by the District and the Paying Agent of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than 60% in aggregate principal amount of Bonds Outstanding in instances where such consent is required pursuant to the provisions of this Section, this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the District, the Paying Agent, the Fiscal Agent and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

ARTICLE X

EVENTS OF DEFAULT; REMEDIES

Section 10.01 Events of Default. Any one or more of the following events shall constitute an "Event of Default":

(a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) Default in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable; or

(c) Default by the District in the observance of any of the agreements, conditions or covenants on its part in this Indenture or in the Bonds contained (other than a payment default referred to in subparagraph (a) and (b) above), and the continuation of such default for a period of 60 days after the District shall have been given notice in writing of such default by the Fiscal Agent, provided that if within 60 days the District has commenced curing of the default and diligently pursues elimination thereof, such period shall be extended to permit such default to be eliminated.

Section 10.02 Remedies of Owners. Following the occurrence of an event of default, any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

(a) By mandamus or other suit or proceeding at law or in equity to enforce his or her rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in this Indenture;

(b) By suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) By a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

Nothing in this article or in any other provision of this Indenture, or in the Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the Net Taxes pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in this Indenture.

A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Act or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the District and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or

otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Section 10.03 Actions by Fiscal Agent as Attorney-In-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Fiscal Agent for the equal benefit and protection of all Owners, and the Fiscal Agent is hereby appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the Owners as a class or classes, as may be necessary or advisable in the opinion of the Fiscal Agent as such attorney in fact.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Cancellation of Bonds. All Bonds surrendered to the Paying Agent for payment upon maturity or redemption shall, upon payment therefor, be cancelled immediately and forthwith transmitted to or upon the order of the District. Any Bond purchased by the District as authorized herein shall be delivered to the Paying Agent and cancelled forthwith and shall not be reissued. All of the cancelled Bonds shall be transferred to and shall remain in the custody of the District until destroyed by the Paying Agent pursuant to due authorization.

Section 11.02 Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondowners, may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds shall be sufficient for the purposes of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his or her authority.

(b) As to any Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of the principal of any such Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof

or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond and the interest thereon to the extent of the sum or sums so paid. Any notice shall not affect the Paying Agent to the contrary.

Nothing in this Indenture shall be construed as limiting the Paying Agent to such proof, it being intended that the Paying Agent may accept any other evidence of the matters herein stated which the Paying Agent may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done or suffered to be done by the Paying Agent in pursuance of such request or consent.

Section 11.03 Provisions Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the District and the Owners from time to time of the Bonds; and the pledge made in this Indenture and the covenants and agreements herein set forth to be performed on behalf of the District shall be for the equal benefit, protection and security of the owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by this Indenture.

No remedy conferred hereby upon any Bondowner is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law of the State. No waiver of any default or breach of duty or contract by any Bondowner shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any Bondowner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Bondowners may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and the Bondowner shall prevail, said Bondowner shall be entitled to receive from the Special Tax Fund reimbursement for reasonable costs, expenses, outlays and attorney's fees and should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners then, and in every such case, the District and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds this Indenture shall be irrevocable, but shall be subject to modification to the extent and in the manner provided in this Indenture, but to no greater extent and in no other manner.

Section 11.04 Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Indenture and the Bonds issued pursuant hereto shall remain valid and the Bondowners shall retain all valid

rights and benefits accorded to them under this Indenture and the Constitution and laws of the State.

Section 11.05 Notice. Any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with the District, the Paying Agent or the Fiscal Agent shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when delivered to or sent by certified mail, return receipt requested to:

District:	Community Facilities District No. 6 of the County of Los Angeles (Agua Dulce Area) Hall of Administration 500 West Temple Street, Room 432 Los Angeles, California 90012 Attention: Treasurer and Tax Collector
Fiscal Agent:	County of Los Angeles 500 West Temple Street, Room 603 Los Angeles, California 90012 Attention: Auditor Controller
Paying Agent:	County of Los Angeles 500 West Temple Street, Room 437 Los Angeles, California 90012 Attention: Treasurer and Tax Collector

All documents received by the Fiscal Agent or the Paying Agent under the provisions of this Indenture shall be retained in its possession, subject at all times to the reasonable inspection of the District, any Bondowner, and the agents and representatives thereof.

Section 11.06 Personal Liability. The District or any officer, agent or employee thereof, shall not be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such entity, officer, agent or employee from the performance of any official duty provided by law.

Section 11.07 Validity of Multiple Copies. This Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes, as an original; and such counterpart shall constitute but one and the same instrument.

Section 11.08 Headings. Any headings preceding the texts of the several Articles hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

Section 11.09 Governing Law. All provisions of this Indenture are to be governed by the laws of the State.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Bond Indenture effective as of the date first above written.

COMMUNITY FACILITIES DISTRICT NO. 6 (AGUA DULCE AREA) OF THE COUNTY OF LOS ANGELES ACTING THROUGH THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, AS THE LEGISLATIVE BODY

By _____
Chair

Attest:

VIOLET VARONA-LUKENS,
EXECUTIVE OFFICER CLERK
OF THE BOARD OF SUPERVISORS

By _____
Deputy

TREASURER AND TAX COLLECTOR OF THE COUNTY OF LOS ANGELES, AS THE PAYING AGENT

By _____
Mark J. Saladino

AUDITOR CONTROLLER OF THE COUNTY OF LOS ANGELES, AS THE FISCAL AGENT

By _____
J. Tyler McCauley

[EXECUTION PAGE OF THE INDENTURE]

EXHIBIT A

FORM OF BOND

No. $

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

COMMUNITY FACILITIES DISTRICT NO. 6 (AGUA DULCE AREA)
OF THE COUNTY OF LOS ANGELES
IMPROVEMENT AREA A
SPECIAL TAX REFUNDING BONDS, SERIES 2003A
(SIERRA COLONY RANCH)

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP NO.
%	**September 1**, 20__	_____, 2003	

REGISTERED OWNER:

PRINCIPAL AMOUNT: Dollars

COMMUNITY FACILITIES DISTRICT NO. 6 (AGUA DULCE AREA) OF THE COUNTY OF LOS ANGELES (the "District") situated in the County of Los Angeles (the "County"), State of California (the "State"), FOR VALUE RECEIVED, hereby promises to pay, solely from Special Taxes (as hereafter defined) to be collected in Improvement Area A in the District and certain other moneys to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above and to pay interest on such principal amount from _____, 1, 2003 semiannually on each March 1 and **September 1**, commencing **September 1**, 2003 (each an "Interest Payment Date") at the interest rate set forth above, until the principal amount hereof is paid or made available for payment. The principal of and premium, if any, on this Bond are payable to the registered owner hereof in lawful money of the United States of America upon

presentation and surrender of this Bond at maturity or redemption at the principal office of the Treasurer and Tax Collector of the County of Los Angeles, as paying agent (or any successors thereto), in Los Angeles, California (the "Paying Agent"). Interest on this Bond shall be payable by check or draft of the Paying Agent mailed by first class postage prepaid mail to the registered owner hereof as of the close of business on the 15th calendar day of the month preceding the Interest Payment Date (the "Record Date") at such registered owner's address as it appears on the registration books maintained by the Paying Agent (the "Bond Register").

This Bond is one of a duly authorized issue of "Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Bonds, Series 2003A (Sierra Colony Ranch)" (the "Bonds") issued in the aggregate principal amount of $_____ pursuant to the Mello Roos Community Facilities Act of 1982, constituting Sections 53311 et seq. of the California Government Code, as amended (the "Act"), for the purpose of refunding the bonds issued to finance certain improvements in and/or for a portion of the District known as Improvement Area A (the "Project"). The issuance of the Bonds and the terms and conditions thereof are provided for by an Indenture (the "Indenture") dated as of July 1, 2003, executed by Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles acting through the Board of Supervisors of the County, as the legislative body, by the Treasurer and Tax Collector of the County, and by the Auditor Controller of the County and by this reference incorporates the Indenture herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. The Indenture is authorized under, this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act and the Indenture, the principal of, premium, if any, and interest on this Bond are payable solely from, and shall be secured by a pledge of and lien upon (less certain administrative expense), (i) the annual special taxes authorized under the Act to be levied on property lying within Improvement Area A of the District (the "Special Taxes"), (ii) proceeds from the sale of property collected pursuant to the foreclosure provisions of the Act and the Indenture for the delinquency of such Special Taxes and (iii) certain other moneys as described in the Indenture.

Interest on this Bond shall be payable from the Interest Payment Date next preceding the date of authentication of this Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest shall be payable from the dated date set forth above; provided, however, that if at the time of authentication of this Bond, interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or from the dated date of the Bonds if no interest has been paid or made available for payment. Interest on any Bond shall be paid to the person whose name shall appear in the Bond Register as the owner of such Bond as of the close of business on the Record Date at the address that appears on the Bond Register. Interest with respect to this Bond shall be computed using a year of 360 days comprised of twelve 30-day months.

Any tax for the payment hereof shall be limited to the Special Taxes, except to the extent that provision for payment has been made by the legislative body of the District, as may be permitted by law. The Bonds do not constitute obligations of the County or the District for which the County or the District is obligated to levy or pledge, or has levied or pledged, general or special taxation other than as described hereinabove. The District has covenanted for the benefit of the owners of the Bonds that, if the Fiscal Agent determines at any time that the balance in the Reserve Fund, created under the Indenture is less than the Reserve Requirement, as defined in the Indenture, as the result of the failure by one or more owners of real property to pay Special Taxes when due, it will commence or cause to be commenced appropriate foreclosure proceedings and diligently pursue or cause to be diligently pursued to completion such foreclosure proceedings as may be necessary to restore the Reserve Fund balance to the Reserve Requirement.

The Bonds maturing on or after **September 1**, 20__, may be redeemed prior to maturity, in whole or in part on any Interest Payment Date pro rata among maturities and by lot within a maturity from amounts on deposit in the Redemption Fund, at the option of the District on or after **September 1**, 20__, at the following redemption prices, expressed as a percentage of par value of the Bonds to be redeemed, together with accrued interest to the date of redemption:

Redemption Dates	Redemption Price
September 1, 20__ or March 1, 20__	%
September 1, 20__ or March 1, 20__	
September 1, 20__ and thereafter	

The Bonds maturing on **September 1**, 20__ are subject to mandatory sinking fund redemption in part, by lot, on **September 1**, 20__, and on each **September 1** thereafter to and including **September 1**, 20__, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the respective dates set forth below:

Redemption Dates **(September 1)**	Principal Amount
20__	$
20__	
20__	
20__	

20__

20__

20__ (maturity)

The Bonds maturing **September 1**, 20__ are subject to mandatory sinking fund redemption in part, by lot, on **September 1**, 20__ and on each **September 1** thereafter to and including **September 1**, 20__, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the respective dates set forth below:

Redemption Dates (**September 1**)	Principal Amount
20__	$
20__	
20__	
20__	
20__	
20__	
20__ (maturity)	

Notice of redemption with respect to the Bonds to be redeemed shall be given to the registered owner thereof at least 30 but not more than 45 days prior to the redemption date, by first class mail, postage prepaid, at their addresses appearing on the Bond Register as of the close of business on the day before such redemption notice is given.

This Bond shall be issued only in fully registered form in the denomination of $5,000 or any integral multiple thereof.

Each registration and transfer of registration of this Bond shall be entered by the Paying Agent in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication and registration endorsed hereon.

No transfer hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof, interest hereon and any redemption premium shall be payable only to the registered owner or to such owner's order. The Paying Agent may require the Bond owner

requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF the Board of Supervisors of the County of Los Angeles, as the legislative body of Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles, has caused this Bond to be dated as of the day of _____, 2003, to be signed by the Chair of the Board of Supervisors of the County of Los Angeles by her facsimile signature and attested by the Executive Officer Clerk of the Board of Supervisors of the County of Los Angeles by her facsimile signature.

_____

Chair of the Board of Supervisors of the County of Los Angeles for Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles

ATTEST:

_____

Executive Officer Clerk of the Board of Supervisors of the County of Los Angeles for Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles

CERTIFICATE

OF AUTHENTICATION AND REGISTRATION

This is one of the bonds described in the within defined Indenture which has been registered this _____ .

U.S. BANK NATIONAL ASSOCIATION, as
Paying Agent

By _____
Authorized Signatory

ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto _____ the within mentioned registered bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

Dated: _____

_____
NOTICE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

Taxpayer I.D. No.:

EXHIBIT B

COMMUNITY FACILITY DISTRICT NO. 6
(AGUA DULCE AREA)
OF THE COUNTY OF LOS ANGELES

PAYMENT REQUEST FORM

Chief Accounting Division
Auditor Controller
500 West Temple Street, Room 603
Los Angeles, CA 90012

Dear _____:

PAYMENT REQUEST NO.

( ) PROGRESS PAYMENT ( ) FULL/FINAL PAYMENT

The Fiscal Agent is hereby requested to pay from the Costs of Issuance Fund established pursuant to the Indenture dated as of July 1, 2003 (the "Indenture"), executed by Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles, by the Treasurer and Tax Collector of the County of Los Angeles, as Paying Agent, and by you, as Fiscal Agent, to the person, corporation or other entity designated below as Payee, the sum set forth below such designation, in payment of the Costs of Issuance described below. The amount shown below is due and payable under a purchase order, contract or other authorization with respect to the Costs of Issuance described below and has not formed the basis of any prior request for payment. Payment of the amount shown below is permitted by the Act, as defined in the Indenture.

Payee:
Address:

Amount: $

Description:

The Costs of Issuance described above are accepted by Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles and authorized to be paid to the Payee.

Executed by the Authorized Representative of Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles

Signature: _____

Name: _____

Title: _____

EXHIBIT C

COMMUNITY FACILITY DISTRICT NO. 6
(AGUA DULCE AREA)
OF THE COUNTY OF LOS ANGELES
ADMINISTRATIVE EXPENSE PAYMENT REQUEST FORM

Chief Accounting Division
Auditor Controller
500 West Temple Street, Room 603
Los Angeles, CA 90012

Dear _____:

PAYMENT REQUEST NO.

( ) PROGRESS PAYMENT ( ) FULL/FINAL PAYMENT

The Fiscal Agent is hereby requested to pay from the Administrative Expense Fund established pursuant to the Indenture dated July 1, 2003 by Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles, by the Treasurer and Tax Collector of the County of Los Angeles, as the Paying Agent, and by you, as Fiscal Agent, to the person, corporation or other entity designated below as Payee, the sum set forth below such designation, in payment of the Administrative Expense described below. The amount shown below is due and payable under a purchase order, contract or other authorization with respect to the Administrative Expense described below and has not formed the basis of any prior request for payment.

Payee:
Address:

Amount: $

Description:

The Administrative Expense described above is accepted by Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles and authorized to be paid to the Payee.

Executed by the Authorized Representative of Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles

Signature: _____

Name: _____

Title: _____

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PRELIMINARY OFFICIAL STATEMENT DATED _____, 2003

NEW ISSUE - FULL BOOK-ENTRY **NO RATING APPLIED FOR**

In the opinion of Arter & Hadden LLP, Los Angeles, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, interest on the 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 individual and corporate alternative minimum taxes, although it is included in adjusted net book income and current earnings in computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS" herein.

$3,700,000*
COMMUNITY FACILITIES DISTRICT NO. 6 (AGUA DULCE AREA) OF THE COUNTY OF LOS ANGELES IMPROVEMENT AREA A SPECIAL TAX REFUNDING BONDS, SERIES 2003A (SIERRA COLONY RANCH)

Dated: Date of Delivery **Due: September 1, as shown below**

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds, Series 2003A (Sierra Colony Ranch) (the "Bonds"), are being issued in the aggregate principal amount of $3,700,000* by Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles (the "District") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the California Government Code) (the "Act"), and a resolution ("Resolution") adopted on July 1, 2003, by the Board of Supervisors (the "Board") of the County of Los Angeles (the "County"), and in accordance with the provisions of an Indenture dated as of July 1, 2003 (the "Indenture"), by and among the District, acting through the Board, the Treasurer and Tax Collector of the County ("Treasurer"), as paying agent, and the Auditor-Controller of the County, as fiscal agent (the "Fiscal Agent"). Under the Indenture, the Treasurer has been appointed as the paying agent for the Bonds (the "Paying Agent"). See "APPENDIX E – Summary of Certain Provisions of the Indenture" herein.

The proceeds of the Bonds will be used to (i) refund the Prior Bonds (as defined herein) on September 1, 2003, (ii) fund a reserve fund for the Bonds, and (iii) pay the costs related to the issuance of the Bonds. See "THE BONDS," "REFUNDING PLAN," and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Bonds are payable from the revenues generated by a Special Tax (as defined herein) to be levied on the taxable real property within the area of the District designated as Improvement Area A ("Improvement Area A"). The Special Tax will be levied in accordance with the rate and method of apportionment of special tax (the "Rate and Method of Apportionment") approved by the District and the qualified electors within Improvement Area A in 1991. See "SECURITY FOR THE BONDS – Pledge Under the Indenture; Special Tax Revenues" and "APPENDIX B – Rate and Method of Apportionment of Special Tax" herein.

The Bonds will be delivered as fully registered bonds without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof for each maturity. Purchasers will not receive certificates representing their interest in the Bonds purchased. See "THE BONDS – Book-Entry Only System" and "APPENDIX D – Book-Entry Only System" herein.

The Bonds are subject to optional [and mandatory sinking fund] redemption as described in this Official Statement.

The Bonds are secured by a pledge of and a lien upon the Net Taxes (as defined herein) levied on property within Improvement Area A. Pursuant to the Indenture, "Net Taxes" means the amount of all Gross Taxes minus Administrative Expenses (as such terms are defined in the Indenture). For a further description of the security for the Bonds, see "SECURITY FOR THE BONDS" herein.

---

* Preliminary; subject to change.

THE BONDS AND INTEREST THEREON TOGETHER WITH ANY PREMIUM PAID THEREON UPON REDEMPTION, ARE NOT OBLIGATIONS OF THE COUNTY, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT SECURED BY AND PAYABLE FROM AN IRREVOCABLE FIRST LIEN ON THE NET TAXES. EXCEPT WITH RESPECT TO THE SPECIAL TAXES, NEITHER THE CREDIT NOR THE TAXING POWER OF THE DISTRICT OR THE COUNTY IS PLEDGED FOR THE PAYMENT OF THE BONDS OR THE INTEREST THEREON, AND, NO BONDOWNER MAY COMPEL THE EXERCISE OF TAXING POWER BY THE DISTRICT OR THE COUNTY OR THE FORFEITURE OF ANY OF THEIR PROPERTY. THE PRINCIPAL OF AND INTEREST ON THE BONDS AND PREMIUMS UPON THE REDEMPTION THEREOF, IF ANY, ARE NOT A DEBT OF THE DISTRICT, THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION. THE BONDS ARE NOT A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN OR ENCUMBRANCE UPON ANY OF THE DISTRICT'S PROPERTY, OR UPON ANY OF ITS INCOME, RECEIPTS, OR REVENUES, EXCEPT THE AMOUNTS WHICH ARE, UNDER THE INDENTURE AND THE ACT, SET ASIDE FOR THE PAYMENT OF THE BONDS AND INTEREST THEREON AND NEITHER THE MEMBERS OF THE LEGISLATIVE BODY OF THE DISTRICT NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE.

MATURITY SCHEDULE*

Maturity (September 1)	Principal Amount	Interest Rate	Price or Yield	Base CUSIP No.[1]	Maturity (September 1)	Principal Amount	Interest Rate	Price or Yield	Base CUSIP No.[1]
	$	%	%			$	%	%	

$_____% Term Bonds Due September 1, 2022 -- Price _____%

(1) Copyright 2002, American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services.

The Bonds are offered when, as and if delivered to and received by the Underwriter, subject to the approval of legality by Arter & Hadden LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the County and the District by the County Counsel and for the Underwriter by Pillsbury Winthrop LLP, Los Angeles, California, Underwriter's Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery to DTC in New York, New York on or about July ___, 2003.

Stone & Youngberg LLC

Dated: _____, 2003

* Preliminary; subject to change.

No dealer, broker, salesperson or other person has been authorized by Stone & Youngberg LLC (the "Underwriter"), the County, or the District to give any information or to make any representations, other than those contained herein, in connection with the offering of the Bonds described herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County, the District, or the Underwriter. This Official Statement does not constitute an offer to sell nor the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation, or sale.

This Official Statement is not to be construed to be a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts, or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the County and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness and it is not to be construed as a representation by the County, the District, or the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the County or the District since the date hereof.

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 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.

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

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

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

COUNTY OF LOS ANGELES, CALIFORNIA

BOARD OF SUPERVISORS

Yvonne Brathwaite Burke, Chair
Second District

Gloria Molina
First District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antanovich
Fifth District

Violet Varona-Lukens
Executive Officer-Clerk
Board of Supervisors

LOS ANGELES COUNTY OFFICIALS

David E. Janssen
Chief Administrative Officer

Mark J. Saladino
Treasurer and Tax Collector

J. Tyler McCauley
Auditor-Controller

Lloyd W. Pellman
County Counsel

BOND COUNSEL

Arter & Hadden LLP
Los Angeles, California

UNDERWRITER'S COUNSEL

Pillsbury Winthrop LLP
Los Angeles, California

SPECIAL TAX CONSULTANT

David Taussig & Associates, Inc.
Newport Beach, California

FISCAL AGENT

Auditor-Controller of the County
Los Angeles, California

PAYING AGENT

Treasurer and Tax Collector of the County
Los Angeles, California

VERIFICATION AGENT

Causey Demgen & Moore Inc.
Denver, Colorado

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[INSERT MAP]

OFFICIAL STATEMENT

$3,700,000*
COMMUNITY FACILITIES DISTRICT NO. 6
(AGUA DULCE AREA) OF THE COUNTY OF LOS ANGELES
IMPROVEMENT AREA A
SPECIAL TAX REFUNDING BONDS, SERIES 2003A
(SIERRA COLONY RANCH)

INTRODUCTORY STATEMENT

General

This Official Statement, including the Appendices hereto, is provided to furnish certain information in connection with the issuance and sale by Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles (the "District") of the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds, Series 2003A (Sierra Colony Ranch) (the "Bonds"). This Introductory Statement is subject in all respects to the more complete information contained elsewhere in this Official Statement.

The Bonds are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the California Government Code) (the "Act"), and a resolution ("Resolution") adopted on July 1, 2003, by the Board of Supervisors (the "Board") of the County of Los Angeles (the "County"), and in accordance with the provisions of an Indenture dated as of July 1, 2003 (the "Indenture"), by and among the District, acting through the Board, the Treasurer and Tax Collector of the County, as the paying agent (the "Treasurer" and "Paying Agent"), and the Auditor-Controller of the County, as fiscal agent (the "Fiscal Agent").

Under the Indenture, the Treasurer has been appointed as the paying agent for the Bonds and, pursuant to the authority vested in him under the Indenture, the Treasurer has initially selected U.S. Bank National Association to act on behalf of the Treasurer as paying agent.

The proceeds of the Bonds will be used to (i) refund the Prior Bonds (as defined herein) on September 1, 2003, (ii) fund a reserve fund for the Bonds, and (iii) pay the costs related to the issuance of the Bonds. The purpose of the issuance of the Bonds is to refinance the Prior Bonds (as defined herein) at a lower interest rate. See "REFUNDING PLAN," "ESTIMATED SOURCES AND USES OF FUNDS," and "APPENDIX E – Summary of Certain Provisions of the Indenture" herein.

The Bonds are subject to optional [and mandatory sinking fund] redemption as described in this Official Statement. See "THE BONDS - Redemption Provisions" herein.

* Preliminary; subject to change.

The District is located in the northwestern portion of the County. The District is composed of two non-contiguous improvement areas: Improvement Area A, also known as Sierra Colony Ranch ("Improvement Area A"), and Improvement Area B, also known as Rio Dulce Ranch ("Improvement Area B"). The Bonds are secured by special taxes levied in Improvement Area A only. Any securities, notes or instruments issued for Improvement Area B are not secured by property in Improvement Area A, and any notes, securities, or instruments issued for Improvement Area A (including the Bonds) are not secured by any property in Improvement Area B. **This Official Statement discusses Improvement Area A of the District only.**

The payment of principal of, premium, if any, and interest on the Bonds is secured by and payable from the special tax (the "Special Tax") levied on property located within Improvement Area A, after the payment of Administrative Expenses ("Net Taxes"), and certain funds and accounts held under the Indenture. The Special Tax is levied according to the rate and method of apportionment of special tax (the "Rate and Method of Apportionment") approved by the owners of the property within Improvement Area A in 1991. The Rate and Method of Apportionment, attached hereto as Exhibit B, has not been amended since its initial approval. The Special Taxes are collected in the same manner and at the same time as *ad valorem* property taxes are collected by the Treasurer. See "SECURITY FOR THE BONDS" and "APPENDIX B - Rate and Method of Apportionment of Special Tax" herein.

Authorization to Issue the Bonds

The Act was enacted by the State of California Legislature to provide an alternative method of financing certain public facilities and services, especially in developing areas. Once duly established, a community facilities district is a legally constituted governmental entity with defined boundaries established for the purpose of financing specific facilities and services. Subject to approval by a two-thirds vote of the qualified electors within a community facilities district and compliance with the provisions of the Act, a community facilities district may issue bonds and may levy and collect special taxes to repay such bonded indebtedness.

The Act also permits the designation of one or more improvement areas within a community facilities district. Subject to approval by two-thirds of the qualified electors within a designated improvement area, a community facilities district may incur bonded indebtedness to finance specific facilities and services. Such bonded indebtedness is payable only from authorized special taxes levied on land within such improvement area. The proceedings for formation of the District, as described in the following paragraph, included designation of two improvement areas, consisting of Improvement Area A and Improvement Area B. The Bonds are secured solely by Special Taxes to be levied and collected within Improvement Area A.

Pursuant to the Act, the Board, acting as the legislative body of the District, adopted a resolution stating its intent to establish the District and the two improvement areas within the District and authorized the levy of special taxes on land within the boundaries of each of the two improvement areas. Following a public hearing conducted pursuant to the Act, the Board, as the legislative body of the District, adopted a resolution establishing the District and the improvement areas and calling a special election to submit the propositions authorizing the levy of the Special Taxes and the incurring of a bonded indebtedness to the qualified electors of Improvement Area A. At an election held on October 25, 1991 pursuant to the Act, the qualified electors, consisting of the then landowners within the boundaries of Improvement Area A, authorized the District to incur bonded indebtedness in a principal amount not to exceed $13,000,000 to finance certain public capital infrastructure facilities, including a portion of a school site.

In addition to the $4,675,000 in principal amount of Prior Bonds previously issued, up to $8,325,000 principal amount of additional bonds are authorized to be issued in Improvement Area A payable from the Special Taxes and other amounts deposited in the Special Tax Fund on a parity with the Bonds if the requirements set forth in the Indenture are met. See "THE BONDS – Additional Bonds," and "SECURITY FOR THE BONDS – Additional Bonds Test" herein.

The amount of the Special Tax to be levied annually will depend on, among other things, whether a given parcel is classified as Developed Property or Undeveloped Property (as such terms are hereinafter defined) and, for purposes of calculating the back-up special tax, on the square footage of the parcel classified as Developed Property. See "SECURITY FOR THE BONDS – Rate and Method of Apportionment" and "APPENDIX B – Rate and Method of Apportionment of Special Tax."

Improvement Area A

General. Improvement Area A is composed of approximately 350 gross acres of land and is located approximately 1/4 mile east of Agua Dulce Canyon Road, in the northwest corner of the County. Improvement Area A is bounded by Sierra Highway on the north, Lagos Road on the south, and Wyse Road on the east.

As originally intended, Improvement Area A was to consist of two residential areas. The first residential area was planned to contain 61 residential units and the second residential area was planned to contain 84 residential units. However, the current and planned uses of the property have evolved into two distinct components: the Phase 1 Portion (as defined herein) and the Phase 2 Portion (as defined herein).

The Phase 1 Portion. On May 22, 1991, Tract Map 34038 was recorded in the County, allowing for the development of 61 single family residential units (the "Phase 1 Portion").

Of the 61 lots entitled, building permits have been issued by the County for the construction of 59 homes. Watt Land, Inc., a California corporation ("Watt"), sold 4 lots to individual owners. Of these lots, 3 contain homes owned by individual homeowners and 1 – herein referred to as "Lot 034-6" - remains unimproved. Thereafter, Watt conveyed the remaining property in Tract Map 34038 to Imperial Bank (now Comerica Bank). An outside builder bought 1 lot from Imperial Bank, thereafter constructing and selling a home on the lot to an individual homeowner.

Werbco Construction Corporation, a California corporation ("Werbco"), purchased the remaining 56 lots from Imperial Bank in 1996. After taking ownership, Werbco constructed 3 model homes and has since completed construction on, and sold to individual homeowners, 46 homes.

Werbco also owns 9 additional homes on the Phase 1 Portion (7 production homes and 2 model homes) which are completed or substantially completed and are being marketed to homeowners. As of June 1, 2003, 5 of the remaining 7 production homes owned by Werbco were in escrow. Additionally, of the remaining model homes, 1 was in escrow. Thus, there are currently 59 constructed homes in the Phase 1 Portion. Werbco also owns a 28-acre parcel ("Lot 034-28") that is entitled for the construction of 1 home, but as of June 1, 2003, this parcel remains unimproved. Werbco plans to develop Lot 034-28 at a future point in time. See "IMPROVEMENT AREA A" herein.

Assessed Property Values of the Phase 1 Portion. The aggregate assessed value of the property within the Phase 1 Portion, as shown on the current assessment roll maintained by the County Assessor, is $28,837,537. The ratio of the assessed value of the property within the Phase 1 Portion to the total lien of the Bonds (assumed to equal $3,700,000*) is approximately 7.8:1*.

There are 7 parcels of property in the Phase 1 Portion that have assessed value-to-lien ratios below 3:1 (assuming $3,700,000* principal amount of Bonds). However, of these parcels below a 3:1 value-to-lien ratio, the County Assessor has not yet valued any of the improvements on all but one of the parcels, although homes have been constructed on those parcels. The one parcel with an assessed value-to-lien ratio below 3:1 where the County Assessor has valued the improvements is assessor's parcel number 3213-035-033 ("Lot 035-33"). The assessed value of Lot 035-33 is lower than the balance of similarly situated improved parcels in the Phase 1 Portion because the owner of Lot 035-33 was able, pursuant to California Proposition 60, to transfer the base-year value of a previous residence to this new residence in the Phase 1 Portion. However, if the purchase price of the home on Lot 035-33 is used as a measure of the value of the property (i.e., $505,909), then the value-to-lien ratio would be in excess of 3:1.

Neither the Phase 1 Portion, Improvement Area A nor the District can be foreclosed upon as a whole to pay delinquent Special Taxes. Rather, only individual parcels that are delinquent in the payment of the Special Taxes may be foreclosed upon to pay such delinquent Special Taxes. See "IMPROVEMENT AREA A – Property Values; Value-to-Lien Ratio" herein.

The Phase 2 Portion. Tentative Tract Map No. 48786, which allowed for the development of 84 units on 194 acres within Improvement Area A (the "Phase 2 Portion"), expired and was neither extended nor recorded. Of this property, 89 acres are currently owned by Agua Dulce Vineyards, LLC (the "Winery"). In addition to the Winery, there are three other owners who own approximately 105 acres of land within that area covered by the expired Tentative Tract Map No. 48786. Pursuant to the current County assessment roll, the three other owners within the Phase 2 Portion are: Robert Reyes Sr. as Trustee for the Sandra Manor Trust; Jerome H. Snyder; and Van Huisen Associates, LLC.

The Phase 2 Portion does not currently pay any Special Taxes as to date, in accordance with the Rate and Method of Apportionment, Special Taxes have been levied on Developed Property only and each parcel within the Phase 2 Portion is, as of the date hereof, classified under the Rate and Method of Apportionment as Undeveloped Property. Absent (i) significant delinquencies of the Developed Property necessitating a levy on the Undeveloped Property, (ii) the reclassification of some or all of the parcels in the Phase 2 Portion as Developed Property by the filing of a final tract map on all or part of the Phase 2 Portion, or (iii) the issuance of Additional Bonds, the District anticipates that Special Taxes will only be levied upon the Phase 1 Portion of Improvement Area A. See "IMPROVEMENT AREA A," and "APPENDIX B - Rate and Method of Apportionment of Special Tax" herein.

Assessed Property Values of the Phase 2 Portion. The aggregate assessed value of the property within the Phase 2 Portion, as shown on the current assessment roll maintained by the County Assessor, is $4,778,485. **Since only the parcels in the Phase 1 Portion of Improvement Area A are currently being taxed by the District, a value-to-lien ratio has not been calculated for the Phase 2 Portion.** Although the Phase 2 Portion is in Improvement Area A, only individual parcels that are delinquent in the payment of Special Taxes may be foreclosed upon to pay such delinquent Special Taxes. See "IMPROVEMENT AREA A – The Phase 2 Portion" herein.

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* Preliminary; subject to change.

Security for the Bonds

The Special Tax. The Bonds, the interest thereon, and any amounts required to replenish the balance in the Reserve Fund to the Reserve Requirement (as such terms are herein defined) are payable from the annual Net Taxes to be levied on the taxable property within Improvement Area A and moneys, including portions of the interest earned thereon, held in certain funds established under the Indenture. The District has covenanted to comply with all requirements of the Act and the Indenture to assure the timely collection of the Special Taxes in accordance with the Rate and Method of Apportionment, including, without limitation, the enforcement of delinquent Special Taxes. Any funds received by the County on behalf of Improvement Area A, including, but not limited to, collections of Special Taxes upon the secured tax rolls and collections of delinquent Special Taxes and penalties thereon through foreclosure proceedings, or portions thereof, will be transmitted in a timely manner to the Fiscal Agent, without deduction, to be deposited into the Special Tax Fund in accordance with the terms of the Indenture. See "SECURITY FOR THE BONDS – Pledge Under Indenture; Special Tax Revenues" and "APPENDIX B – Rate and Method of Apportionment of Special Tax" herein.

Reserve Fund. Pursuant to the Indenture, the Fiscal Agent will establish a reserve fund (the "Reserve Fund"), in which the District is required to maintain an amount equal to the Reserve Requirement (as defined herein). Moneys in the Reserve Fund, including draws on a Reserve Facility (as defined herein), if any, shall be used solely for the purpose of paying the principal of and interest on the Bonds in the event that moneys in the Bond Service Fund are insufficient therefore. See "SECURITY FOR THE BONDS – Reserve Fund" herein.

Covenant to Commence Foreclosure. If the Fiscal Agent determines at any time that the balance in the Reserve Fund is less than the Reserve Requirement as the result of the failure by one or more owners of real property to pay Special Taxes when due, the District has covenanted with and for the benefit of the registered owners of the Bonds that the District will commence and diligently prosecute to completion such foreclosure proceedings against the delinquent property as may be necessary to restore the Reserve Fund balance to the Reserve Requirement. See "SECURITY FOR THE BONDS – Covenant to Commence Foreclosure for Delinquent Special Taxes" herein.

Book-Entry-Only System

The Bonds will be delivered in fully registered form only and when executed and delivered will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Ownership interests may be purchased in book-entry form only in denominations of $5,000 or any integral multiple thereof. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, principal of, premium, if any, and interest on the Bonds is payable to DTC participants for subsequent disbursement to beneficial owners of the Bonds. See "APPENDIX D – Book-Entry Only System" herein.

Limited Obligations

THE BONDS AND INTEREST THEREON TOGETHER WITH ANY PREMIUM PAID THEREON UPON REDEMPTION, ARE NOT OBLIGATIONS OF THE COUNTY, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT SECURED BY AND PAYABLE FROM AN IRREVOCABLE FIRST LIEN ON THE NET TAXES. EXCEPT WITH RESPECT TO THE SPECIAL TAXES, NEITHER THE CREDIT NOR THE TAXING POWER OF THE DISTRICT OR THE COUNTY IS PLEDGED FOR THE PAYMENT OF THE BONDS OR THE INTEREST THEREON, AND, NO BONDOWNER MAY COMPEL THE EXERCISE OF TAXING POWER BY THE DISTRICT OR THE COUNTY OR THE FORFEITURE OF ANY OF THEIR

PROPERTY. THE PRINCIPAL OF AND INTEREST ON THE BONDS AND PREMIUMS UPON THE REDEMPTION THEREOF, IF ANY, ARE NOT A DEBT OF THE DISTRICT, THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION. THE BONDS ARE NOT A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN OR ENCUMBRANCE UPON ANY OF THE DISTRICT'S PROPERTY, OR UPON ANY OF ITS INCOME, RECEIPTS, OR REVENUES, EXCEPT THE AMOUNTS WHICH ARE, UNDER THE INDENTURE AND THE ACT, SET ASIDE FOR THE PAYMENT OF THE BONDS AND INTEREST THEREON AND NEITHER THE MEMBERS OF THE LEGISLATIVE BODY OF THE DISTRICT NOR ANY PERSONS EXECUTING THE BONDS ARE LIABLE PERSONALLY ON THE BONDS BY REASON OF THEIR ISSUANCE.

Special Risk Factors

A number of risk factors should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Bonds. See "RISK FACTORS."

Continuing Disclosure

The District has agreed to provide, or cause to be provided, certain information and notice of certain material events pursuant to a continuing disclosure undertaking (the "Continuing Disclosure Undertaking") to each nationally recognized municipal securities information repository and any public or private repository or entity designated by the State of California as a state repository for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission. The Continuing Disclosure Undertaking is the first undertaking by the District in compliance with Rule 15c2-12, and, therefore, the District has never defaulted in providing continuing disclosure under Rule 15c2-12. See "CONTINUING DISCLOSURE" and "APPENDIX C – Form of Continuing Disclosure Undertaking" for a description of the specific nature of the annual reports to be filed by the District, and notices of material events to be provided by the District.

Tax Matters

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is exempt from personal income taxes of the State of California and, assuming compliance with certain covenants described herein, is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Set forth in Appendix A is the opinion of Bond Counsel expected to be delivered in connection with the issuance of the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption "IMPROVEMENT AREA A."

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 DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Professionals Involved in the Offering

The Treasurer and Tax Collector of the County of Los Angeles will act as Paying Agent under the Indenture and as the initial Dissemination Agent under the Continuing Disclosure Undertaking. See "APPENDIX C – Form of Continuing Disclosure Undertaking." Stone & Youngberg LLC is the Underwriter of the Bonds. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Arter & Hadden LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Pillsbury Winthrop LLP, Los Angeles, California. Other professional services have been performed by David Taussig & Associates, Inc., as Special Tax Consultant. The Verification Agent is Causey Demgen & Moore Inc., Denver, Colorado.

Summaries of Documents; Documents Available for Inspection

Brief descriptions of the Bonds, the Resolution, the Indenture, the Escrow Agreement, the Continuing Disclosure Undertaking, and other information are included in this Official Statement together with summaries of certain provisions of the Bonds and the Indenture. Such descriptions and information do not purport to be comprehensive or definitive. All such descriptions of documents are qualified in their entirety by reference to such documents, copies of which are available for inspection at the office of the Treasurer and Tax Collector of the County of Los Angeles, 500 West Temple Street, Room 437, Los Angeles, California 90012.

THE BONDS

General Provisions

The Bonds are being issued pursuant to the Act and the provisions of the Indenture. The Bonds will be issued in fully registered form without coupons and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "APPENDIX D – Book-Entry Only System" herein.

The Bonds shall be designated "Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds, Series 2003A (Sierra Colony Ranch)." The Bonds shall be issued in authorized denominations of $5,000 or any integral multiple thereof. The Bonds shall be issued in the aggregate principal amount as shown on, shall mature and be payable on September 1 in the years and in the aggregate principal amounts as shown on, and shall bear interest at the rate as set forth on the cover page hereof.

Principal of, premium (if any), and interest on the Bonds will be payable in lawful money of the United States of America. The principal of the Bonds and any premium due upon the redemption thereof will be payable upon presentation and surrender thereof, at maturity or earlier redemption, at the principal office of the Paying Agent located in Los Angeles, California. Interest with respect to each Bond shall accrue from the initial date of issuance thereof and will be payable on March 1 and September 1 of each year, commencing September 1, 2003 (each, an "Interest Payment Date"). Interest on any Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after the fifteenth calendar day of the month preceding any Interest Payment Date (each, a "Record Date") but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest shall be payable from the dated date of the Bonds; provided, however, that if at the time of authentication of such Bond interest is in default, interest on that Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or from the dated date of the Bonds if no interest has been paid or made available for payment.

Interest on any Bond will be paid by check or draft of the Paying Agent mailed by first class mail, postage prepaid, to the person whose name shall appear in the registration books maintained by the Paying Agent (the "Bond Register") as the registered owner (the "Owner" or "Bondowner") of such Bond as of the close of business on the Record Date at the address which appears on the Bond Register; provided however, that interest payable to an owner of $1,000,000 or more aggregate principal amount of Bonds will be paid by wire transfer to such account within the United States as such Owner shall have specified in writing at least twenty (20) days prior to the applicable Interest Payment Date to the Paying Agent for such purpose. Certain of the provisions described above will not apply as long as the Bonds are subject to a book-entry only system. See "THE BONDS – Book-Entry Only System," and "APPENDIX D – Book-Entry Only System" herein.

Redemption Provisions

Optional Redemption. The Bonds maturing on or after September 1, 20__ may be redeemed prior to maturity, in whole or in part on any Interest Payment Date, *pro rata* among maturities and by lot within a maturity, from amounts on deposit in the Redemption Fund, at the option of the District on or after September 1, 20__ at the following redemption prices, expressed as a percentage of par value of the Bonds to be redeemed, together with accrued interest to the date of redemption:

Redemption Date	Redemption Price
September 1, 20__ or March 1, 20__	%
September 1, 20__ or March 1, 20__	
September 1, 20__ and thereafter	

In the event that the District shall elect to redeem Bonds as described above, the District is required to give written notice to the Paying Agent of its election to so redeem the Bonds, the redemption date, and the principal amount of the Bonds to be redeemed. Such notice shall be given at least thirty (30) days but not more than sixty (60) days prior to the redemption date.

Mandatory Sinking Payment Redemption. The Bonds maturing on September 1, 2022 (the "Term Bonds") are subject to mandatory sinking payment redemption in part, by lot, on September 1, 20__, and on each September 1 thereafter to and including September 1, 2022, from mandatory sinking fund payments set aside in the Bond Service Fund, at a redemption price equal to the principal amount

thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the respective dates set forth below:

Redemption Date (September 1)	Principal Amount $

(Maturity)

In lieu of having the Fiscal Agent deposit cash with the Paying Agent as a mandatory sinking fund payment, the District will have the option to tender to the Paying Agent for cancellation any amount of Term Bonds purchased by the District, which Term Bonds may be purchased by the District at public or private sale as and when and at such prices as the District may in its discretion determine. The principal amount of any Term Bonds so purchased by the District and tendered to the Paying Agent in any twelve-month period ending on July 1 in any calendar year will be credited toward and will reduce the next mandatory sinking fund payments required to be made with respect to such Term Bonds.

Selection of Bonds for Redemption. Whenever less than all of the outstanding bonds are to be redeemed, the Paying Agent shall redeem the Bonds *pro rata* among maturities and by lot within a maturity; provided, however, that the portion of any Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or an integral multiple thereof, and that, in selecting portions of such Bonds for redemption, the Paying Agent shall treat each such Bond as representing that number of Bonds of a $5,000 denomination that is obtained by dividing the principal amount of such Bond to be redeemed in part by $5,000. The Paying Agent will promptly notify the District in writing of the Bonds, or portions thereof, selected for redemption. In the event of a partial redemption of any Term Bonds, the mandatory sinking fund payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of Term Bonds to be partially redeemed in inverse order of mandatory sinking fund redemption dates.

Notice of Redemption. When redemption is required pursuant to the terms of the Indenture, the Paying Agent is required to give notice (the "Redemption Notice"), at the expense of the District, of the redemption of the Bonds. Such Redemption Notice must specify: (i) the Bonds or designated portions thereof which are to be redeemed, (ii) the date of redemption, (iii) the place or places where the redemption will be made, including the name and address of any redemption agent, (iv) the redemption price, (v) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, and (vi) if less than all Bonds of a maturity are to be redeemed, the Bond numbers of the Bonds to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with interest accrued to the redemption date, and that from and after such date, interest thereon will cease to accrue and be payable.

Pursuant to the Indenture, the Paying Agent is required to give notice at least thirty (30) days but not more than forty-five (45) days prior to the redemption date to the Owners of such Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register as of the close of business on the day before such Redemption Notice is given. The Paying Agent is also required to give notice of such redemption at least thirty-five (35) days prior to the applicable redemption date to certain Securities Depositories and Information Services, as such terms are defined in the

Indenture. Neither failure to receive the Redemption Notice nor any error in such notice shall affect the validity of the proceedings for the redemption of Bonds.

Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the Paying Agent will authenticate and deliver to the Owner, at the expense of the District, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered, with the same interest rate and same maturity. Such partial redemption will be valid upon payment of the amount required to be paid to such Owner, and the District and the Paying Agent will be released and discharged thereupon from all liability to the extent of such payment.

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 Bonds called for redemption will have been made available to the Paying Agent as provided in the Indenture, in the Redemption Fund, such Bonds so called will cease to be entitled to any benefit under the Indenture 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 such notice.

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Debt Service for the Bonds

The following Table 1 sets forth the annual debt service requirements (including sinking fund payments) for the Bonds:

Table 1

Debt Service Schedule

Year (September 1)	Principal Due on Bonds	Interest Due on Bonds	Total Debt Service Due on Bonds
2003	$	$	$
2004			
2005			
2006			
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
	$	$	$

Source: Stone & Youngberg LLC

Additional Bonds

The District is authorized to incur bonded indebtedness in an amount not to exceed $13,000,000 for Improvement Area A. In addition to the $4,675,000 in principal amount of Prior Bonds previously issued, up to $8,325,000 principal amount of additional bonds ("Additional Bonds") are authorized to be issued in Improvement Area A payable from, and secured by a lien on, the Special Taxes and other amounts deposited in the Special Tax Fund on a parity with the Bonds if the requirements set forth in the Indenture are met. See "SECURITY FOR THE BONDS – Additional Bonds Test," and "APPENDIX E - Summary of Certain Provisions of the Indenture" herein.

Book-Entry Only System

The Bonds will be delivered in fully registered form only and when executed and delivered will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. Ownership interests may be purchased in book-entry form only in denominations of $5,000 or any integral multiple thereof. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments of principal and interest with respect to such Bond and all notices with respect to such Bond shall be made and given as defined herein or as otherwise instructed by DTC and acceptable to the District. See "APPENDIX D – Book-Entry Only System."

REFUNDING PLAN

The Prior Bonds

A portion of the proceeds from the sale of the Bonds will be used to refund all of the outstanding Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Bonds, Series 1993A (Sierra Colony Ranch), which were issued under a resolution adopted October 20, 1992 by the Board, acting as the legislative body of the District in the original aggregate principal amount of $4,675,000 (the "Prior Bonds"). The Prior Bonds are currently outstanding in the principal amount of $3,875,000. The Prior Bonds were issued by the District to provide moneys for the acquisition, construction, and installation of certain public capital infrastructure facilities, including a portion of a school site (collectively, the "Facilities"). The purpose of the issuance of the Bonds is to refinance, at a lower interest rate, the obligations secured by the property in Improvement Area A. See "IMPROVEMENT AREA A – Description of Facilities Financed With Prior Bond Proceeds" herein.

Escrow Agreement

The Prior Bonds will be refunded and defeased in accordance with the terms of that certain Indenture dated as of January 1, 1993 (the "Prior Indenture"), by and among the District acting through the Board, the Treasurer and Tax Collector, as the paying agent, and the Auditor-Controller, as the fiscal agent (the "Prior Fiscal Agent"). On the date of delivery of the Bonds, a portion of the proceeds from the sale of the Bonds (the "Refunding Proceeds"), together with certain moneys currently on deposit in the funds and accounts established under the Prior Indenture and currently being held by the Prior Fiscal Agent (together with the Refunding Proceeds, the "Escrow Proceeds"), will be delivered to the escrow agent (the "Escrow Agent") under that certain Escrow Agreement dated as of July 1, 2003 (the "Escrow Agreement"), by and between the District and the Escrow Agent. The Escrow Agent will hold the Escrow Proceeds in an irrevocable escrow fund (the "Escrow Fund") for the benefit of the owners of the Prior Bonds, to be applied solely as provided in the Escrow Agreement.

Pursuant to the Escrow Agreement, the Escrow Agent will use a portion of the moneys on deposit in the Escrow Fund to purchase non-callable direct obligations of the United States of America ("Federal Securities"), in an amount, bearing interest, and subject to terms so that such Federal Securities will be sufficient, when added to any uninvested cash in the Escrow Fund, to discharge the Prior Indenture in accordance with its terms by providing funds sufficient to (i) pay any and all principal and interest due on the Prior Bonds on September 1, 2003, and (ii) on September 1, 2003, pay the redemption price of all of the outstanding Prior Bonds maturing on September 1, 2004 and thereafter, including a redemption premium of one percent (1%) of the principal amount thereof.

Verification Report

Causey Demgen & Moore Inc., a firm of independent certified public accountants located in Denver, Colorado, will verify the accuracy of the mathematical computations of the adequacy of the maturing principal of and interest earned on the Federal Securities held under the Escrow Agreement by the Escrow Agent, together with other available funds held by the Escrow Agent, to provide for the refunding and defeasance of the Prior Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following table describes the estimated sources and uses of funds in connection with the sale of the Bonds.

Sources of Funds:	
Principal Amount of Bonds	$
Transfer from Prior Fiscal Agent[1]	
Less: Underwriter's Discount	(_____)
Total	$
Uses of Funds:	
Deposit to Reserve Fund[2]	$
Deposit to Cost of Issuance Fund[3]	
Deposit to Escrow Fund	
Transfer to Escrow Agent for Deposit in Escrow Fund	
Transfer to Special Tax Fund	
Transfer to Bond Service Fund[4]	
Total	$

(1) Comprised of moneys in funds previously established under the Prior Indenture.
(2) Amount represents the Reserve Requirement.
(3) Moneys in the Costs of Issuance Fund will be used to pay the fees and expenses of Bond Counsel, the Paying Agent, Special Tax Consultant, and the Verification Agent, as well as printing and other miscellaneous costs.
(4) Transfers will be used to make the September 1, 2003 debt service payment on the Bonds.

SECURITY FOR THE BONDS

Pledge Under the Indenture; Special Tax Revenues

Pursuant to the Indenture, the Bonds are secured by a pledge of all Net Taxes in the Special Tax Fund, and all moneys on deposit in the Bond Service Fund and the Reserve Fund. Amounts in the Administrative Expense Fund, the Escrow Fund, the Rebate Fund, and the Costs of Issuance Fund are not pledged to the repayment of the Bonds. The term "Net Taxes" is defined in the Indenture as the amount of all Gross Taxes minus Administrative Expenses. The term "Gross Taxes" is defined in the Indenture as (i) all Special Taxes and (ii) all proceeds from the sale of property collected pursuant to the foreclosure provisions of the Act and the Indenture for the delinquency of such Special Taxes. The term "Administrative Expenses" is defined in the Indenture as the ordinary and necessary costs of administering the levy and collection of the Special Taxes, including but not limited to annual audit fees, Paying Agent fees, Fiscal Agent fees, Escrow Agent fees, fees incurred in connection with the calculation of arbitrage rebate due to the federal government, and costs of compliance with disclosure obligations of the District.

All Gross Taxes received by the District will be transferred to the Fiscal Agent for deposit into the Special Tax Fund. Special Taxes levied by the County on behalf of the District will be collected for the County by the Treasurer and Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes are collected by the County. In addition, the Act provides that the Board could authorize that Special Taxes be collected by direct billing by the County of the affected landowners.

If the Fiscal Agent determines at any time that the balance in the Reserve Fund is less than the Reserve Requirement as the result of the failure by one or more owners of real property to pay Special Taxes when due, the District and the County on the District's behalf have covenanted with and for the benefit of the registered owners of the Bonds that the District will commence and diligently prosecute to completion such foreclosure proceedings against the delinquent property as may be necessary to restore the Reserve Fund balance to the Reserve Requirement.

The obligations of the District under the Indenture and the Bonds are special obligations of the District, payable solely from the Net Taxes and the moneys on deposit in certain of the funds pledged therefore under the Indenture. Neither the faith and credit nor the taxing power of the District (except to the limited extent described herein), the County, or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

The Special Taxes will be levied against taxable property within Improvement Area A. Such Special Taxes do not constitute a personal indebtedness of the respective property owners. There is no assurance that the property owners will be financially able to pay the annual Special Taxes or that they will pay such Special Taxes even if financially able to do so. See "RISK FACTORS – Collection of Special Taxes" herein.

Rate and Method of Apportionment

The Rate and Method of Apportionment contains the formula for determining the levy of Special Taxes. See "APPENDIX B – Rate and Method of Apportionment of Special Tax" herein. All capitalized terms used in this subsection that are not defined in this Official Statement have the meanings given to such terms in the Rate and Method of Apportionment, attached to this Official Statement as Appendix B.

Pursuant to the Rate and Method of Apportionment, the Special Tax will be levied on each lot or parcel within Improvement Area A in sufficient amount to pay the "Special Tax Requirement," which is (i) the debt service on all bonds or other periodic costs on the bonds or other indebtedness, (ii) the costs of remarketing, credit enhancement, and liquidity facility fees (including such fees for instruments that serve as the basis of a reserve fund in lieu of cash related to any such indebtedness), (iii) the cost of acquisition or construction of authorized facilities of Improvement Area A, (iv) Administrative Expenses, (v) costs associated with the release of funds from an escrow account if any, (vi) any amounts required to replenish any reserve funds, and (vii) an amount equal to the anticipated delinquent special taxes, as determined by the Board.

The Rate and Method makes a distinction between Developed Property and Undeveloped Property. Developed Property means for any Fiscal Year, all Taxable Property, exclusive of Taxable Public Property, for which a final tract map has been recorded as of March 1 of the prior Fiscal Year. Undeveloped Property is all other property within the boundaries of Improvement Area A, exclusive of Taxable Public Property, not classified as Developed Property. Special Taxes will be levied for a period not to exceed thirty (30) years.

A third category under the Rate and Method of Apportionment is Taxable Public Property, defined as all property within Improvement Area A owned by or dedicated to the federal government, State of California, local government or other public agency which was acquired by such public agencies through a negotiated transaction, gift or devise, including any dedication contingent upon approval of development plans which has not been exempted pursuant to the Rate and Method of Apportionment. The Maximum Special Tax for Taxable Public Property is $4,105 per acre. The District reports that there is no Taxable Public Property in Improvement Area A as of the date hereof.

Developed Property is subject to a Maximum Special Tax amount which is the greater of the amount derived by multiplying the square footage of the Assessor's Parcel by the Backup Special Tax, or the amount derived by applying the Assigned Special Tax. The Backup Special Tax is $0.0942 per square foot of the parcel (not the homes located on the parcel) while the Assigned Special Tax for Developed Property is $7,667 per Assessor's Parcel. Thus, the Maximum Special Tax on a parcel of Developed Property is the greater of $7,667 or the product of $0.0942 times the total square feet of the parcel. There is no provision in the Rate and Method of Apportionment for an increase in either the Assigned Special Tax or the Backup Special Tax.

The Maximum Special Tax for Undeveloped Property is $4,200 per acre. However, Undeveloped Property is not taxed unless additional monies are required to achieve the Special Tax Requirement after taxing the Developed Property, as discussed below.

Each Fiscal Year, the Special Tax is levied on property in Improvement Area A in the manner set forth in the Rate and Method of Apportionment until the amount of the levy equals the Special Tax Requirement. In order to achieve the Special Tax Requirement, the Board shall levy Special Taxes proportionately on Developed Property and Taxable Public Property up to 91% of the Assigned Special Tax for Developed Property and up to 91% of the Maximum Special Tax for Taxable Public Property. If additional monies are needed after the first step is completed, the Special Tax shall be levied proportionally on each parcel of Undeveloped Property, up to 91% of the Maximum Special Tax for Undeveloped Property. If additional monies are needed after the first two steps have been completed, then the levy of Special Tax on each parcel of Developed Property, Taxable Public Property and Undeveloped Property shall be increased in equal percentages up to 100% of the applicable Assigned Special Tax for Developed Property and up to 100% of the Maximum Special Tax for Taxable Public Property and Undeveloped Property. Finally, if additional monies are needed after the first three steps are completed, then the levy of the Special Tax on each parcel of Developed Property whose Maximum

Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages up to the Maximum Special Tax for each such parcel.

Since formation, the Special Tax has been levied only on Developed Property, which is comprised of the 61 lots in the Phase 1 Portion of Improvement Area A. The total Special Taxes to be levied on taxable property within the Phase 1 Portion for fiscal year 2003-2004 is expected to be approximately $348,663,* which is approximately 74.45%* of the Assigned Special Tax for Developed Property. Absent (i) significant delinquencies of the Developed Property necessitating the levy against Undeveloped Property, (ii) the reclassification of some or all of the parcels in the Phase 2 Portion as Developed Property by the filing of a final tract map on all or part of the Phase 2 Portion, or (iii) the issuance of Additional Bonds, the District anticipates that Special Taxes will only be levied upon the Phase 1 Portion of Improvement Area A.

The Rate and Method of Apportionment allows for the levy of Special Taxes to pay for improvements directly. To date, the County has not levied Special Taxes for the direct financing of improvements. However, the County may choose to do so in the future, which could increase the amount of Special Taxes levied on the Phase 1 Portion and result in the levy of Special Taxes on the Phase 2 Portion. See "APPENDIX B – Rate and Method of Apportionment of Special Tax" herein.

Reserve Fund

There shall be maintained in the Reserve Fund an amount equal to the Reserve Requirement, which is being initially funded from the proceeds of the Bonds. The Indenture provides that the Reserve Requirement means, as of any date of calculation, an amount equal to the least of (a) 10% of the stated principal amount (within the meaning of Section 148 of the Code) of the Bonds, (b) Maximum Annual Debt Service on the Outstanding Bonds (as such terms are defined in the Indenture), or (c) 125% of Average Annual Debt Service (as defined in the Indenture); *provided*, that any Reserve Facility (as defined below) shall be taken into account in calculating the balance on deposit in the Reserve Fund. Pursuant to the Indenture, the District may provide a surety bond or other financial instrument acceptable to the Treasurer (the "Reserve Facility") in lieu of all or a portion of the moneys required to be maintained in the Reserve Fund.

Except for as provided below, moneys in the Reserve Fund, including draws on the Reserve Facility, if any, shall be used solely for the purpose of paying the principal of and interest on the Bonds in the event that the moneys in the Bond Service Fund are insufficient therefore. If the amount on deposit in the Reserve Fund, including the Reserve Facility, if any, is less than the Reserve Requirement, the Fiscal Agent will notify the District of the amount needed to replenish the Reserve Fund to the Reserve Requirement. Subsequently, the District shall collect such deficiency either through including such amount in the next annual Special Tax levy, to the extent permitted by law, or otherwise. If amounts on deposit in the Reserve Fund, including the Reserve Facility, if any, are less than the Reserve Requirement, after making the required transfers to the Administrative Expense Fund and the Bond Service Fund, the Fiscal Agent will transfer to the Reserve Fund from the first available moneys in the Special Tax Fund an amount necessary to increase the balance therein to the Reserve Requirement. If on July 1 of each year, the amount on deposit in the Reserve Fund is in excess of the Reserve Requirement, the Fiscal Agent will transfer such excess to the Bond Service Fund as required under the terms of the Indenture. Moneys in the Reserve Fund shall be transferred to the Bond Service Fund on the final maturity of the Bonds and applied to the payment of the principal of and interest on the last outstanding maturity of the Bonds. See "APPENDIX E – Summary of Certain Provisions of the Indenture" herein.

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* Preliminary; subject to change

Covenant to Commence Foreclosure for Delinquent Special Taxes

Pursuant to Section 53356.1 of the Act, the District, has covenanted with and for the benefit of the Owners that it shall order, and cause to be commenced as provided in the Indenture, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following paragraph.

In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such a judicial foreclosure sale is not mandatory under the Act. However, pursuant to the Indenture, the District has covenanted for the benefit of the Owners to do the following: If the Fiscal Agent determines at any time that the balance in the Reserve Fund is less than the Reserve Requirement as the result of the failure by one or more owners of real property in Improvement Area A to pay Special Taxes when due, the District shall commence and diligently prosecute to completion foreclosure proceedings against the delinquent parcels of Property in Improvement Area A as may be necessary to restore the Reserve Fund balance to the Reserve Requirement. See "RISK FACTORS – Foreclosure Proceedings."

Additional Bonds Test

Following the issuance of the Bonds, Additional Bonds are permitted to be issued upon satisfaction of such conditions set forth in the Act, the Indenture, and such other conditions as the District may impose. Capitalized terms used in this section and not otherwise defined shall have the meanings given to such terms in the Indenture. See "APPENDIX E – Summary of Certain Provisions of the Indenture" herein.

The District may at any time issue Additional Bonds (in addition to the Bonds) payable from the proceeds of the Special Taxes as provided in the Indenture on a parity with the Bonds (and any other Series of Bonds issued under the Indenture), but only subject to the conditions precedent set forth in the Indenture (and summarized in "APPENDIX E – Summary of Certain Provisions of the Indenture"). Among the conditions precedent for the issuance of Additional Bonds are the following:

(a) The issuance of such Additional Bonds must be authorized under and pursuant to the Act and under and pursuant to the Indenture and provided for by a Supplemental Indenture which will specify, among other things, the purpose for which such Additional Bonds are to be issued; provided, that the proceeds of the sale of such Additional Bonds will be applied solely for the purpose of providing funds (i) to pay for the costs of the acquisition and construction of the Project, including costs incidental to or connected with such acquisition or (ii) to refund any Outstanding Bonds issued under the Indenture, including the payment of all costs incidental to or connected with financing;

(b) The District will comply with all agreements, conditions, covenants and terms contained in the Indenture and in all Supplemental Indentures required to be observed or performed by it; and

(c) The District must receive a certificate from one or more Independent Consultants which, when taken together, certify that (i) on the basis of the parcels of land and improvements existing in Improvement Area A as of the March 1 preceding the proposed issuance of the Additional Bonds, the amount of maximum Special Taxes that may be levied by the District pursuant to the Act, the Ordinance and the applicable resolutions of the District for each Bond

Year that the Bonds will be Outstanding, after subtracting an amount determined by the District to be necessary to pay Administrative Expenses, is at least 1.1 times Maximum Annual Debt Service on all Outstanding Bonds, including the Additional Bonds proposed to be issued, (ii) the fair market value of the land and improvements in Improvement Area A is at least three times the debt allocable to Improvement Area A, and (iii) the fair market value of the Undeveloped Property (as defined in the Rate and Method of Apportionment) within Improvement Area A is at least three times the debt allocable to such Undeveloped Property; provided, however, that if the fair market value of the Undeveloped Property is less than three times the debt allocable to such Undeveloped Property, a credit support in form and substance satisfactory to the District is provided to secure the payment of the Special Taxes due on such Undeveloped Property.

In making the calculations under (ii) and (iii) above, the fair market value of the land will be the appraised value of the land, including then existing improvements and any facilities to be constructed or acquired with the proceeds of the proposed Additional Bonds, as determined by an appraisal performed by an appraiser selected by the County. The debt allocable to the land will be the sum of the following:

(A) the portion of the aggregate principal amount of all Bonds then Outstanding (including for purposes of this calculation under this paragraph (A) the Additional Bonds proposed to be issued) equal to the aggregate principal amount of all Bonds Outstanding multiplied by a fraction the numerator of which is the amount of special taxes levied for all Bonds on such land and the denominator of which is the total amount of special taxes levied for all Bonds on all land (such fraction to be determined based upon the maximum special taxes which could be levied the year in which Maximum Annual Debt Service on all Bonds occurs), based upon land use classifications existing from the most recently available Fiscal Year, plus

(B) the pro rata portion of the principal amount of all assessment district bonds then outstanding which at the time of calculation are payable from assessments to be levied on such land, plus

(C) a portion of the aggregate principal amount of other community facilities district bonds then outstanding and payable at least partially from special taxes to be levied on such land (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 such land, and the denominator of which is the total amount of special taxes levied for the Other CFD Bonds on land (such fraction to be determined based upon the maximum special taxes which could be levied the year in which maximum annual debt service on the Other CFD Bonds occurs, except in the case of debt secured by ad valorem taxes such fraction shall be determined based on the taxes levied for the current Fiscal Year), based upon the land use classifications existing from the most recently available Fiscal Year.

For purposes of making the certifications described above, the Independent Consultants may rely on reports or certificates of such other persons as may be acceptable to the District, Bond Counsel and the underwriter of the proposed Additional Bonds.

Notwithstanding the foregoing, nothing contained in the Indenture will limit the issuance of any special tax bonds of the District payable from Special Taxes as provided in the Indenture if after the issuance and delivery of such special tax bonds none of the Bonds issued pursuant to the Indenture will be Outstanding.

IMPROVEMENT AREA A

The following information regarding the development and ownership of property in Improvement Area A has been derived from sources that the District believes to be reliable but is not guaranteed as to accuracy or completeness. The information set forth in the section "- Description of the Phase 1 Portion" came primarily from Roger Werbel of Werbco. The information in the section " – Description of the Phase 2 Portion" came from the Winery's conditional use permit application submitted to the County Department of Regional Planning. The Winery has not provided independent verification of the information contained herein. This information has been included because it may be considered relevant to an informed evaluation and analysis of the Bonds. The inclusion in this Official Statement of the following information should not be construed to suggest that the Bonds or the Special Taxes used to pay the Bonds are obligations of any owner of property within Improvement Area A payable other than from Special Taxes and foreclosure proceeds. The Bonds are secured by a pledge of and lien upon Net Taxes derived from Improvement Area A and the moneys on deposit in certain funds held under the Indenture. See "SECURITY FOR THE BONDS" herein.

General Information

At an election held pursuant to the Act on October 25, 1991, the qualified electors, consisting of the then landowners within the boundaries of Improvement Area A, authorized the District to incur bonded indebtedness in a principal amount not to exceed $13,000,000 to finance the Facilities.

The District, which is composed of two non-contiguous improvement areas, Improvement Area A and Improvement Area B, is located in the northwestern portion of the County, approximately 75 miles north of downtown Los Angeles, with access off of the CA-14 Freeway. This Official Statement discusses Improvement Area A only.

Any securities, notes or instruments issued for Improvement Area B are not secured by the property in Improvement Area A and, likewise, any securities, notes or instruments issued for Improvement Area A (including the Bonds) are not secured by property in Improvement Area B.

Improvement Area A consists of approximately 350 gross acres of land. The original developer recorded Tract Map No. 34038 on May 22, 1991, which allowed for the development of the Phase 1 Portion. The Phase 1 Portion contains 61 lots. To date, building permits have been issued for 59 lots. Residential development in what was to be the second phase was never pursued. Tentative Tract Map No. 48786 was approved by the County of Los Angeles Regional Planning Commission on February 19, 1992 (the "Phase 2 Portion Map"). However, the Phase 2 Portion Map expired and was neither extended nor renewed. As of June 1, 2003, according to the County Assessor's rolls, the Winery and three other parties own land in the Phase 2 Portion, which is considered Undeveloped Property under the Rate and Method of Apportionment. See "- Ownership of the Phase 1 Portion," "- Ownership of the Phase 2 Portion," and "APPENDIX B - Rate and Method of Apportionment of Special Taxes" herein.

Ownership of the Phase 1 Portion

The property within the Phase 1 Portion is comprised of approximately 155 acres and is owned by the following parties:

Individual Owners. As of June 1, 2003, there were 51 individual owners within the Phase 1 Portion. The property owned by each landowner is classified as Developed Property and is subject to the levy of Special Taxes. See "- Tax Delinquencies" and "SECURITY FOR THE BONDS" herein.

Werbco Construction Corp. In 1996, Werbco bought 56 finished lots from Imperial Bank (now Comerica Bank), and has since developed and sold 46 of the lots to individual owners. As of June 1, 2003, the remaining 10 lots were owned by Werbco, although 6 of them were in escrow to be sold to individual homeowners. Werbco owns 1 parcel that is not improved. Founded in 1961, Werbco is a California corporation owned and operated by its sole shareholder, Roger Werbel. Over the past forty years, Werbco has built over five thousand single-family residential units in Southern California. Werbco is current on its payment of Special Taxes for all property that it owns.

Description of the Phase 1 Portion

The original developer sold 4 lots to individual owners. Homes have been built on 3 of those lots. The other lot – Lot 034-6 - remains unimproved, as discussed below.

Subsequently, the remaining 57 parcels of the Phase 1 Portion were conveyed to Imperial Bank (now Comerica Bank), who in turn, conveyed 1 parcel to an outside builder and 56 parcels to Werbco.

The outside builder built and then sold 1 home to an individual homeowner.

In 1998, Werbco began the first of what would be six stages of construction on the Phase 1 Portion by building 3 model homes - the Berkshire, the Devonshire and the Hampshire. By the year 2000, Werbco closed escrow on the first 10 production homes. Thereafter, Werbco closed escrow on an additional 11 houses in 2000, 10 in 2001, and 10 in 2002. As of June 1, 2003, Werbco has sold 4 production and 1 model home in 2003. Thus, Werbco owns property that contains the 2 models and 7 substantially completed production homes. Werbco is in escrow to sell 5 of these remaining 7 production homes. Additionally, Werbco is in escrow to sell 1 of the remaining model homes. Lot 034-28 is also owned by Werbco and remains unimproved, as discussed below.

The following Table 2 describes the breakdown of construction on the lots in the Phase 1 Portion owned by Werbco:

Table 2

Development Breakdown for Werbco

Classification of Home	Number of Homes Constructed	Price Range	Year Delivered
Production	**10**	**$450,000 - 556,000**	**2000**
Production	**11**	**450,000 - 560,000**	**2000**
Production	**10**	**495,000 - 590,000**	**2001**
Production	**6**	**528,000 - 650,000**	**2002**
Production	**5**	**553,000 - 690,000**	**2002**
Production	**10**	**528,000 – 780,000**	**2003[1]**
Models	**3**	**775,000 - 820,000**	**2003[2]**
Total	**55[3]**		

(1) All 10 homes are substantially completed. As of June 1, 2003, Werbco sold 4 of the 10 production homes of the remaining 6 production homes constructed in 2003, and 1 production home constructed in 2002 that were owned by Werbco on June 1, 2003. 4 of the 6 remaining production homes are in escrow and expected to be delivered in 2003.
(2) All 3 model homes are fully constructed. As of June 1, 2003, Werbco has sold 1 of the 3 model homes, and the remaining 2 model homes are in escrow and expected to be delivered in 2003.
(3) Of the 56 parcels purchased by Werbco from Imperial Bank, 55 have building permits issued, while Lot 034-28 remains unimproved.

Source: Roger Werbel, Werbco.

Werbco offered three product lines of homes ranging in size from approximately 3,200 square feet to approximately 4,200 square feet, with base prices ranging between approximately $450,000 to approximately $780,000. The completed models range in price from $775,000 to $820,000. Lot location is a significant contributor to the variations in price.

Lot 034-28 is also owned by Werbco. Although the 28-acre lot is unimproved, it is classified as Developed Property under the Rate and Method of Apportionment and is subject to the levy of Special Taxes. Lot 034-28 represents 1.64% of the expected Special Tax levy in 2003-04 based on the Assigned Special Tax rate. Until this lot is improved, it is less valuable than improved property, although its current assessed value is in excess of $389,000. Werbco plans to develop Lot 034-28 at a future point in time. See "RISK FACTORS," and "APPENDIX B – Rate and Method of Apportionment of Special Tax" herein.

Lot 034-6 is owned by an individual owner, is 2.22 acres in size, and is unimproved. The Special Taxes due on Lot 034-6 have not been paid since 1996. The County and the District have not instituted foreclosure proceedings because there has never been a draw on the reserve fund associated with the Prior Bonds; however, Lot 034-6 is currently eligible for sale by the County Treasurer and Tax Collector. A

portion of the proceeds from the County sale would be remitted to the District. No assurances can be made that Lot 034-6 will be offered for sale by the County Treasurer and Tax Collector, or if offered, that it will be sold.

Thus, the Phase 1 Portion is comprised of 59 single-family homes, one unimproved lot of 28 acres, and one unimproved lot of 2.22 acres.

In addition to the homes, Werbco is completing construction of a water well for the SPV Water Company. The construction of this well will be initially funded by Werbco.

Ownership of the Phase 2 Portion

The Phase 2 Portion is comprised of approximately 194 acres and, according to the County Assessor's rolls, is currently owned by the Winery and three other landowners: Robert Reyes Sr. as Trustee for the Sandra Manor Trust; Jerome H. Snyder; and Van Huisen Associates, LLC. The Winery has operated a grape farm on a portion of the Phase 2 Portion. The remaining acreage in the Phase 2 Portion is primarily unimproved.

Description of the Phase 2 Portion

Even though the Phase 2 Map was approved by the County of Los Angeles Regional Planning Commission on February 19, 1992 and allowed for the development of 84 single family residential units, the Phase 2 Map expired on February 19, 1994 and was neither extended nor recorded by the original developer. The Phase 2 Map covers all of that real property owned by the Winery, and the three other property owners in the Phase 2 Portion.

All of the property in the Phase 2 Portion is currently classified as Undeveloped Property under the Rate and Method of Apportionment. As such, it is not taxed by the District unless the Special Taxes levied against the Developed Property (i.e., the Phase 1 Portion) are insufficient to pay the Special Tax Requirement. Although the Phase 2 Portion is not currently being taxed, if (i) there are significant delinquencies in the payment of Special Taxes by the Developed Property necessitating the levy of Special Taxes on the Undeveloped Property, (ii) Additional Bonds are issued, or (iii) the Undeveloped Property is reclassified as Developed Property by the filing of a final tract map, the property in the Phase 2 Portion may be subject to the levy of Special Taxes.

According to the Winery's application to the Department of Regional Planning for a conditional use permit, for the last several years, the Winery has operated a grape farm and wine bottling operation within the Phase 2 Portion, producing approximately 15,000 gallons of wine each year. The Winery operated under a "Clean Hands" waiver issued by the County, which allowed the operation of a non-conforming land use until such time as a conditional use permit was granted. Recently, the Department of Regional Planning for the County revoked the Winery's "Clean Hands" waiver and notified the Winery that it is to cease using the property as a manufacturing facility with on-site and off-site alcohol sales, unless or until a valid land use entitlement is obtained. See "RISK FACTORS – The Winery" herein.

In November of 2002, the Winery applied for a conditional use permit which would approve the continued use of the existing winery and to increase annual production from 15,000 gallons to 60,000 gallons. In addition, the conditional use permit application states that the Winery seeks authorization for winery tours and tasting, wine bottling, 6 annual special events, 1 single family residence, three mobile home caretaker's residences, accessory storage structures, and the sale of beer and wine for on and off-site consumption. A public hearing for the conditional use permit, scheduled for January 22, 2003, was cancelled and postponed indefinitely. Even if the Winery is granted the conditional use permit and the

improvements being sought for approval are constructed, unless a final tract map is recorded covering the Winery, such property would still not be taxed as Developed Property under the Rate and Method of Apportionment. See "RISK FACTORS - The Winery" herein.

The 2003-2004 Special Tax Levy

Table 3 sets forth the expected 2003-2004 Special Tax levy by property owner:

Table 3
Estimated Special Tax Levy by Property Owner
Fiscal Year 2003-04*

Property Owner[1]	Number of Acres	Number of Units	FY 2003-04 Special Tax Levy	Percentage of FY 2003-04 Special Tax Levy
Individual Property Owners	108.17	51	$291,505	83.61%
Werbco Construction Corp.	47.62	10	57,158	16.39%
Agua Dulce Vineyards, LLC	89.01	0	0	0
Robert Reyes Sr. as TR Sandra Manor Trust	16.25	0	0	0
Jerome H. Snyder	38.13	0	0	0
Van Huisen Associates, LLC	50.82	0	0	0
TOTALS	**350.00**	**61**	**$348,663**	**100.00%**

[1] As reflected on the County of Los Angeles Assessor's Roll dated May 5, 2003 and sales information from Werbco, as of June 1, 2003.

Source: David Taussig & Associates, Inc.

Description of Facilities Financed With Prior Bond Proceeds

The Facilities financed with the proceeds of the Prior Bonds have been completed and are comprised of collateral streets, certain sewer facilities, drainage facilities, water improvements, certain offsite road improvements, a utility backbone, grading and landscaping, and certain engineering, administrative, and incidental costs related to the facilities above. In addition, the Facilities include certain costs related to a forty (40) acre school site.

Tax Delinquencies

Pursuant to the provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of and interest on the Bonds are derived, will be billed to the properties within Improvement Area A on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do

* Preliminary; subject to change

regular property tax installments. In the case of property that has been the subject of a prior Special Tax levy, the unwillingness or inability of a property owner to pay the Special Taxes could result in a draw upon the Reserve Fund and the institution of foreclosure proceedings. In the case of a property that has not been the subject of a prior Special Tax levy, and since, in general, Special Tax installment payments cannot be made separately from property tax payments, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future.

The following Table 4 describes the tax delinquencies attributable to property in the Phase 1 Portion for the past five (5) years. Only the delinquencies for the Phase 1 Portion are shown because according to the County records, as of June 1, 2003, there are no delinquencies in the payment of County taxes by the Phase 2 Portion. The delinquencies shown in the column labeled "Delinquencies Per Fiscal Year" represent the number of delinquencies on the Phase 1 Portion in the respective fiscal year as of the first "paid reports" of the County Auditor-Controller circulated following the close of such fiscal year. The column labeled "No. of Delinquencies as of June 1, 2003" represents the delinquencies that occurred in the respective fiscal year that remain outstanding as of June 1, 2003. The differences between these two columns are due to payments of the delinquent taxes by the property owners at some time prior to June 1, 2003.

Table 4

Tax Delinquencies on the Phase 1 Portion

	Delinquencies per Fiscal Year	Percentage of Total Special Tax Levy per Fiscal Year	No. of Delinquencies as of June 1, 2003	Percentage of Total Special Tax Levy per Fiscal Year
1998-1999	1	1.64%	1 [a]	1.64
1999-2000	2	2.46%	1	1.64
2000-2001	7	6.73%	3 [b]	2.54
2001-2002	7	5.92%	4 [c][d]	4.92
2002-2003	NA	NA	8 [e]	9.92

(a) Lot 034-6 is delinquent in each of the years 1998-1999, 1999-2000, 2000-2001, 2001-2002 and 2002-2003. The District has not initiated action for foreclosure against the owner of Lot 034-6 because there have been no draws on the reserve fund for the Prior Bonds. However, recently Lot 034-6 was listed for auction at a County tax sale.
(b) Assessor's Parcel Number 3213-034-007 is delinquent in each of the years 2000-2001, 2001-2002 and 2002-2003.
(c) Assessor's Parcel Number 3213-034-027 is delinquent in each of the years 2001-2002 and 2002-2003.
(d) Assessor's Parcel Number 3213-034-004 is delinquent in fiscal year 2000-2001 and 2002-2003.
(e) In addition to the lots described in (a) – (d) above, one parcel is delinquent in fiscal year 2001-2002 and four different parcels are delinquent in fiscal year 2002-2003.

Source: David Taussig & Associates, Inc.

Despite the delinquencies shown in Table 4 above, the County has had sufficient funds with which to pay the debt service on the Prior Bonds without having to draw from the prior reserve fund. In addition, the County has sufficient funds currently on deposit with which to pay the September 1, 2003 debt service on the Prior Bonds.

See "SECURITY FOR THE BONDS – Covenant to Commence Foreclosure for Delinquent Special Taxes" herein, for a discussion of the provisions which apply, and procedures which the District is obligated to follow, in the event of delinquency on the payment of Special Taxes.

Property Values; Value-to-Lien Ratio

The California Constitution requires that all property be taxed unless otherwise exempted under the California Constitution or the United States Constitution. As a result of the passage of Proposition 13, a general levy on real property cannot exceed one percent (1%) of the property's assessed value, except for additional taxes to secure bonded indebtedness. These taxes on real property provide the revenue for local governments and as such are imposed by the local subdivision (county, city or both) in which the property is located. Thus, in the County, the County Assessor is responsible for assessing the property within the County and the County Tax Collector is responsible for collecting the taxes due on the assessed property.

Real property is assessed based on its "full cash value." The California Constitution defines full cash value as the county assessor's valuation of real property as shown on the 1975-1976 tax bill, or thereafter, the appraised value when there has been a change in ownership, or the completion of construction. At any one of these triggers, the county assessor will reassess the real property and determine its fair cash value, which has been interpreted to mean, the fair market value. Under the California Revenue and Taxation Code, "full cash value" and "fair market value" means the amount of cash or its equivalent which property would bring if exposed for sale in the open market.

The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent (2%) per year or to reflect a reduction in the consumer price index or comparable data for the area under the taxing jurisdiction, or reduced in the event of declining property values caused by substantial damage, destruction, or other factors.

Generally, real property assessors use four basic methods to determine the value of property. These methods include: (i) the *cost method,* whereby the assessor can use the purchase price of the property; (ii) the *market data or comparable sales method*, in which the assessor considers the prices at which similar properties are being valued and similar properties have recently been sold; (iii) the *income or capitalization method* where the assessor values the property based on its ability to generate future income; and (iv) a *combination of methods*, whereby the assessor breaks the taxable property into separate components and analyzes each part using a different valuation approach. In the case of single family detached residential property, the assessor will ordinarily use the cost method or the comparable sales method to determine the fair value of the property.

Because property may not be reassessed until new construction or change of ownership (other than the 2% increase), parcels of property in a subdivision may have markedly different assessed valuations, depending on the date of reassessment. Moreover, the assessed valuation of a property may not equal the market value of the property at any given time, especially in the case where there are infrequent sales of homes in a market of increasing property values. See "RISK FACTORS" herein.

Phase 1 Portion: The assessed value and the value-to-lien ratio for each of the 61 parcels in the Phase 1 Portion of Improvement Area A is shown below in Table 5:

Table 5
Total Assessed Value and Assessed Value-to-Lien Ratios
of the Phase 1 Property as of May 5, 2003

Assessor Parcel Number	Lot Size (acres)	Home Square Footage	Land Value	Improvement Value	Total AV	Assessed Value-to-Lien*
3213-034-	2.00	3,143	$91,200		$91,200	
3213-034-	2.05	3,641	184,668		184,668	
3213-034-	2.02	4,008	181,228		181,228	
3213-034-	2.01	3,143	225,038	317,32	542,360	
3213-034-	2.01	3,143	208,080	301,55	509,632	
** 3213-034-00	2.22	—	289,938		289,938	
3213-034-	2.01	3,641	203,294	379,23	582,530	
3213-034-	2.01	4,008	208,080	429,68	637,765	10
3213-034-	2.01	3,143	146,072	363,83	509,906	
3213-034-	2.13	3,143	131,090	331,22	462,314	
3213-034-	2.56	4,008	229,403		229,403	
3213-034-	2.28	3,143	204,168		204,168	
3213-034-	2.03	3,143	182,374		182,374	
3213-034-	2.01	3,143	156,580	357,89	514,477	
3213-034-	2.01	3,143	268,000	300,00	568,000	
3213-034-	2.11	3,143	301,200	300,00	601,200	
3213-034-	2.00	3,641	297,000	325,00	622,000	10
3213-034-	2.00	4,008	330,000	370,00	700,000	11
3213-034-	2.00	3,143	200,000	289,10	489,100	
3213-034-	2.11	3,143	196,860	331,50	528,360	
3213-034-	2.12	3,143	185,640	367,20	552,840	
3213-034-	2.15	4,008	255,000	373,96	628,960	10
3213-034-	2.45	3,143	229,500	306,00	535,500	
3213-034-	2.41	3,143	258,060	306,00	564,060	
3213-034-	2.28	3,641	153,000	418,20	571,200	
3213-034-	2.67	3,143	241,230	255,00	496,230	
3213-034-	2.60	4,008	187,272	382,50	569,772	
** 3213-034-02	28.43	—	389,986		389,986	
3213-035-	2.00	3,143	260,100	293,49	553,597	
3213-035-	2.00	3,143	197,051	346,52	543,575	
3213-035-	2.00	4,008	166,984	529,54	696,525	11
3213-035-	2.00	3,143	166,464	374,11	540,579	
3213-035-	2.60	4,539	270,504	390,15	660,654	10

* In calculating the value-to-lien ratios, Table 5 assumes that the principal amount of the Bonds is $3,700,000 (preliminary; subject to change). Based on County of Los Angeles Assessor's Roll dated May 5, 2003.

Assessor Parcel Number	Lot Size (acres)	Home Square Footage	Land Value	Improvement Value	Total AV	Assessed Value-to-Lien*
3213-035-	3.29	3,780	64,945	383,30	448,252	
3213-035-	2.01	4,296	114,700	332,63	447,337	
3213-035-	2.00	3,143	160,650	326,40	487,050	
3213-035-	2.00	3,143	161,302	317,30	478,602	
3213-035-	2.00	3,641	262,000	375,00	637,000	10
3213-035-	2.00	4,008	156,060	379,74	535,806	
3213-035-	2.00	3,143	178,282	304,03	482,317	
3213-035-	2.00	3,480	180,079	402,23	582,309	
3213-035-	2.00	3,095	180,079	358,50	538,579	
3213-035-	2.00	2,744	180,079	322,45	502,534	
3213-035-	2.02	3,143	181,228		181,228	
3213-035-	2.00	3,143	200,000	348,00	548,000	
3213-035-	2.13	3,143	246,199	264,24	510,439	
3213-035-	2.01	4,008	306,000	269,28	575,280	
3213-035-	2.01	3,143	169,793	420,13	589,924	
3213-035-	2.01	3,143	214,363	384,34	598,711	
3213-035-	2.00	3,143	204,812	299,25	504,071	
3213-035-	2.03	3,143	112,406		112,406	
3213-035-	2.01	3,143	194,992		194,992	
3213-035-	2.04	3,641	177,788		177,788	
3213-035-	2.00	4,008	230,000	337,20	567,200	
3213-035-	2.01	3,641	270,000	330,00	600,000	
3213-035-	2.24	4,008	134,199		134,199	
3213-035-	2.00	3,641	290,000	325,00	615,000	10
3213-035-	2.00	3,143	306,000	302,94	608,940	10
3213-035-	2.56	4,027	197,856	396,17	594,026	
3213-035-	2.03	4,008	247,860	306,00	553,860	
*** 3213-035-033	2.10	3,143	41,859	55,7	97,58	
	155.79	203,761	$12,558,595	$16,278,942	$ 28,837,537	7.81:1

Source: David Taussig & Associates, Inc.

** All of the parcels within the Phase 1 Portion have had building permits pulled except for Lots 034-28 and Lot 034-6.

*** With respect to APN 3213-035-033, the assessed value is lower than the balance of the property within the Phase 1 Portion because the owner of the property, pursuant to California Proposition 60, was able to transfer the base year value of a previous property to the property within the Phase 1 Portion. Proposition 60 provides a transferor, who is at least 55 years of age, the one-time opportunity to transfer the base-year value of a principal residence to a replacement residence of equal to lesser market value than the old dwelling unit so long as the new residence is within the same county. Thus, this homeowner transferred the lower base value from the previous residence to the above listed property. Pursuant to County records, the purchase price for Lot 035-033 on October 24, 2001 was $505,909.

As shown above, the aggregate assessed valuation for the Phase 1 Portion is $28,837,537.

The aggregate principal amount of the Bonds is $3,700,000.* Although the lien of Special Taxes includes both the principal of and interest on the Bonds, for purposes of calculating the value-to-lien ratio, the aggregate principal amount of the Bonds will be utilized to calculate the total lien on the Phase 1 Portion of the property in Improvement Area A.

In addition, since only the parcels in the Phase 1 Portion of Improvement Area A are currently being taxed by the District, the value-to-lien ratio is calculated only for the Phase 1 Portion.

The ratio of the assessed value of the property within the Phase 1 Portion to the total lien of the Bonds is approximately 7.8:1.* The foregoing value-to-lien ratio is based on the following assumptions: (i) the principal amount of the Bonds is $3,700,000*; (ii) the portion of the principal of the Bonds that is attributable to each parcel is based on each parcels proportionate share of the Special Taxes based on the Assigned Special Tax rates (not the Backup Special Tax); and (iii) the Phase 2 Portion of Improvement Area A is not allocated any portion of the principal amount of the Bonds.

See "RISK FACTORS – The Assessed Value and Value-to-Lien Ratio" herein.

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* Preliminary; subject to change.

The following Table 6 summarizes the assessed value of property within the Phase 1 Portion by various categories of value:

Table 6

The Phase 1 Portion
Assessed Value-to-Lien Ratios[1]

Number of Lots	Range of Value-to-Lien Ratios	2003-2004 Expected Special Tax Levy	Percentage of 2003-2004 Expected Special Tax Levy
3	Between 1:1 and 2:1	$17,147.37	4.92 %
4	Between 2:1 and 3:1	22,863.16	6.56 %
6	Between 3:1 and 5:1	34,294.74	9.84 %
1	Between 5:1 and 7:1	5,715.79	1.64 %
47	Greater than 7:1	268,642.13	77.05 %
61	7.8:1	$348,663.19	100.00 %

Note: Totals may not add due to independent rounding.
[1] In calculating the value-to-lien ratios, Table 6 assumes that the principal amount of the Bonds is $3,700,000 (preliminary; subject to change).
Based on County of Los Angeles Assessor's Roll dated May 5, 2003.

Source: David Taussig & Associates, Inc.

As reflected in Table 6 above, there are 7 parcels whose value-to-lien ratio falls below 3:1 (the "Low Value-to-Lien Parcels"). With the exception of Lot 035-33, each of these parcels reflects $0 for the value of improvements on the property. Since each of the Low Value-to-Lien Parcels have homes constructed thereon that are substantially complete, it is likely that the assessed valuation will increase when the improvements are valued by the County Assessor. Given the value of the existing homes, and the fact that the homes on the Low Value-to-Lien Parcels are of the same size and character as the rest of the Phase 1 Portion, it is likely that each of the Low Value-to-Lien Parcels will see an increase in assessed value of several hundred thousand dollars upon reassessment by the County Assessor. Assuming that property values remain constant through the time that the County Assessor reassesses the Low Value-to-Lien Ratio Parcels and that none of the property owners applies for a Proposition 60 reduction, the value-to-lien ratios for these parcels (other than Lot 035-33) should increase above 3:1.

The foregoing may be illustrated by reviewing the value of the building permits issued by the County on the Low-Value-to-Lien Parcels (other than Lot 035-33). Table 7 shows the date that the building permit was issued and the estimated value of the respective building permit for each of the Low Value-to-Lien Parcels (other than Lot 035-33).

Table 7

The Low Value-to-Lien Parcels
(Other than Lot 035-33)

Assessor Parcel Number	Building Permit Date	Building Permit Improvement Value
3213-034-001	09/07/2002	$316,000
3213-034-003	08/23/2002	$401,000
3213-035-016	08/23/2002	$316,000
3213-035-023	08/23/2002	$316,000
3213-035-025	08/23/02	$360,000
3213-035-028	03/07/2002	$401,000

Source: David Taussig & Associates, Inc.

No assurance can be given that the building permit improvement values shown above reflect the market value of the improvements.

It should be noted that there are 4 other parcels in the Phase 1 Portion that have not yet had the improvements valued but that have a value-to-lien ratio above 3:1. See Table 5 herein.

Lot 035-33 reflects a low assessed value-to-lien ratio because the owner of this parcel elected to transfer the assessed value of a prior residential property to the residential unit in the Phase 1 Portion. California Proposition 60 provides a mechanism by which a homeowner, who is at least 55 years of age, can transfer the base-year value of a principal residence to a replacement residence of equal to lesser market value than the old dwelling unit so long as the new residence is within the same county. Thus, the assessed value for parcel number 3213-035-033 is actually the assessed value from the owner's previous dwelling unit and not the assessed value of the unit in the Phase 1 Portion. Pursuant to County records, the purchase price for Lot 035-033 on October 24, 2001 was $505,909.

See "RISK FACTORS – The Assessed Value and Value to Lien Ratio" herein.

Phase 2 Portion: The assessed value of the property within the Phase 2 Portion, as shown on the current assessment roll maintained by the County Assessor, is $4,778,485. Each parcel in the Phase 2 Portion is currently classified under the Rate and Method of Apportionment as Undeveloped Property which is not to be taxed unless the amount of the levy on Developed Property falls short of the Special Tax Requirement. See "APPENDIX B - Rate and Method of Apportionment of Special Tax" herein.

The assessed values for the seven parcels that constitute the Phase 2 Portion of Improvement Area A are set forth below in Table 8:

Table 8

Total Assessed Value for the Phase 2 Portion

Assessor Parcel Number	Lot Size (acres)	Land Value	Improvement Value	Total Assessed Value
3213-014-051 **	38.52	$471,301	$790,2	$1,261,585
3213-016-002	1.00	20,808		20,8
3213-016-028	3.85	162,942		162,94
3213-016-029	16.25	329,600		330,60
3213-016-030	34.28	1,449,118		1,449,118
3213-016-033	49.49	603,432		603,43
3213-016-034 **	50.82	850,000	100.	950,00
	194.21	$3,887,201	$891,2	$4,778,485

Source: David Taussig & Associates, Inc.

** APNs 3213-016-034 and 3213-014-051 are owned by the Winery. The County Tax Assessor assessed these parcels as having an improvement value because the parcels include a house and a manufacturing plant. However, the Rate and Method of Apportionment classifies these parcels as Undeveloped Property because a final tract map has not been recorded.

Because the Phase 2 Portion is not currently being taxed by the District, no value-to-lien ratio has been calculated for the Phase 2 Portion. In the event that (i) Additional Bonds are issued, or (ii) in the event of significant delinquencies in the payment of Special Taxes by the Phase 1 Portion necessitates a levy on Undeveloped Property, or (iii) in the event that some or all of the Undeveloped Property becomes the subject of a final tract map and is reclassified as Developed Property, the Phase 2 Portion may be taxed pursuant to the Rate and Method of Apportionment to contribute to the payment of the Special Tax Requirement.

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Direct and Overlapping Debt

The following Table 9 details the direct and overlapping debt currently encumbering property within Improvement Area A:

Table 9

Direct and Overlapping Debt Summary

Overlapping District	*Estimated FY 2003-04 Total Levy*[1]	*Amount of Levy on Parcels in Improvement Area A*[2]	*Percent of Levy on Parcels in Improvement Area A*	*Total Debt Outstanding*[3]	*Improvement Area A Share of Total Debt Outstanding*
County Park District	$77,816,205	$5,594	0.007 %	$394,735,000	$28,376
County General Obligation Bond (Detention Facilities)	8,655,480	345	0.004 %	36,505,000	1,456
Flood Control/Storm Drain Bonds No. 4	4,794,905	208	0.004 %	10,110,000	439
Flood Control/Refund Bonds 1993	1,473,987	86	0.006 %	845,000	49
				Total Overlapping Debt	$30,321
				Plus: CFD 6A Bonded indebtedness[4]	$3,700,000*
				Estimated Share of Direct and Overlapping Debt	$3,730,321

Source: David Taussig & Associates, Inc.

1. Per County of Los Angeles Auditor-Controller.
2. Calculated using assessment formula or current *ad valorem* rate, as applicable.
3. Outstanding debt as of March 1, 2003, per County of Los Angeles Auditor-Controller.
4. Proposed bond issuance amount, per Stone & Youngberg LLC.

* Preliminary; subject to change

Utilities Provided in the Phase 1 Portion

All utilities including gas, water, electricity, cable, telephone service are provided to the Phase 1 Portion, as follows:

- Natural gas service is provided by The Gas Company;
- Water service is provided by SPV Water Company, Inc.;
- Electricity service is provided by Southern California Edison;
- Cable television is provided by Time Warner Cable; and
- Telephone service is provided by SBC.

Each homeowner uses individual septic tanks for their sewage. The Prior Bonds were intended to fund a sewage treatment plant; however, the proceeds of the Prior Bonds were sufficient only to fund the Facilities. See "IMPROVEMENT AREA A – Description of Facilities Financed With Prior Bond Proceeds" herein.

RISK FACTORS

Investment in the Bonds involves risks which may not be appropriate for certain investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the Bonds for investment. The information set forth below does not purport to be an exhaustive listing of the risks and other considerations that may be relevant to an investment in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

No General Obligation of the County or District

The District's obligations with respect to the Bonds and the Indenture are limited obligations of the District and not of the County, and are payable equally and solely from Net Taxes and amounts in certain of the funds established under the Indenture. The Bonds are not general or limited obligations of the County or general obligations of the District, but are limited obligations of the District payable solely from the revenues and funds pledged therefor and under the Indenture. Neither the faith and credit nor the taxing power (except with respect to the Special Taxes) of the District, the County or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

General Risks of Real Estate Investments

In many ways, the ability or willingness of a property owner to pay the Special Taxes depends on the value of the property: the greater the value of the property compared to the cost of owning such property (i.e., paying Special Taxes, among other things), the more likely the owner is to pay that cost or the more attractive the property is at a foreclosure sale if the owner is unwilling or unable to pay the Special Tax. The value of property is impacted by the materialization of numerous risks, including, but not limited to, the risks generally incident to an investment in real estate, such as: (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of homes in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses,

governmental rules (including zoning laws), and fiscal policies; and (iii) natural disasters (including earthquakes and floods), which may result in uninsured losses. No assurances can be given that the assessed value of the property in Improvement Area A won't be adversely affected by the materialization of one or more of the risks discussed above (as well as other risks associated with real estate generally).

Land Use Regulations

Land development is subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. There is always the possibility that such approvals will not be obtained or, if obtained, will not be obtained on a timely basis. Failure to obtain any such agency approval or satisfy such governmental requirements would adversely affect planned land development. Under current State of California law, it is generally accepted that proposed development is not exempt from future land use regulations until building permits have been issued and substantial work has been performed and substantial liabilities have been incurred in good faith reliance on the permits.

Finally, development of land is subject to economic considerations. It is possible that future federal, state or local regulations, including voter initiatives for growth control, if enacted, and applicable to development within Improvement Area A, could negatively affect the ability of the current owners to complete the proposed development. This possibility presents a risk to prospective purchasers of the Bonds in that an inability to complete the development within Improvement Area A as planned increases the Special Tax levied on the existing property owners and increases the likelihood that Special Taxes may need to be levied on the Undeveloped Property. In such event, the inability or the unwillingness of a large property owner to pay its Special Taxes may increase the risks that the Bonds may not be repaid when due. See "– General Risks of Real Estate Investments" and "IMPROVEMENT AREA A" herein.

Although most of the Phase 1 Portion is fully developed, Lot 034-6, Lot 034-28 and the Phase 2 Portion may be developed in the future. In addition, should the Phase 2 Portion be developed in the future, the developer may wish to issue Additional Bonds. The issuance of Additional Bonds may result in a greater reliance on the levy of Special Taxes on unimproved property prior to development. In such a case, the risks described above will impact the ability or willingness of property owners to pay the Special Taxes.

Existence of Unimproved Property

In many ways, the ability or willingness of a property owner to pay the Special Taxes depends on the value of the property: the greater the value of the property compared to the cost of owning such property (i.e., paying Special Taxes, among other things), the more likely the owner is to pay that cost or the more attractive the property is at a foreclosure sale if the owner is unwilling or unable to pay the Special Tax. In general, unimproved land is less valuable than improved land.

There are two parcels in the Phase 1 Portion that are currently unimproved: Lot 034-6 and Lot 034-28. In addition, Lot 034-6 is delinquent on its *ad valorem* and Special Tax payments and the property is eligible for sale by the County. See Table 4 herein.

Additionally, there are several parcels in the Phase 2 Portion that are unimproved. While the property owners are not now required to pay the Special Tax, they may be subject to the levy of the Special Tax in the future. No assurance can be given that the property owners of these parcels or any subsequent owners of these parcels will be able to pay Special Taxes on a timely basis. See "SECURITY FOR THE BONDS – Covenant to Commence Foreclosure for Delinquent Special Taxes" and "– Bankruptcy" herein.

Collection of Special Taxes

The Act provides that if any property within Improvement Area A not otherwise exempt from the Special Taxes is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Taxes will continue to be levied on and enforceable against the public entity that acquires the property. The Rate and Method of Apportionment has a similar provision when it defines, and levies Special Taxes against, Taxable Public Property. In addition, the Act provides that if property subject to the Special Taxes is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Taxes with respect to that property is to be treated as if it were a special assessment and paid from the eminent domain award. The constitutionality and operative effect of these provisions of the Act have not been tested in the courts. It is unknown whether the foregoing provision in the Act and the Rate and Method of Apportionment would apply to the District or the County if the District or the County acquired a parcel of property by credit bidding at such parcel's foreclosure sale. If for any reason property subject to the Special Taxes becomes exempt from taxation by reason of ownership by a public entity, subject to the limitation of the maximum authorized Special Taxes and any other limitation on the Special Tax rate imposed by the District or the County, the Special Taxes will be reallocated to the remaining taxable properties within Improvement Area A. This would result in the owners of such properties paying a greater amount of the Special Taxes and could have an adverse effect on their willingness or ability to pay the Special Taxes. Moreover, if a substantial portion of land within Improvement Area A becomes exempt from the Special Taxes because of public ownership, or otherwise, the maximum Special Taxes that could be levied upon the remaining land might not be sufficient to make the payments required to pay the principal of and interest on the Bonds when due and a default could occur with respect to the payment of such principal and interest.

The Assessed Value and Value-to-Lien Ratio

The assessed value of the property within the Phase 1 Portion is $28,837,537. The ratio of the aggregate assessed value of the property within the Phase 1 Portion to the total lien of the Bonds is approximately 7.8:1. The foregoing value-to-lien ratio is based on the following assumptions: (i) the principal amount of the Bonds is $3,700,000 (preliminary; subject to change); (ii) the portion of the principal of the Bonds that is attributable to each parcel is based on each parcels proportionate share of the Special Taxes based on the Assigned Special Tax rates (not the Backup Special Tax); and (iii) the Phase 2 Portion of Improvement Area A is not allocated any portion of the principal amount of the Bonds.

There are 7 parcels whose value-to-lien ratio falls below 3:1. See "IMPROVEMENT AREA A – Property Values; Value-to-Lien Ratio."

The assessed value-to-lien ratios presented in this Official Statement are presented only to provide an overview of the value of the property which represents security for the Bonds. Neither the County nor the District can make any representation as to whether the assessed value of the land within Improvement Area A or the value-to-lien ratios will remain at the values described in the preceding paragraphs. Moreover, neither of the County nor the District can make any assurances, nor should Owners assume, that the property within Improvement Area A could be sold at its assessed value at a foreclosure sale to collect delinquent Special Taxes.

Assessed value does not necessarily reflect market value. Depending upon the date of the last assessment valuation, the market value of the property may be different than the assessed value as reflected on the County Assessor's rolls.

See "IMPROVEMENT AREA A – Property Values; Value-to-Lien Ratio," "SECURITY FOR THE BONDS – Covenant to Commence Foreclosure for Delinquent Special Taxes" and "RISK FACTORS – Bankruptcy."

Tax Delinquencies

Under the provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, will be billed to the properties within Improvement Area A on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. In general, Special Tax installment payments cannot be made separately from property tax payments. Therefore, the prior unwillingness or inability of a property owner to pay regular property tax bills (which, in the case of the District, includes special taxes), as evidenced by property tax delinquencies, may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future. See "IMPROVEMENT AREA A – Tax Delinquencies" herein for a discussion of the amount of such delinquencies.

See "SECURITY FOR THE BONDS – Covenant to Commence Foreclosure for Delinquent Special Taxes" for a discussion of the provisions which apply, and procedures which the District is obligated to follow, in the event of delinquency in the payment of Special Tax installments.

As of the date hereof, Special Taxes have been levied only upon those parcels in the Phase 1 Portion defined as Developed Property under the Rate and Method of Apportionment. Special Taxes could, however, be levied on the Phase 2 Portion if (i) Additional Bonds are issued, (ii) some or all of the parcels in the Phase 2 Portion are reclassified as Developed Property by the filing of a final tract map on all or part of the Phase 2 Portion, or (iii) there are significant delinquencies of the Developed Property necessitating a levy on the Undeveloped Property.

The term "significant delinquencies" as used in this Official Statement is difficult to quantify. One reason for the difficulty is that while delinquencies may occur in a given fiscal year, all or part of those delinquencies may be cured prior to the time that the District applies the Special Tax collection to pay debt service on the Bonds, thus avoiding any draw upon the Reserve Fund. In addition, even if the delinquencies are not cured, the investment earnings on the various funds and accounts may be sufficient to make up for the unpaid Special Taxes, thus not requiring a draw upon the Reserve Fund. Further, even if the delinquencies result in the drawing upon the Reserve Fund in one fiscal year, there is no guarantee that the District will levy Special Taxes against the Undeveloped Property in the next fiscal year because (i) the delinquencies may be cured in an amount that doesn't necessitate such a levy, or (ii) the District may be able to replenish the Reserve Fund from a levy on the Developed Property only.

However, there is a situation where a certain level of delinquencies in a given fiscal year that require a draw upon the Reserve Fund will, if such delinquencies are not cured prior to the next fiscal year's levy, result in the Special Tax Requirement exceeding 91% of the Assigned Special Tax (the "Delinquency Threshold"). David Taussig & Associates, Inc. has calculated the amount of the Delinquency Threshold as ___%. It should be noted that if delinquencies exceed the Delinquency Threshold, it does not guarantee that the District will levy against Undeveloped Property. Rather, the Delinquency Threshold provides an estimate that could result in the levy on the Undeveloped Property due to uncured delinquencies and the District's obligation under the Rate and Method of Apportionment to levy Special Taxes for both the replenishment of the Reserve Fund and anticipated delinquencies. Thus, a delinquency rate that exceeds the Delinquency Threshold in one fiscal year increases the likelihood that there may be a levy against the Undeveloped Property in a subsequent fiscal year. In calculating the Delinquency Threshold, David Taussig & Associates, Inc. assumed that interest earnings on the Reserve Fund (at an assumed interest rate of ___%) would be applied to the Special Tax Requirement in any given year.

Foreclosure Proceedings

Pursuant to Section 53356.1 of the Act, the District has covenanted with and for the benefit of the Owners that it shall order, and cause to be commenced as provided in the Indenture, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following paragraph.

In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such a judicial foreclosure sale is not mandatory under the Act. However, pursuant to the Indenture, the District has covenanted for the benefit of the Owners to do the following: If the Fiscal Agent determines at any time that the balance in the Reserve Fund is less than the Reserve Requirement as the result of the failure by one or more owners of real property in Improvement Area A to pay Special Taxes when due, the District shall commence and diligently prosecute to completion such foreclosure proceedings against the delinquent parcels in Improvement Area A as may be necessary to restore the Reserve Fund balance to the Reserve Requirement.

Prior to July 1, 1983, the right of redemption from foreclosure sales was limited to a period of one year from the date of sale. Under legislation effective July 1, 1983, the statutory right of redemption from such foreclosure sales has been repealed. However, under current law, a judgment debtor (which in the instant case would be a property owner) has at least 40 days from the date of service of the notice of levy (for all property except residential housing for four families or less) or 140 days from the date of service of the notice of levy (if such property consists of residential housing for four families or less) in which to redeem the property to be sold. If a judgment debtor fails to redeem the property and the property is sold, the judgment debtor may bring an action to set aside the sale if (i) the sale was improper for any reason, and (ii) the purchaser at the sale is the judgment creditor (in this case, the District), which action must be brought within 90 days following the date of sale. If, as a result of such an action, a foreclosure sale is set aside, the judgment is revived, the judgment creditor is entitled to interest on the revived judgment, and any liens extinguished by the sale are revived as if the sale had not been made. See Section 701.680 of the California Code of Civil Procedure.

Investors should note that foreclosure proceedings may be (and often are) subject to extensive delays, which may increase delinquency amounts and costs of foreclosure, decrease the potential pool of purchasers of the property and otherwise adversely affect the minimum price realizable for the property.

No Rating

The District has not and does not contemplate making an application to any rating agency for the assignment of a rating to the Bonds. There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular bond issue, secondary marketing practices in connection with a particular bond issue are suspended or terminated. Additionally, prices of bond issues for which a market is made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Water Issues

In connection with the originally proposed development of the property in Improvement Area A, an engineer's report dated August 1991 (the "Water Report") was prepared and submitted to the County Department of Public Works. The Water Report identified the source of water as groundwater contained in the aquifers within the Agua Dulce groundwater basin, which is located under Improvement Area A. The Water Report estimated that the total storage beneath Improvement Area A is on the order of 2,426 acre feet. The Water Report anticipated an average annual shortfall at 32 acre feet, assuming 150 lots are developed within Improvement Area A. The initial assumption of the Water Report was that the aquifer could provide 76 years of uninterrupted service to Improvement Area A. According to certain homeowners in the Phase 1 Portion, the combination of the individual homeowners in the Phase 1 Portion and the operation of the Winery has caused water shortages and water service disruptions in the Phase 1 Portion. Specifically, the homeowners allege that the Winery, using unauthorized pumps and wells, has been siphoning off water that should go to the homes within the Phase 1 Portion. In addition, on August 12, 2002, the owners of the Winery filed a lawsuit against the SPV Water Company. The Winery has alleged that overwatering by the shareholders of SPV Water Company (which includes the residents in the Phase 1 Portion) has resulted in a severe shortfall in water reserves and a corresponding increase in fire danger. The action, *Agua Dulce Vineyards, LLC v. SPV Water Co.*, is aimed at limiting the amount of water consumption by the homeowners. See "IMPROVEMENT AREA A – Description of the Phase 2 Portion," "- Ownership of the Phase 1 Portion" and "RISK FACTORS – The Winery" herein

It is unknown what the outcome of the homeowner's allegations or the lawsuit by the Winery will be. Regardless of the outcome, the lack, or inadequacy, of water to serve Improvement Area A could adversely impact the value of the parcels in Improvement Area A (or greatly increase the cost of water service to Improvement Area A), which could, in turn, impact the willingness or ability of a property owner to pay the Special Taxes.

In addition, the outcome of the claims by the residents of the Phase 1 Portion and the Winery could affect the development of the undeveloped lots in Improvement Area A if such development is sought to be commenced in the future. In the event that the County determines that there is an insufficient amount of water, the County has the ability to declare a moratorium on future construction in Improvement Area A.

The Winery

The Winery owns a winery on 89 acres in the Phase 2 Portion. The Winery was recently ordered closed by the Department of Regional Planning. Prior to its closure order, the Winery was operating under a "Clean Hands" waiver until a conditional use permit is granted by the County. A "Clean Hands" waiver allows for the continued operation of a non-conforming land use until such time as a conditional use permit is granted which will allow the operation of the non-conforming land use on a permanent basis. The operative aspect of the "Clean Hands" waiver is that the neighbors to the non-conforming use, in conjunction with the Department of Regional Planning, authorize the non-conforming use. Thus, the Winery had been operating with the homeowners' cooperation while it applied for its conditional use permit. However, the homeowners in the Phase 1 Portion began to express concern regarding the scope and nature of the proposed expansion of the Winery. The Winery submitted a conditional use application that, if granted, would allow the Winery to increase production of wine from 15,000 gallons per year to 60,000 gallons. In addition, according to the Winery's application for a conditional use permit, the Winery wanted the ability to have on-site and off-site alcohol sales, additional residential structures, and annual outdoor festivals. Due to both the homeowners' objections and the modifications of the Winery's scope of operations, the Department of Regional Planning revoked the "Clean Hands" waiver which orders the Winery to cease operations while the Winery revises its application and conducts additional traffic and water studies.

As of the date hereof, the Winery does not pay Special Taxes, even though it (along with the other owners of the Phase 2 Portion) owns 58% of the property in Improvement Area A, because the property is not the subject of a final tract map and therefore is not Developed Property. Under the Rate and Method of Apportionment, Undeveloped Property will be taxed if and to the extent that the Special Taxes on Developed Property are insufficient to meet the Special Tax Requirement.

If the Winery and the balance of the property in the Phase 2 Portion, which is classified as Undeveloped Property by the Rate and Method of Apportionment, become subject to the levy of Special Taxes, the District cannot predict the effect that the outcome of the lawsuit may have on the ability or willingness of the property owners to pay any such Special Tax.

See "IMPROVEMENT AREA A – Description of the Phase 2 Portion," "- Ownership of the Phase 2 Portion," "– Property Values; Value-to-Lien Ratios," and "APPENDIX B – Rate and Method of Apportionment of Special Tax" herein.

Hazardous Materials

Although neither the County nor the District has any actual knowledge of the existence of any hazardous substances on the property within Improvement Area A, in the event adverse conditions arise with respect to any of the taxed parcels by reason of the possible liability of the owner (or operator) for the remedy of such hazardous substances discovered on such parcels, whether now present or arising in the future, such adverse conditions could significantly affect the value of a taxed parcel that is realizable at a foreclosure sale for delinquent Special Taxes and may affect the ability or willingness of the owner of such land to pay the Special Taxes.

Parity Taxes and Special Assessments

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on parity with all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property. The District, however, has no control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within Improvement Area A. Such additional indebtedness, if issued, would be required to satisfy applicable statutory requirements with respect to the issuance of such indebtedness. Further, the landowners within Improvement Area A may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by special taxes or assessments. Any such special taxes or assessments will have a lien on such property on parity with the Special Taxes. Accordingly, the liens on the property within Improvement Area A could greatly increase without any corresponding increase in the value of the property within Improvement Area A and thereby reduce the ratio that exists at the time the Bonds are issued between the value of the property and the debt secured by the taxes and assessments thereon. Further, the imposition of additional indebtedness could reduce the willingness and the ability of the property owners within Improvement Area A to pay the Special Taxes when due. See "IMPROVEMENT AREA A – Direct and Overlapping Debt" herein.

Additional Bonds may also be issued in the District upon satisfaction of certain conditions, which Additional Bonds would be secured by a lien on the Net Taxes on a parity with the lien for the Bonds. See "SECURITY FOR THE BONDS – Additional Bonds Test" herein.

Federal Government Interests in Properties

The ability of the District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC") has an interest. In the event that any financial institution making any loan which is secured by real property within Improvement Area A is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

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

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

According to the County Assessor's roll, as of May 1, 2003, the FDIC did not own any property in Improvement Area A. The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the Improvement Area in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, a default in payment on the Bonds.

Bankruptcy

Bankruptcy, insolvency, and other laws generally affecting creditors' rights could adversely impact the interests of owners of the Bonds. The payment of property owners' taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. Although a bankruptcy proceeding should not cause the Special Taxes to become extinguished, the amount of any Special Tax lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in prosecuting Superior Court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of delinquent Special Tax installments and the possibility of delinquent Special Tax installments not being paid in full. In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

In addition, the Bankruptcy Code might prevent moneys on deposit in the Special Tax Fund and the Bond Service Fund from being applied to pay interest on the Bonds and/or to redeem such Bonds if bankruptcy proceedings were brought by or against the bankrupt owner of the parcel and if the court found that such owner had an interest in such moneys within the meaning of the Bankruptcy Code.

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

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

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

It should also be noted that on October 22, 1994, Congress enacted 11 U.S.C. Section 362(b)(18), which added a new exception to the automatic stay for *ad valorem* property taxes imposed by a political subdivision after the filing of a bankruptcy petition. Pursuant to this new provision of law, in the event of a bankruptcy petition filed on or after October 22, 1994, the lien for *ad valorem* taxes in subsequent fiscal years will attach even if the property is part of the bankruptcy estate. Bondowners should be aware that the potential effect of 11 U.S. C. Section 362(b)(18) on the collection of Special Taxes depends upon whether a court were to determine that the Special Taxes should be treated like *ad valorem* taxes for this purpose.

Whether or not bankruptcy proceedings were to cause the lien of the Special Taxes to become extinguished, bankruptcy of a property owner in all likelihood would result in a delay in prosecuting superior court foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds, and the possibility that delinquent installments might not be paid in full.

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

No Acceleration Provisions

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture. Pursuant to the Indenture, a Owner is given the right for the equal benefit and protection of all Owners similarly situated to pursue certain remedies described therein. See "APPENDIX E – Summary of Certain Provisions of the Indenture." So long as the Bonds are in book-entry form, DTC will be sole Owner and will be entitled to exercise all rights and remedies of Owners.

Loss of Tax Exemption

Interest on the Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the District in violation of its covenants in the Indenture. Should such an event of taxability occur, the Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under one of the redemption provisions contained in the Indenture.

Limitations on Remedies

The enforceability of the rights and remedies of the Owners and the Fiscal Agent, and the obligations incurred by the District as described herein, may be subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the federal government of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations, or modification of their rights.

Disclosures to Future Purchasers

The District has recorded a Notice of 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 home or the lending of money thereon. Effective July 1, 1993, California law requires that in the case of the transfer of real property subject to a continuing lien securing the levy of special taxes the seller must make a good faith effort to notify the prospective purchaser of the lien in a format prescribed by statute. Failure to disclose the existence of the Special Taxes may affect the willingness and ability of future owners of land within Improvement Area A to pay the Special Taxes when due.

Funds Invested in the County Investment Pool

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county and held that a state statute purporting to create a priority secured lien on a portion of such moneys was ineffective unless such moneys could be traced. Following payment of the Special Taxes to the Treasurer, such funds may be invested in the name of the Fiscal Agent for a period of time in the County Investment Pool. In the event of a petition for the adjustment of County debts under Chapter 9 of the Federal Bankruptcy Code, a court might hold that the Bondowners do not have a valid and/or prior lien on the Special Taxes where such amounts are deposited in the County Investment Pool and may not provide the Bondowners with a priority interest in such amounts. In that circumstance, unless the Bondowners could "trace" the funds that have been deposited in the County Investment Pool, the Bondowners would be unsecured (rather than secured) creditors of the County. There can be no assurance that the Bondowners could successfully so "trace" the Special Taxes.

Constitutional Limitations on Taxation and Appropriations

Article XIII A. On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, placed significant limits on the imposition of new *ad valorem* taxes, special taxes, transaction taxes and sales taxes. Section 4 of Article XIII A permits cities, counties and special districts, by a two-thirds vote of the qualified electors of the District, to impose special taxes, except for ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property. The Special Tax is a special tax approved by the voters within Improvement Area A in accordance with the procedures set forth in Section 4 of Article XIII A. The District has not pledged any taxes other than the Special Taxes to the repayment of the Bonds and, given the limitations on ad valorem property taxes imposed by Article XIII A, does not have any ad valorem property taxes to repay the Bonds.

Article XIII A does permit the levy of ad valorem property taxes and the imposition of special assessments to pay interest and redemption charges on bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by voters voting at the election proposing the taxes or assessments. Were the voters to approve indebtedness payable from ad valorem taxes or assessments, those taxes or assessments would be on parity with the Special Taxes. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIIIA Litigation. In June 1978, Article XIIIA of the California Constitution was amended by Proposition 13 to, among other things, limit a County assessor's ability to annually adjust for inflation to 2% per year. On December 27, 2001, an Orange County Superior Court ruled in *County of Orange v. Orange County Assessment Appeals Board No. 3* (the "Orange County Litigation") that the Orange County Assessor raised a homeowner's assessment in violation of Article XIIIA by increasing the assessment on the homeowner's property by more than 2% per year, when the price appreciation in prior years was less than 2% per year. Orange County raised assessments by more than 2% in a single year if the value of a property remained flat after a taxpayer purchased the property, and then increased by more than 2% in a subsequent year. On December 12, 2002, the Orange County Superior Court certified the lawsuit as a class action and the case has been submitted to the State's Fourth District Court of Appeal. It is possible that the Court's decision will affect all counties in the State because all counties utilize the same method for determining property tax assessments.

A class action complaint seeking only declaratory relief and comparable to the one involved in the Orange County Litigation has been filed against the County for the 2000-2001 property tax levy. The County cannot predict the outcome of the Orange County Litigation or the landowner lawsuit against the County. If the Court's reasoning in the Orange County Litigation is applied generally, or if the decision in the County's lawsuit is consistent with the Orange County lawsuit, the loss of tax revenue to communities could be significant. Further, the County cannot predict the effect, if any, that the outcome of either the Orange County Litigation or the lawsuit against the County would have on property tax revenues to be received by the County, although the effect could be adverse.

Article XIII B. State and local government agencies in California and the State of California itself are subject to annual "appropriation limits" imposed by Article XIII B of the State Constitution. Article XIII B prohibits government agencies and the State from spending "appropriations subject to limitation" in excess of the appropriations limit imposed. "Appropriations subject to limitations" are authorizations to spend "proceeds of taxes," which consist of tax revenues, certain state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such

proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." No limit is imposed on appropriations of funds which are not "proceeds of taxes," such as appropriations for debt service on indebtedness existing or authorized before January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, reasonable user charges or fees and certain other nontax funds. Since the Bonds constitute indebtedness authorized by the voters of Improvement Area A, the District does not intend to treat the Special Taxes as "appropriations subject to limitation." Notwithstanding this fact, the Act permits, and the qualified electors in Improvement Area A approved, an appropriations limit.

Proposition 218 and the Initiative Power. On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 added Articles XIII C and XIII D to the California Constitution and contained a number of interrelated provisions affecting the ability of local governments to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 became effective on November 6, 1996. Article XIII D of Proposition 218 requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes. The Special Tax was approved by at least a two-thirds vote of the qualified electors of Improvement Area A voting at the time the Special Tax was proposed. The Special Tax is not subject to any voter approval provisions of Proposition 218.

Article XIII C of Proposition 218 expressly extended the initiative power to give California voters the power to reduce or repeal "local taxes, assessments, fees and charges" imposed by "local governments," regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power to some extent constitutionalizes the March 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State Constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extended the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to taxes, fees or assessments imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges, including the Special Taxes.

The present qualified electors in Improvement Area A that might be able to propose or vote on an initiative to reduce or repeal the Special Taxes are not the same individuals who were the qualified electors of Improvement Area A that initially approved the Special Taxes. Also, it is unclear whether the District is a "local government" or whether the Special Taxes are a "local tax" under Article XIII C of Proposition 218, so as to subject the Special Taxes to the retroactive initiative power. It is also unclear whether the District's mandatory, statutory duty to annually levy Special Taxes and the County Auditor's obligation to post the Special Tax installments to the property tax roll of the County, all as provided in the Indenture and the Act, are subject to the initiative powers provided for in Article XIII C of Proposition 218. The interpretation and application of these provisions of Proposition 218 will ultimately be determined by the courts, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. Accordingly, no assurance can be given that the qualified electors of Improvement Area A will not, in the future, approve an initiative which reduces or repeals the Special Tax. Any reduction or repeal of the Special Tax may have an adverse effect on the ability of the District to pay the principal of and interest on the Bonds.

Future Legislation or Ballot Initiatives

Articles XIII A and XIII B and Propositions 98 and 218 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted or legislative measures could be approved by the Legislature which may place limitations on the ability of the State, the County or local districts to increase revenues or to increase appropriations, which may further affect the District's ability to collect Special Taxes.

TAX MATTERS

In the opinion of Arter & Hadden LLP, Los Angeles, California, Bond Counsel, subject, however, to the qualifications set forth below, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that, for the purpose of computing the alternative minimum tax imposed on such corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989).

The opinions set forth in the preceding sentences are subject to the condition that the County and the District comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest on the Bonds be, or continue to be, excluded from gross income for federal income tax purposes. The County and the District have 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 Bonds. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds.

Prospective purchasers of the Bonds should be aware that (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of the Owner's interest expense allocated to interest payable on the Bonds, (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, for taxable years beginning after December 31, 1986, section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Bonds, (iii) for taxable years beginning after December 31, 1986 and before January 1, 1992, interest payable on the Bonds earned by some corporations could be subject to the environmental tax imposed by section 59A of the Code, (iv) for taxable years beginning after December 31, 1986, interest payable on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (v) passive investment income, including interest payable on the Bonds, may be subject to federal income taxation under section 1375 of the Code for subchapter S corporations that have subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such subchapter S corporation is passive investment income, and (vi) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest payable on the Bonds.

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

CERTAIN LEGAL MATTERS

Arter & Hadden LLP, Los Angeles, California, Bond Counsel, will render its opinion with respect to the validity and enforceability of the Bonds and the Indenture, and as to the exclusion under the laws existing as of the date of delivery of the Bonds of the interest thereon from gross income for federal income tax purposes and the exemption of such interest from personal income taxes imposed by the State of California, the form of which opinion is set forth in Appendix A. See "TAX MATTERS" herein. Copies of such approving opinion will be available at the time of delivery of the Bonds. Certain matters will be passed upon for the County and the District by the County Counsel of the County, and for the Underwriter by Pillsbury Winthrop LLP, Los Angeles, California.

ABSENCE OF LITIGATION

The County and the District will certify upon the issuance and delivery of the Bonds that there is no action, suit, or proceeding known to be pending or threatened, restraining or enjoining the issuance or sale of the Bonds or in any way contesting or affecting the validity of the foregoing or any proceedings of the County, or the District taken with respect to any of the foregoing.

UNDERWRITING

The Bonds are being purchased by Stone & Youngberg LLC (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of $_____, which purchase price was calculated as the original principal amount of the Bonds, less an Underwriter's discount of $_____.

The contract of purchase pursuant to which the Bonds are being purchased by the Underwriter provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the contract of purchase.

The Underwriter may offer and sell the Bonds to certain dealers and others at a prices or yields different from the prices or yields stated on the cover page of this Official Statement. In addition, the offering prices or yields may be changed from time to time by the Underwriter.

CONTINUING DISCLOSURE

The District will covenant in its Continuing Disclosure Undertaking, the form of which is set forth in Appendix C, for the benefit of the Owners, to provide an annual report (each, an "Annual Report") containing certain financial information and operating data relating to the District, Improvement Area A, and the Bonds for each fiscal year. The specific nature of the information to be contained in the Annual Reports and certain other terms of this continuing disclosure obligation are summarized in "APPENDIX C - Form of Continuing Disclosure Undertaking" herein. The Continuing Disclosure Undertaking is the first undertaking by the District in compliance with Rule 15c2-12, and, therefore, the District has never defaulted in providing continuing disclosure under Rule 15c2-12.

JUDICIAL VALIDATION

On December 3, 1991, the County filed an action in the Superior Court of the State of California in and for the County of Los Angeles (Case No. BC 043482) for the judicial examination, approval and confirmation of the validity of all proceedings and relating to the validity of the special tax to be levied within Improvement Area A and the issuance of the bonds to finance public facilities secured by special taxes levied within Improvement Area A, pursuant to California Code of Civil Procedure Sections 860 through 870 inclusive and the Act. On March 17, 1992, a judgment was filed providing, among other things, (i) that the action was properly brought under California Code of Civil Procedure Section 860 et seq. and California Government Code Section 53359, (ii) that all conditions, things and acts required by law to exist, happen or be performed precedent to and including the certification of the election results have existed, happened and been performed in the time, form and manner required by law, and (iii) the formation of the District, the authorization of bonded indebtedness, the levy of a special tax within the District, and the establishment of an appropriations limit are valid and in conformity with all applicable provisions of law, including, without limitation the generality of the foregoing, Articles XIIIA and XIIIB of the California Constitution.

Section 53359 of the Act requires that any appeal from a judgment in the action or proceeding shall be commenced within 30 days after entry of judgment. No such appeal was commenced during such 30-day period.

Pursuant to Code of Civil Procedure Section 870, defendants, and each of them, are permanently enjoined from instituting any action challenging the validity of the bonds and/or the aforementioned special taxes. Defendants, and each of them, are also permanently enjoined from bringing any action against the County with regard to the District, the bonds, the special taxes and/or raising any issue as to which the judgment is binding and conclusive.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statement of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representatives of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Bonds.

The preparation and delivery of this Official Statement has been duly authorized by the Board, acting in its capacity as the legislative body of the District.

This Official Statement speaks only as of its date.

APPENDIX A

FORM OF OPINION OF BOND COUNSEL

Board of Supervisors of the
County of Los Angeles, acting as the
Legislative Body of Community Facilities District No. 6
500 West Temple Street, Room 383
Los Angeles, California 90012

Re: Community Facilities District No. 6 (Agua Dulce Area) of the
County of Los Angeles Improvement Area A
Special Tax Refunding Bonds, Series 2003A (Sierra Colony Ranch)
(Final Opinion)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Board of Supervisors (the "Board") of the County of Los Angeles (the "County"), acting as the Legislative Body of Community Facilities District No. 6 of the County of Los Angeles (the "District"), in connection with the proceedings for the issuance and sale by the Authority of $_____ principal amount of Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds, Series 2003A (Sierra Colony Ranch), dated July ___, 2003 (the "Bonds") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311 of the Government Code of the State of California, and Article 11, commencing with Section 53580 of Chapter 3 of Part 1 of Division 2 of Title 5, of the Government Code of the State of California. The Bonds are being issued pursuant to the resolution adopted by the Board on July 1, 2003 (the "Resolution"), and pursuant to an Indenture, dated as of July 1, 2003 (the "Indenture"), by and between the District, acting through the Board of the County, the Treasurer and Tax Collector of the County, as the Paying Agent, and the Auditor-Controller of the County, as the Fiscal Agent.

Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture.

The Bonds are dated the date of their issuance and will mature on the dates set forth in the Indenture. The Bonds are exchangeable, transferable and subject to prepayment prior to maturity in the manner and upon the terms and conditions set forth in the Indenture. The Bonds are being delivered in the form of fully registered Bonds in the denominations described in the Indenture.

As Bond Counsel, we have examined copies certified to us as being true and complete copies of the proceedings in connection with the issuance of the Bonds. In this connection, we have also examined such certificates of public officials and officers of the Board, the District and the County, including certificates as to factual matters, as we have deemed necessary to render this opinion.

Attention is called to the fact that we have not been requested to examine, and have not examined, any documents or information relating to the Board, the District or the County other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchasers of the Bonds.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion herein relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. The opinions may be affected by actions or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events occur. As to questions of fact material to our opinions, we have relied upon the documents and matters referred to above, and we have not undertaken by independent investigation to verify the authenticity of signatures or the accuracy of the factual matters represented, warranted or certified therein. Furthermore, we have assumed compliance with all covenants contained in the Resolution and the Indenture and in certain other documents, including, without limitation, covenants compliance with which is necessary to assure that future actions or events will not cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of original issuance of the Bonds.

The Resolution, the Bonds and the Indenture and other related documents refer to certain requirements and procedures which may be changed and certain actions which may be taken, in circumstances and subject to terms and conditions set forth in such documents, upon the advice or with an approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to any Bond or the interest with respect thereto if any such change is made or action is taken upon the advice or approval of counsel other than ourselves.

Based on the foregoing, we are of the opinion that:

1. The Indenture has been duly approved by the Board on behalf of the District and constitutes a valid and binding obligation of the District enforceable against the District.

2. The Indenture creates a valid lien on the funds pledged under the Indenture for the security of the Bonds.

3. The Bonds have been duly authorized, executed and delivered by the Board, acting in its capacity as the legislative body of the District, and are valid and binding special obligations of the District, payable solely from the sources provided therefor in the Indenture. The Bonds are limited obligations of the District, and are not a debt of the County, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation; and, except as to the Special Taxes (as defined in the Indenture), neither the faith and credit nor the taxing power of the County, the State of California, or any of its political subdivisions is pledged for the payment thereof.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it should be noted that, for purposes of calculating corporate alternative minimum taxable income, interest on the Bonds is included in adjusted current earnings. The foregoing opinion is subject to the condition that the District comply with all requirements of the Internal Revenue

Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds to assure that interest on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements might cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

It is understood that the rights of the holders of the Bonds under the Indenture, and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, heretofore or hereafter enacted to the extent constitutionally applicable, to the application of equitable principles and that enforcement may also be subject to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against state and local governmental entities in the State of California.

We call attention to the fact that the exclusion of interest on the Bonds from gross income for federal income tax purposes may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur).

We also call attention to the fact that our legal opinions and conclusions are an expression of professional judgment and not a guarantee of a result. We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect our legal opinions and conclusions expressed herein.

Very truly yours,

APPENDIX B

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX COMMUNITY FACILITIES DISTRICT NO. 6 (AGUA DULCE AREA) OF THE COUNTY OF LOS ANGELES IMPROVEMENT AREA A

[TO BE PROVIDED]

APPENDIX C

$3,700,000*
COMMUNITY FACILITIES DISTRICT NO. 6
(AGUA DULCE AREA)
OF THE COUNTY OF LOS ANGELES
IMPROVEMENT AREA A SPECIAL TAX REFUNDING BONDS
SERIES 2003A
(SIERRA COLONY RANCH)

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") dated as of July 1, 2003 is executed and delivered by Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles (respectively, the "District" and the "County") in connection with the issuance of $3,700,000* Community Facilities District No. A (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds Series 2003A (Sierra Colony Ranch) (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust dated as of July 1, 2003 (the " Indenture") by and among the District acting through the Board of Supervisors of the County, the Treasurer and Tax Collector of the County, as Paying Agent (the "Paying Agent"), and the Auditor-Controller of the County, as Fiscal Agent (the "Fiscal Agent"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the District for the benefit of the Owners and Beneficial Owners and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The covenants contained in this Disclosure Undertaking are intended to provide for the disclosure of information to be provided by the District as issuer under the Rule. This Disclosure Undertaking does not address additional undertakings, if any, by or with respect to persons other than the District who may be considered "obligated persons" for purposes of the Rule, which additional undertakings, if any, may be required for the Participating Underwriter to comply with the Rule. The District acknowledges that the County has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Undertaking, and has no liability to any person, including any Owners of the Bonds, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Indenture which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

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* Preliminary; subject to change.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean the Treasurer and Tax Collector of the County or his or her designee acting on behalf of the District, or such other officer or employee as the District shall designate in writing to the Fiscal Agent from time to time.

"Dissemination Agent" shall mean the Treasurer or any designee specified in writing by the District and which has filed a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Undertaking.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities Exchange Commission are set forth in Exhibit B.

"Official Statement" shall mean the Official Statement of the District dated _____, 2003 relating to the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each National Repository and the State Repository.

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

"State" shall mean the State of California.

"State Repository" shall mean any public or private repository or entity designed by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Undertaking, there is no State Repository.

"Treasurer" shall mean the Treasurer and Tax Collector of the County of Los Angeles.

Section 3. Provision of Annual Reports.

(a) The District shall or shall cause the Dissemination Agent to not later than February 1 after the end of the District's fiscal year (presently June 30), commencing with the report for the 2002-2003 Fiscal Year (February 1, 2004), provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking. 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 Undertaking. 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(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to Repositories, the Fiscal Agent shall provide the Annual Report to the District and the Dissemination Agent. If by such date, the District has not received a copy of the Annual Report, the District shall contact the Fiscal Agent and the Dissemination Agent to determine if the District will be able to comply with the first sentence of subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to Repositories by the date required in subsection (a), the Dissemination Agent shall send notice to each Repository in substantially the form attached hereto as Exhibit A-1.

(d) The District shall, or shall cause the Dissemination Agent to:

(i) determine each year prior to the date for providing the Annual Reports the name and address of each National Repository and the State Repository, if any; and

(ii) file a report with the District and (if the Dissemination Agent is not the Fiscal Agent) the Fiscal Agent certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided and listing all the Repositories to which it was provided.

Section 4. Content of Annual Report.

(a) The District's Annual Report, in substantially the form attached hereto as Exhibit A-2, shall contain or include by reference an update of the following financial information on the District for year ending June 30 (unless otherwise stated):

- Principal amount of Bonds outstanding and principal amount of Bonds authorized for the Improvement Area
- Balance in Reserve Fund and a statement of the Reserve Requirement
- Balance in all other funds and accounts of the District related to the Bonds
- Total assessed value of all parcels subject to the Improvement Area A Special Tax
- Delinquency information on all parcels within Improvement Area A including the Special Tax levied, the number of parcels subject to the levy and the delinquency rate
- Status of special tax foreclosure proceedings and summary of results of foreclosure sales, if available
- Identity of any delinquent taxpayer (by owner of record and excluding related entities) representing in the aggregate more than 5% of the Improvement Area A special tax levy

- A land ownership summary listing ownerships from records of County Assessor responsible for more than 5% of the Improvement Area A Special Tax levy for the current fiscal year, percentage of levy and whether land is categorized as "Developed Property" or as "Undeveloped Property" pursuant to the Rate and Method of Apportionment of Special Tax of the District for the Improvement Area

(b) Any or all of the items listed in subsection (a) above may be included by specific reference to other documents, including official statements of debt issues of the District, the County or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice, in substantially the form attached hereto as Exhibit A-3, of the occurrence of any of the following events with respect to the Bonds, if material:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults;

(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 or events affecting the tax-exempt status of the Bonds;

(7) Modifications to rights of Owners;

(8) Unscheduled Bond calls;

(9) Defeasances;

(10) Release, substitution or sale of property securing repayment of the Bonds;

(11) Rating changes;

(12) Amendment or waiver of a provision of this Disclosure Undertaking;

(b) The Dissemination Agent shall, within fifteen (15) Business Days of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Fiscal Agent and the District,

inform such persons of the event, and request that the District promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District has determined that knowledge of the occurrence of a Listed Event would be material under applicable securities laws, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the District determines that the Listed Event would not be material under applicable securities laws, the District shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice, in substantially the form of Exhibit A-3, of such occurrence with the Municipal Securities Rulemaking Board and the Repositories. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

Section 7. 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 Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Undertaking. The District has appointed the Treasurer as the initial Dissemination Agent for the Bonds.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the District may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking 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 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Undertaking, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District.

Section 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking 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 Undertaking. 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 Undertaking, the District shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Undertaking, the Fiscal Agent may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, the Fiscal Agent shall) or any Owner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the District to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Undertaking in the event of any failure of the District to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Fiscal Agent and Dissemination Agent. Article VII of the Indenture is hereby made applicable to this Disclosure Undertaking as if this Disclosure Undertaking were (solely for this purpose) contained in the Indenture. The Dissemination Agent (if other than the Fiscal Agent) shall have only such duties as are specifically set forth in this Disclosure Undertaking 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 obligations of the

District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Undertaking may be given as follows:

To the District:

County of Los Angeles
Office of Treasurer and Tax Collector
Room 437 Hall of Administration
500 West Temple Street
Los Angeles, California 90012
Attention: Public Finance
Telephone: (213) 974-7175
Fax: (213) 625-2249

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

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

COMMUNITY FACILITIES DISTRICT NO. 6 (AGUA DULCE AREA) OF THE COUNTY OF LOS ANGELES

By: _____
Treasurer and Tax Collector of the County of Los Angeles

EXHIBIT A-1

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of the District:	Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles
Name of Bond Issue:	Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds Series 2003A
Date of Issuance:	July __, 2003

NOTICE IS HEREBY GIVEN that Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles (the "District") has not provided an Annual Report with respect to the above-named Bonds as required by Section 6.11 of the Indenture dated as of July 1, 2003 by and among the District, the Treasurer and Tax Collector of the County of Los Angeles as Paying Agent and the Auditor-Controller of the County of Los Angeles, as the Fiscal Agent. The District anticipates that such Annual Report will be filed not later than January 31 each year commencing January 31, 2004.

Dated: _____

[DISSEMINATION AGENT]

By: _____

cc: Community Facilities District No. 6 (Agua Dulce Area)

EXHIBIT A-2

ANNUAL REPORT OF COMMUNITY FACILITIES DISTRICT NO. 6
(AGUA DULCE AREA)
OF THE COUNTY OF LOS ANGELES
RELATING TO

$3,700,000*
COMMUNITY FACILITIES DISTRICT NO. 6
(AGUA DULCE AREA)
OF THE COUNTY OF LOS ANGELES
IMPROVEMENT AREA A SPECIAL TAX REFUNDING BONDS
SERIES 2003A
(SIERRA COLONY RANCH)

The following information is being provided by Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles (the "District") pursuant to (i) Section 6.11 of the Indenture, dated as of July 1, 2003, by and among the District, the Treasurer and Tax Collector of the County of Los Angeles as Paying Agent and the Auditor-Controller of the County of Los Angeles, as Fiscal Agent and (ii) Section 4 of the Continuing Disclosure Undertaking, dated July 1, 2003 (the "Disclosure Undertaking"), of the District relating to the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds Series 2003A (the "Bonds").

[UPDATE INFORMATION AS REFERENCED IN SECTION 4
OF CONTINUING DISCLOSURE UNDERTAKING]

ANY SUBSEQUENT STATEMENTS REGARDING THE BONDS OTHER THAN A STATEMENT MADE BY THE FISCAL AGENT IN AN OFFICIAL RELEASE OR SUBSEQUENT NOTICE OR ANNUAL REPORT, PUBLISHED IN A FINANCIAL NEWSPAPER OF GENERAL CIRCULATION AND/OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) AND THE NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORIES (NRMSIR), ARE NOT AUTHORIZED BY THE DISTRICT OR THE FISCAL AGENT. NEITHER THE DISTRICT NOR THE FISCAL AGENT SHALL BE RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENT.

THIS REPORT IS BEING FILED PURSUANT TO THE CONTINUING DISCLOSURE UNDERTAKING AND DOES NOT PURPORT TO CONTAIN ALL MATERIAL INFORMATION WITH RESPECT TO THE BONDS OR THE FINANCIAL CONDITION OF THE DISTRICT.

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* Preliminary; subject to change.

NEITHER THE DISTRICT NOR THE FISCAL AGENT HAS ANY OBLIGATION TO UPDATE THIS REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE CONTINUING DISCLOSURE UNDERTAKING.

DATED: _____, _____

COMMUNITY FACILITIES DISTRICT NO. 6 (AGUA DULCE AREA) OF THE COUNTY OF LOS ANGELES

By: _____
Auditor-Controller of the County of Los Angeles, Fiscal Agent

EXHIBIT A-3

NOTICE OF SIGNIFICANT EVENT
RELATING TO
$3,700,000*
COMMUNITY FACILITIES DISTRICT NO. 6
(AGUA DULCE AREA)
OF THE COUNTY OF LOS ANGELES
IMPROVEMENT AREA A SPECIAL TAX REFUNDING BONDS
SERIES 2003A
(SIERRA COLONY RANCH)

NOTICE IS HEREBY GIVEN pursuant to that certain Continuing Disclosure Undertaking, dated as of July 1, 2003 (the "Continuing Disclosure Undertaking"), of Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles (the "District"), that the following significant event with respect to the above-captioned bonds (the "Bonds") has occurred:

[Describe significant event here]

ANY SUBSEQUENT STATEMENTS REGARDING THIS EVENT OR THE BONDS OTHER THAN STATEMENTS MADE BY THE FISCAL AGENT IN AN OFFICIAL RELEASE OR SUBSEQUENT NOTICE OR ANNUAL REPORT PUBLISHED IN A FINANCIAL NEWSPAPER OF GENERAL CIRCULATION AND/OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) AND THE NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORIES (NRMSIR) ARE NOT AUTHORIZED BY THE DISTRICT. NEITHER THE DISTRICT NOR THE FISCAL AGENT SHALL BE RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENT.

THIS NOTICE IS BEING GIVEN PURSUANT TO THE CONTINUING DISCLOSURE UNDERTAKING AND DOES NOT PURPORT TO CONTAIN ALL MATERIAL INFORMATION WITH RESPECT TO THE BONDS OR THE FINANCIAL CONDITION OF THE DISTRICT.

NEITHER THE DISTRICT NOR THE FISCAL AGENT HAS ANY OBLIGATION TO UPDATE THIS NOTICE OTHER THAN AS EXPRESSLY PROVIDED IN THE CONTINUING DISCLOSURE UNDERTAKING.

Dated: _____

[DISSEMINATION AGENT]

By:_____

* Preliminary; subject to change.

EXHIBIT B

Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) approved by the Securities and Exchange Commission as of February 19, 2003:

Bloomberg Municipal Repositories
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
Email: Munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 Williams Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390
Email: NRMSIR@FTID.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
Email: nrmsir@dpcdata.com

Standard & Poor's J. J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
Email: nrmsir_repository@sandp.com

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

Unless otherwise noted, the following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of interest and other payments with respect to the Bonds to Participants or Beneficial Owners of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other Bond-related transactions by and between DTC, Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC to the District for inclusion herein. Accordingly, the County, the District and the Underwriter do not and cannot make any independent representations concerning these matters.

When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC. Beneficial ownership in the Bonds may be acquired or transferred only through book entries made on the records of DTC and its Participants. If the Bonds are taken out of the book-entry only system and delivered to owners in physical form, as described below, the following discussion will not apply.

DTC will act as a securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond certificate will be issued for the Bonds in the aggregate principal amount of the Bonds, and will be deposited with DTC.

DTC 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 securities that its participants (the "Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities as transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need of physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Participants with which it maintains a direct relationship (the "Direct Participants") and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "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, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Redemption notices shall be sent to Cede & Co. 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.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the applicable Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Payment of the principal of and interest and premium, if any, on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. 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, the Fiscal Agent or the District, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal, interest and any premium to DTC is the responsibility of the Fiscal Agent. Disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

With respect to Bonds registered in the name of Cede & Co., the District and the Fiscal Agent have no responsibility or obligation to any Participant or Beneficial Owner of such Bonds. Without limiting the immediately preceding sentence, the District and the Fiscal Agent have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any Participant, Beneficial Owner or other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, (iii) the payment to any Participant, Beneficial Owner or other person, other than DTC, of any amount with respect to the principal or redemption price of, or any interest on, the Bonds, or (iv) any consent given or other action taken by DTC as owner of the Bonds. The District and the Fiscal Agent may treat DTC as, and deem DTC to be, the absolute owner of each Bond for all purposes whatsoever, including (but not limited to) (a) payment of the principal or redemption price of, and interest on, each such Bond, (b) giving notices of redemption and other matters with respect to such Bonds, and (c) registering transfers with respect to such Bonds. The Fiscal Agent shall pay the principal or redemption price of, and interest on, all Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to such principal or redemption price, and interest, to the extent of the sum or sums so paid.

DTC may discontinue providing its service as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Fiscal Agent. Under such circumstances, in the

event that a successor securities depository is not obtained, Bond certificates are required to be prepared and delivered as described in the Indenture.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be prepared and delivered as described in the Indenture.

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture and does not purport to be a complete restatement thereof. Reference is hereby made to the Indenture for the complete terms thereof. Copies of the Indenture are available from the District upon request for the cost of copying and delivery thereof. Capitalized terms not otherwise defined in this Official Statement will have the meanings given to such terms in the Indenture.

Definitions

Act means the Mello-Roos Community Facilities Act of 1982, constituting Sections 53311 et seq. of the California Government Code, as amended.

Administrative Expenses mean the ordinary and necessary costs of administering the levy and collection of the Special Taxes and all other administrative costs and incidental expenses related to the Bonds or the Special Taxes, including but not limited to annual audit fees, Paying Agent fees, Fiscal Agent fees, Escrow Agent fees, fees incurred in connection with the calculation of arbitrage rebate due to the federal government, costs of compliance with disclosure obligations of the District and other costs permitted by the Act.

Authorized Investments means any legal investments of the District's funds, which presently include the following:

(1) Bonds issued by the County, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the County or by a department, board, agency or authority thereof;

(2) United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest;

(3) Registered warrants or treasury notes or bonds of the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the State or by a department, board, agency or authority thereof;

(4) Bonds, notes, warrants or other evidences of indebtedness of any local agency within the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the local agency or by a department, board, agency or authority thereof;

(5) Obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or in obligations, participations or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise;

(6) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System (purchases of bankers acceptances may not exceed 180 days maturity);

(7) Commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by S&P and Moody's (eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of $500,000,000, and having an "A" or higher rating for the issuer's debt, other than commercial paper, if any, as provided for by S&P and Moody's, and purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation);

(8) Negotiable certificates of deposit issued by a nationally or state-chartered bank or a state or federal association (as defined by section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank;

(9) Investments in repurchase agreements or reverse repurchase agreements of any securities enumerated above, if the Fiscal Agent will have received a perfected security interest in such securities securing such repurchase agreement and the Fiscal Agent will hold such obligations free and clear of the claims of third parties. For purposes of this definition, the term "repurchase agreement" means a purchase of securities pursuant to an agreement by which the seller will repurchase such securities on or before a specified date and for a specified amount and will deliver the underlying securities by physical delivery or third-party custodial agreement. For the purposes of this subdivision, the term "counterparty" means the other party to the transaction. A counterparty bank's trust department or safekeeping department may be used for physical delivery of the underlying security. The term of repurchase agreements will be for one year or less. Such securities, for purposes of repurchase under this definition, will mean securities of the same issuer, description, issue date and maturity;

(10) Medium-term notes of a maximum of five years maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States (notes eligible for investment under this paragraph must be rated "A/A" or its equivalent by Moody's and S&P);

(11) Shares of beneficial interest issued by money market funds investing in the securities and obligations as authorized by paragraphs (1) to (10), inclusive, of this definition and which comply with the investment restrictions of Articles 1 and 2 of Chapter 4 of Title 5 of the California Government Code (commencing with Section 53630) (to be eligible for investment pursuant to this paragraph (11) these companies will either: (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest nationally recognized rating services, or (2) have an investment advisor registered with the Securities and Exchange Commission with not less than five years experience investing in the securities and obligations as authorized by paragraphs (1) to (10), inclusive, of this definition and with assets under management in excess of $500,000,000; the purchase price of shares of beneficial interest purchased pursuant to this paragraph (11) may not include any commission that these companies may charge);

(12) An Investment Agreement;

(13) To the extent of moneys pledged to the payment of or security for the Bonds and held by a fiscal agent (including the Fiscal Agent), in any other investment deemed prudent by the Treasurer; and

(14) Any legal investments of the District's funds authorized pursuant to Section 53601 of the California Government Code and consistent with the County of Los Angeles Investment Policy, including the County Investment Pool.

Authorized Representative of the District means the Treasurer or any other person designated by such officer and authorized to act on behalf of the District under or with respect to the Indenture and all other agreements related hereto.

Average Annual Debt Service means the average over all Bond Years of the annual debt service from the date of the Bonds to their maturity, including:

(1) The principal amount of all Outstanding Bonds payable in such Bond Year either at maturity or pursuant to a sinking fund payment; and

(2) The interest payable on the aggregate principal amount of the Bonds Outstanding in such Bond Year assuming the Bonds are retired as scheduled.

Bond Counsel means an attorney or firm of attorneys of recognized national standing in the field of municipal finance selected by the District.

Bond Register means the books that the Paying Agent will keep or cause to be kept on which the registration and transfer of Bonds will be recorded.

Bondowner or *Owner* means the person or persons in whose name or names any Bond is registered.

Bonds means the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds, Series 2003A (Sierra Colony Ranch), authenticated and delivered under the Indenture.

Bond Year means the period of twelve consecutive months ending on September 1 in any year during which Bonds are or will be Outstanding; provided, however, that the final Bond Year will end on the date on which the Bonds are fully paid or redeemed.

Business Day means any day other than a Saturday or a Sunday or a day on which financial institutions in the State of New York or in the State of California are required or authorized to close.

Code means the Internal Revenue Code of 1986, as amended.

Continuing Disclosure Undertaking means that certain Continuing Disclosure Undertaking of the District dated as of July 1, 2003 relating to the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Costs of Issuance means all of the costs of issuing the Bonds, including but not limited to, all printing and document preparation expenses in connection with the Indenture, the Bonds and any and all other agreements, instruments, certificates or other documents issued in connection therewith; legal fees and expenses of counsel with respect to the financing of the Project; any computer and other expenses incurred in connection with the Bonds; the initial fees and expenses of the Fiscal Agent and the Paying Agent, if any (including without limitation, origination fees and first annual fees payable in advance); and other fees and expenses incurred in connection with the issuance of the Bonds or the implementation of the financing for the Project, to the extent such fees and expenses are approved by the District.

County means the County of Los Angeles, California.

District means Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles.

Escrow Agreement means the Escrow Agreement, dated as of July 1, 2003, by and between the District, acting through the Board of Supervisors of the County, and the Escrow Holder relating to the Prior Bonds, as may be amended or supplemented.

Escrow Fund means the fund by that name which is established in the Escrow Agreement.

Escrow Holder means U.S. Bank National Association acting in its capacity as such under the Escrow Agreement, and any successor thereto.

Federal Securities means, subject to applicable law, United States Treasury notes, bonds, bills or certificates of indebtedness including United States Treasury Obligations - State and Local Government Series ("SLGS") or other direct obligations issued by the United States Treasury for which the faith and credit of the United States are pledged for the payment of principal and interest; and obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, and the Federal Home Loan Bank Board.

Fiscal Agent means the Auditor-Controller of the County, acting as an officer of the District, and its designated agents or its successors and assigns, acting in the capacity of fiscal agent. The Auditor-Controller of the County is authorized to contract with any third party to perform the services of Fiscal Agent under the Indenture.

Fiscal Year means the twelve month period ending on June 30 of each year, or any other annual accounting period selected and designated by the County as its Fiscal Year in accordance with applicable law.

Gross Taxes mean (i) all Special Taxes and (ii) all proceeds from the sale of property collected pursuant to the foreclosure provisions of the Act and the Indenture for the delinquency of such Special Taxes.

Indenture means the Indenture, dated as of July 1, 2003, by and among the District, acting through the Board of Supervisors of the County of Los Angeles, the Treasurer and Tax Collector of the County of Los Angeles, as paying agent, and the Auditor-Controller of the County of Los Angeles, as fiscal agent, as amended or supplemented pursuant to the terms hereof.

Independent Consultant means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the District and satisfactory to and approved by the Fiscal Agent (which will be under no liability by reason of such approval) and who, or each of whom:

(1) Is in fact independent and not under the domination of the District;

(2) Does not have any substantial interest, direct or indirect, with the District; and

(3) Is not connected with the District as a member, officer or employee of the District, but who may be regularly retained to make annual or other reports to the District.

Interest Payment Date means each March 1 and September 1, commencing September 1, 2003.

Investment Agreement means one or more agreements entered into between the District, the Fiscal Agent and an entity or entities whose long-term debt or claims-paying ability is rated in either of the two highest categories (without regard to gradations of plus and minus within such categories) by S&P or Moody's or an agreement between the District, the Fiscal Agent and an entity which is rated in either of the two highest categories (without regard to gradations of plus and minus within such categories) by S&P or Moody's.

Maximum Annual Debt Service means the maximum sum obtained for any Bond Year prior to the final maturity of Bonds by totaling the following for each Bond Year:

(1) The amount of all Outstanding Bonds payable in such Bond Year;

(2) The principal amount of any Bonds scheduled to be called and redeemed in such Bond Year; and

(3) The interest payable on the aggregate principal amount of Outstanding Bonds in such Bond Year if the Outstanding Bonds are retired as scheduled.

Moody's means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns except that if such corporation will no longer perform the functions of a securities rating agency for any reason, the term Moody's will be deemed to refer to any other nationally recognized securities rating agency selected by the District and approved by the Fiscal Agent.

Net Taxes mean the amount of all Gross Taxes minus Administrative Expenses.

Ordinance means the ordinance entitled "Ordinance Authorizing The Levy Of A Special Tax Within Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles," adopted by the Board of Supervisors of the County on October 27, 1992.

Outstanding or *Outstanding Bonds* means all Bonds theretofore or thereupon being authenticated and delivered by the Paying Agent under the Indenture except:

(1) Bonds theretofore cancelled by the Paying Agent or surrendered to the Paying Agent for cancellation;

(2) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds will have been authenticated and delivered by the Paying Agent pursuant to the Indenture;

(3) From and after the date fixed for redemption, Bonds or portions thereof designated for redemption for which notice of redemption has been duly given and the amount necessary for redemption has been made available for that purpose; and

(4) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount will have theretofore been deposited with the Paying Agent in accordance with Section 8.01 hereof (whether on or prior to the maturity or redemption date of such Bonds).

Participating Underwriter will have the meaning ascribed thereto in the Continuing Disclosure Undertaking.

Paying Agent means the Treasurer and its designated agents or its successor or assigns, acting in the capacity of registrar, paying agent and transfer agent. The initial designated agent for the Bonds is U.S. Bank National Association, a national banking association, with a corporate trust office in Los Angeles, California. The Treasurer is authorized to contract with any third party to perform the services of Paying Agent under the Indenture. The District will provide Bondowners with notice of any change in identity of the Paying Agent or of any third party authorized to perform the services of the Paying Agent.

Payment Request Form means a payment request form to be used in connection with the payment of Costs of Issuance, substantially in the form of Exhibit B attached to the Indenture.

Prior Bonds means the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Bonds, Series 1993 A (Sierra Colony Ranch).

Project means the acquisition, construction and installation of certain real and other tangible property with an estimated useful life of five years or longer, including certain road, water system, sewer, drainage and utility improvements, a certain school site and school fees, and a certain regional sewage treatment plant and trunk line, as more particularly described in the Resolution of Formation.

Reserve Facility means, a surety bond or other financial instrument acceptable to the Treasurer provided as part of the Reserve Fund to insure timely payment of the Bonds.

Reserve Requirement means, as of any date of calculation, an amount equal to the least of (a) 10% of the stated principal amount (within the meaning of Section 148 of the Code) of any Series of Bonds, (b) Maximum Annual Debt Service on the Outstanding Bonds or (c) 125% of Average Annual Debt Service; provided, that any Reserve Facility will be taken into account in calculating the balance on deposit in the Reserve Fund.

S&P means Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns except that if such corporation will no longer perform the functions of a securities rating agency for any reason, the term "S&P" will be deemed to refer to any other nationally recognized securities rating agency selected by the District and approved by the Fiscal Agent.

Serial Bonds means Bonds for which no mandatory sinking fund payments are provided.

Series of Bonds means all Bonds of like designation authenticated and delivered on original issuance at the same time pursuant to the Indenture or a Supplemental Indenture and any Bond or Bonds thereafter delivered in lieu of or as substitution for any of such Bonds pursuant to the Indenture.

Special Taxes mean the annual special taxes authorized under the Act to be levied on property lying within Improvement Area A, as described in the Rate and Method of Apportionment and in accordance with the Act.

Supplemental Indenture means any Supplemental Indenture amending or supplementing the Indenture.

Tax Certificate means, for each Series of Bonds, the Tax Certificate executed and delivered by the District on the date each such Series of Bonds is delivered.

Term Bonds means any Bonds of any Series so designated herein authorizing the issuance of such Series and for the retirement of which mandatory sinking fund payments have been established.

Treasurer means the Treasurer and Tax Collector of the County, acting as an officer of the District.

Undeveloped Property means all parcels of land within Improvement Area A for which no final tract map has been recorded as of March 1 of the prior fiscal year.

Verification Agent means Causey Demgen & Moore Inc., Denver Colorado.

Funds and Accounts

Special Tax Fund. The Fiscal Agent will, on each date on which the Gross Taxes have been received by the Treasurer and deposited with the Fiscal Agent, deposit the Gross Taxes in the Special Tax Fund, such Gross Taxes to be held and transferred on the dates and in the amounts set forth in the Indenture and summarized below, in the following order of priority, to: (a) the Administrative Expense Fund; (b) the Bond Service Fund; and (c) the Reserve Fund. Any amounts remaining on deposit in the Special Tax Fund when there are no longer any Bonds Outstanding will be transferred to the Rebate Fund, if necessary, and otherwise will be transferred to the District and used for any lawful purpose under the Act.

Administrative Expense Fund. On or before the date amounts are needed to pay Administrative Expenses, the Fiscal Agent will withdraw from the Special Tax Fund and place in the Administrative Expense Fund an amount necessary, together with amounts on deposit therein, to pay all Administrative Expenses. The Fiscal Agent will pay the Administrative Expenses upon written instruction of the District. The Fiscal Agent will transfer all amounts remaining on deposit in the Administrative Expense Fund on the final maturity of the Bonds, after payment of any accrued Administrative Expenses, to the Special Tax Fund.

Bond Service Fund. On or before February 20 and August 20 of each year, the Fiscal Agent will withdraw from the Special Tax Fund, the Earnings Fund and the Reserve Fund to the extent required, and place in the Bond Service Fund an amount equal, together with amounts on deposit therein, to all of the principal (including mandatory sinking fund payments) and all of the interest due and payable on all of the Bonds on the next Interest Payment Date. On or before the Business Day prior to each Interest Payment Date, the Fiscal Agent will pay to the Paying Agent an amount equal to the interest and principal due and payable on the Bonds on such Interest Payment Date. The Fiscal Agent will transfer any moneys remaining in the Bond Service Fund when there are no longer Bonds Outstanding to the Special Tax Fund.

Reserve Fund. The Indenture provides that in the Reserve Fund there will be maintained an amount equal to the Reserve Requirement. Moneys in the Reserve Fund, including draws on the Reserve Facility, if any, will be used solely for the purpose of paying the principal of and interest on the Bonds in the event that the moneys in the Bond Service Fund are insufficient therefor, and for that purpose the Fiscal Agent will withdraw from the Reserve Fund, for deposit in the Bond Service Fund, moneys necessary for such purpose. If the amount on deposit in the Reserve Fund, including the Reserve Facility, if any, is less than the Reserve Requirement, the Fiscal Agent will notify the District of the amount needed to replenish the Reserve Fund to the Reserve Requirement and the District will collect such deficiency either through including such amount in the next annual Special Tax levy, to the extent permitted by law and the Ordinance, or otherwise. If amounts on deposit in the Reserve Fund, including draws on the Reserve Facility, if any, are less than the Reserve Requirement, after making the required transfers to the Administrative Expense Fund and the Bond Service Fund, the Fiscal Agent will transfer to the Reserve Fund from the first available moneys in the Special Tax Fund, an amount necessary to increase the balance therein to the Reserve Requirement. If on July 1 of each year, the amount on deposit

in the Reserve Fund is in excess of the Reserve Requirement, the Fiscal Agent will transfer such excess to the Bond Service Fund, as provided in the Indenture. Moneys in the Reserve Fund will be transferred to the Bond Service Fund on the final maturity of the Bonds and applied to the payment of principal of and interest on the last outstanding maturity of the Bonds.

Costs of Issuance Fund. The Fiscal Agent will disburse moneys from the Costs of Issuance Fund on such dates and in such amounts as are necessary to pay Costs of Issuance, in each case in accordance with a Payment Request Form together with invoices therefore. Any amounts remaining on deposit in the Costs of Issuance Fund on the earlier of the date on which the District has notified the Fiscal Agent in writing that all Costs of Issuance have been paid or one year after the initial deposit of such amounts in the Costs of Issuance Fund will be transferred to the Bond Service Fund. Costs of Issuance will be paid directly to the person, corporation or entity entitled to payment hereunder and named as Payee on the applicable Payment Request Form. Notwithstanding anything to the contrary in the Indenture, the Fiscal Agent may rely on an executed Payment Request Form as complete authorization for any payments.

Rebate Fund. The Fiscal Agent will establish and maintain with respect to the Bonds a fund separate from any other fund established and maintained under the Indenture designated as the Rebate Fund. All money at any time deposited in the Rebate Fund will be held by the Fiscal Agent in trust, to the extent required to satisfy the Rebate Amount (as defined in the Tax Certificate), for payment to the United States of America. Neither the District nor the Owner of any Bonds will have any rights in or claim to such money. All amounts on deposit in the Rebate Fund will be governed by the Indenture and by the Tax Certificate. The Fiscal Agent will be deemed conclusively to have complied with such provisions if it follows the directions of the District including supplying all necessary information in the manner provided in the Tax Certificate, and will have no liability or responsibility to enforce compliance by the District with the terms of the Tax Certificate.

Upon the District's written direction, an amount equal to the Rebate Requirement specified to the Fiscal Agent will be deposited into the Rebate Fund by the Fiscal Agent from balances in the following funds and accounts and in the following order of priority: (i) from the Earnings Fund, (ii) from the Special Tax Fund, and (iii) from the Reserve Fund, so that the balance in the Rebate Fund after such deposit will equal the Rebate Amount for the Bond Year (as such term is defined in the Tax Certificate) calculated as of the most recent Calculation Date (as defined in the Tax Certificate). Computations of the Rebate Amount will be furnished by or on behalf of the District in accordance with the Tax Certificate.

The Fiscal Agent will have no obligation to rebate any amounts required to be rebated pursuant to the Indenture, other than from moneys held in the funds and accounts created under the Indenture or from other moneys provided to it by the District.

The Treasurer will invest all amounts held in the Rebate Fund at the written direction of the District in Authorized Investments, subject to the restrictions set forth in the Tax Certificate. The Fiscal Agent will retain all earnings (calculated by taking into account net gains or losses on sales or exchanges and taking into account amortized discount or premium as a gain or loss, respectively) on investments held in the Rebate Fund. Money will not be transferred from the Rebate Fund except as provided for in the Indenture.

Upon receipt of the District's written directions, the Fiscal Agent will remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if on the first day of any Bond Year the amount credited to the Rebate Fund exceeds the Rebate Requirement, and the District so directs, the Fiscal Agent will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as directed by the District's written directions. Any funds remaining in the Rebate

Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Amount will be withdrawn and remitted to the District.

Notwithstanding any other provision of the Indenture, the obligation to remit the Rebate Amounts to the United States and to comply with all other requirements of the Indenture and the Tax Certificate will survive the defeasance or payment in full of the Bonds.

Redemption Fund. Prior to any redemption date, other than a Mandatory Sinking Fund Redemption Date, the Fiscal Agent will deposit in the Redemption Fund moneys available for the purpose and sufficient to redeem, at the redemption prices payable as provided in the Indenture, the Bonds designated for redemption. Such moneys must be set aside in the Redemption Fund solely for that purpose and will be transferred to the Paying Agent on or before the applicable redemption date and be applied by the Paying Agent on or after the redemption date to the payment of the redemption price on the Bonds to be redeemed upon presentation and surrender thereof. Any moneys remaining in the Redemption Fund when there are no longer Bonds Outstanding will be transferred to the Special Tax Fund.

Earnings Fund. The Fiscal Agent will establish and maintain for the administration and control of investment earnings on District receipts an Earnings Fund. The Fiscal Agent will directly deposit investment earnings of the Cost of Issuance Fund, the Reserve Fund and the Earnings Fund into the Earnings Fund. The District will at least annually direct the transfer of all amounts in the Earnings Fund accrued to the transfer date, less any actual or estimated amounts due to the Rebate Fund, to the Bond Service Fund.

Investment of Moneys

Obligations purchased as investments of moneys in any fund or account in which investments are authorized will be deemed at all times to be a part of such fund or account. Earnings on the investment of moneys on deposit in any fund or account established pursuant to the Indenture (except the Special Tax Fund, Administrative Expense Fund, Bond Service Fund and the Rebate Fund) will be deposited to the Earnings Fund and applied pursuant to the Indenture. Earnings on the investment of any moneys on deposit in the Special Tax Fund, Administrative Expense Fund, Bond Service Fund or the Rebate Fund will be held in each such fund or account. Subject to the restrictions set forth in the Indenture, moneys in said funds and accounts may be from time to time invested by the Treasurer at the written direction of an Authorized Representative of the District, or if no such written direction is given, in any manner the Treasurer deems appropriate, in Authorized Investments so long as:

(a) Moneys in the Administrative Expense Fund will be invested in obligations that will by their terms mature no later than the date on which moneys must be available to meet scheduled payments of Administrative Expenses;

(b) Moneys in the Bond Service Fund will be invested only in obligations which will by their terms mature on such dates so as to ensure the payment of principal and interest on the Bonds as the same become due; and

(c) Half of the moneys in the Reserve Fund may be invested in Authorized Investments which will mature not more than two years from the date of purchase by the Treasurer and the balance will be invested in Authorized Investments which will mature not more than five years from the date of purchase by the Treasurer; provided no such investment will mature later than the final maturity of the Bonds; provided further, if such investments may be redeemed at par on the Business Day prior to each

Interest Payment Date, any amount of the Reserve Fund may be invested in such redeemable investments of any maturity on or prior to the final maturity of the Bonds.

Subject to the restrictions set forth in the Indenture, the Treasurer will sell at the best price obtainable or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer for such funds and accounts or from such funds and accounts. For the purpose of determining at any given time the balance in any fund or account, any such investments constituting a part of such fund and account will be valued at their original cost. Notwithstanding anything in the Indenture to the contrary, the Treasurer will not be responsible for any loss from any investments authorized pursuant to the Indenture.

Covenants

The District has made the following covenants in the Indenture, among others, for the benefit of the Bondowners:

(a) The District will duly and punctually pay or cause to be paid the principal of, premium (if any) and interest on every Bond issued under the Indenture to the extent Net Taxes are available therefor, in strict conformity with the terms of the Bonds and the Indenture and will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture as it may be amended from time to time.

(b) Subject to the limitations on the rate of Special Taxes, the District will levy or cause to be levied the Special Taxes in an amount anticipated to be sufficient (after taking into account anticipated delinquencies in the payment of Special Taxes), together with any moneys on deposit in the Special Tax Fund or the Bond Service Fund (and, with respect to the final Bond Year, in the Reserve Fund) and anticipated to be available, to pay principal of, premium (if any) and interest on the Bonds, Administrative Expenses and any amounts required to maintain the Reserve Fund at the Reserve Requirement.

(c) If the Fiscal Agent determines at any time that the balance in the Reserve Fund is less than the Reserve Requirement as the result of the failure by one or more owners of real property to pay Special Taxes when due, the District will commence and diligently prosecute to completion such foreclosure proceedings as may be necessary to restore the Reserve Fund balance to the Reserve Requirement.

(d) The District will keep proper books of record and accounts, separate from all other records and accounts of the County, in which complete and correct entries will be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of record and accounts will at all times during business hours be subject to the inspection of the Fiscal Agent or the Owners of not less than 10% of the principal amount of the Bonds then Outstanding or their representatives authorized in writing.

(e) In order to maintain the exclusion from gross income for Federal income tax purposes of the interest on the Bonds, the District covenants in the Indenture to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code in that the District agrees to comply with the Tax Certificate for the Bonds issued thereunder, as each such Tax Certificate may be amended from time to time, as a source of guidance for compliance with such provisions. The Fiscal Agent and the Paying Agent each agree to comply with any written instructions received from the District which the District indicates must be followed in order to comply with the Tax Certificate. The Indenture provides that the tax covenant will survive the payment, redemption or defeasance of the Bonds.

(f) The District will do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the District under the provisions of the Indenture. The District warrants that upon the date of execution and delivery of the Bonds, all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the execution and delivery of such Bonds do exist, have happened and have been performed and the execution and delivery of the Bonds will comply in all respects with the applicable laws of the State.

(g) The District will not directly or indirectly extend the maturity dates of the Bonds or the time of payment of interest with respect thereto. Nothing in the Indenture will be deemed to limit the right of the District to issue any securities for the purpose of providing funds for the redemption of the Bonds and such issuance will not be deemed to constitute an extension of the maturity of the Bonds.

(h) The District will preserve and protect the security of the Bonds and the rights of the Owners against all claims and demands of all persons, and will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture or in any Bond issued pursuant to the Indenture and will contest by court action or otherwise (a) the assertion by any officer of any government unit or any other person whatsoever against the District that (i) the Act is unconstitutional, (ii) the Special Tax is invalid, or (iii) the Special Taxes cannot be paid by the District for the debt service, or (b) any other action affecting the validity of the Bonds or diluting the security therefore, or (c) any assertion by the United States of America or any department or agency thereof or any other person that the interest received by the bondholders is includable in gross income for federal income tax purposes, to the extent there are Special Taxes available for such purpose.

(i) The District covenants and agrees in the Indenture that it will comply with and carry out all of its obligations under the Continuing Disclosure Undertaking. Notwithstanding any other provision of the Indenture, failure of the District to comply with its obligations under the Continuing Disclosure Undertaking will not be considered an event of default under the Indenture, and the sole remedy, in the event of any failure of the District to comply with the Continuing Disclosure Undertaking will be an action to compel performance. Upon receipt of indemnification to its satisfaction, the Fiscal Agent will at the request of any Participating Underwriter or the Owners of a majority in aggregate principal amount of Outstanding Bonds or any Bondowner or Beneficial Owner (as defined in the Continuing Disclosure Undertaking) 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 Section. For purposes of this Section, "Beneficial Owners," means any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

(j) The covenants contained in the Indenture are covenants of the District only and anything in the Indenture to the contrary notwithstanding, no covenant contained therein will be deemed to have been made by the County, other than any such covenant it may have made in its capacity as legislative body of the District, Fiscal Agent or Paying Agent.

Conditions for the Issuance of Additional Bonds

Following the issuance of the Bonds additional bonds are permitted to be issued upon satisfaction of such conditions set forth in the Act, the Indenture, and such other conditions as the District may impose. The District may at any time issue one or more Series of Bonds (in addition to the Bonds) payable from the proceeds of the Special Taxes as provided in the Indenture on a parity with all other

Series of Bonds issued under the Indenture, but only subject to the following conditions, which have been made conditions precedent to the issuance of such Series of Bonds:

(a) The issuance of such Series of Bonds must be authorized under and pursuant to the Act and under and pursuant to the Indenture and provided for by a Supplemental Indenture which will specify the following:

(1) The purpose for which such Series of Bonds is to be issued; provided, that the proceeds of the sale of such Series of Bonds will be applied solely for the purpose of providing funds (i) to pay for the costs of the acquisition and construction of the Project, including costs incidental to or connected with such acquisition or (ii) to refund any Outstanding Bonds issued under the Indenture, including the payment of all costs incidental to or connected with financing;

(2) The principal amount and designation of such Series of Bonds and the denomination or denominations of the Bonds of such Series;

(3) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund payments are due, if any, for such Series of Bonds; provided, that (i) the Serial Bonds of such Series of Bonds will be payable as to principal annually on September 1 of each year in which principal falls due, and the Term Bonds of such Series of Bonds will have annual mandatory redemption on September 1, (ii) the bonds of such Series of Bonds will be payable as to interest semiannually on March 1 and September 1 of each year, except that the first installment of interest may be payable on either March 1 or September 1 and will be for a period of not longer than twelve (12) months and the interest will be payable thereafter semiannually on March 1 and September 1, (iii) all bonds of a Series of like maturity will be identical in all respects, except as to number or denomination, and (iv) serial maturities of Serial Bonds or mandatory sinking fund payments for Term Bonds, or any combination thereof, will be established to provide for the redemption or payment of such Series of Bonds on or before their respective maturity dates;

(4) The redemption premiums and terms, if any, for such Series of Bonds;

(5) The form of the bonds of such Series;

(6) The amount to be deposited from the proceeds of sale of such Series of Bonds in the Reserve Fund; provided, that the Reserve Fund will be increased at the time that such Series of Bonds becomes Outstanding to an amount at least equal to the Reserve Requirement, and an amount at least equal to the Reserve Requirement will be maintained in the Reserve Fund;

(7) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof.

(b) The District will comply with all agreements, conditions, covenants and terms contained in the Indenture and in all Supplemental Indentures required to be observed or performed by it; and

(c) The District must receive a certificate from one or more Independent Consultants which, when taken together, certify that (i) on the basis of the parcels of land and improvements existing in Improvement Area A as of the March 1 preceding the proposed issuance of the additional Series of Bonds, the amount of maximum Special Taxes that may be levied by the District pursuant to the Act, the Ordinance and the applicable resolutions of the District for each Bond Year that the Bonds will be Outstanding, after subtracting an amount determined by the District to be necessary to pay Administrative Expenses, is at least 1.1 times Maximum Annual Debt Service on all Outstanding Bonds, including the Series of Bonds proposed to be issued, (ii) the fair market value of the land in Improvement Area A is at least three times the debt allocable to Improvement Area A, and (iii) the fair market value of the Undeveloped Property within Improvement Area A is at least three times the debt allocable to such Undeveloped Property; provided, however, that if the fair market value of the Undeveloped Property is less than three times the debt allocable to such Undeveloped Property, a credit support in form and substance satisfactory to the District is provided to secure the payment of the Special Taxes due on such Undeveloped Property. In making the calculations under (ii) and (iii) above, the fair market value of the land will be the appraised value of the land, including then existing improvements and any facilities to be constructed or acquired with the proceeds of the proposed Series of Bonds, as determined by an appraisal selected by the County, and the debt allocable to the land will be the sum of (A) the portion of the aggregate principal amount of all Bonds then Outstanding (including for purposes of this calculation under this paragraph (A) the Series of Bonds proposed to be issued) equal to the aggregate principal amount of all Bonds Outstanding multiplied by a fraction the numerator of which is the amount of special taxes levied for all Bonds on such land and the denominator of which is the total amount of special taxes levied for all Bonds on all land (such fraction to be determined based upon the maximum special taxes which could be levied the year in which Maximum Annual Debt Service on all Bonds occurs), based upon land use classifications existing from the most recently available Fiscal Year, plus (B) the pro rata portion of the principal amount of all assessment district bonds then outstanding which at the time of calculation are payable from assessments to be levied on such land, plus (C) a portion of the aggregate principal amount of other community facilities district bonds then outstanding and payable at least partially from special taxes to be levied on such land (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 such land, and the denominator of which is the total amount of special taxes levied for the Other CFD Bonds on land (such fraction to be determined based upon the maximum special taxes which could be levied the year in which maximum annual debt service on the Other CFD Bonds occurs, except in the case of debt secured by ad valorem taxes such fraction shall be determined based on the taxes levied for the current Fiscal Year), based upon the land use classifications existing from the most recently available Fiscal Year. For purposes of making the certifications required by this subparagraph (c), the Independent Consultants may rely on reports or certificates of such other persons as may be acceptable to the District, Bond Counsel and the underwriter of the proposed Series of Bonds.

Provided, that nothing contained in the Indenture will limit the issuance of any special tax bonds of the District payable from Special Taxes as provided in the Indenture if after the issuance and delivery of such special tax bonds none of the Bonds issued pursuant to the Indenture will be Outstanding.

Supplemental Indentures

The District, the Paying Agent and the Fiscal Agent may from time to time, and at any time, without notice to or consent of any of the Bondowners, enter into such Supplemental Indentures as will not be inconsistent with the terms and provisions of the Indenture (which Supplemental Indentures or agreements will thereafter form a part of the Indenture) for any of the following purposes:

(a) To cure any ambiguity, to correct or supplement any provision therein which may be inconsistent with any other provision therein, or to make any other provision with respect to matters or questions arising under the Indenture or in any Supplemental Indenture, provided that such action will not adversely affect the interests of the Bondowners;

(b) To add to the covenants and agreements of and the limitations and the restrictions upon the District contained in the Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(c) To authorize the issuance of additional Bonds, subject to the terms of the Indenture; and

(d) To modify, alter, amend or supplement the Indenture for any reason in any other respect which is not materially adverse to the interests of Bondowners.

Exclusive of the Supplemental Indentures referred to above, the Owners of not less than 60% in aggregate principal amount of the Bonds then Outstanding will have the right to consent to and approve the execution of such Supplemental Indentures as will be deemed necessary or desirable for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture or agreement; provided, however, that nothing in the Indenture will permit, or be construed as permitting, (a) an extension of the maturity date of the principal of, or the payment date of interest on, any Bond, (b) a reduction in the principal amount of, or redemption price of, any Bond or the rate of interest thereon, (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds then Outstanding. Nothing in the Indenture, however, will be construed as making necessary the approval by Bondowners of the execution of any Supplemental Indentures or agreements.

If at any time the District will desire to enter into a Supplemental Indenture, which pursuant to the terms of the Indenture will require the consent of the Bondowners, the District will so notify the Paying Agent and will deliver to the Paying Agent a copy of the proposed Supplemental Indenture. The Paying Agent will, at the expense of the District, cause notice of the proposed Supplemental Indenture (or a summary thereof) to be mailed, by first class mail postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice will briefly set forth the nature of the proposed Supplemental Indenture and will state that a copy thereof is on file at the office of the Authorized Representative of the District for inspection by all Bondowners. The failure of any Bondowners to receive such notice will not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than 60% in aggregate principal amount of the Bonds then Outstanding as required by the Indenture. Whenever at any time within one year after the date of the first mailing of such notice, the Paying Agent will receive an instrument or instruments purporting to be executed by the Owners of not less than 60% in aggregate principal amount of the Bonds then

Outstanding, which instrument or instruments will refer to the proposed Supplemental Indenture described in such notice, and will specifically consent to and approve the Supplemental Indenture substantially in the form of the copy referred to in such notice as on file with the Authorized Representative of the District, such proposed Supplemental Indenture, when duly entered into by the District and the Paying Agent, will thereafter become a part of the proceedings for the issuance of the Bonds. In determining whether the Owners of 60% of the aggregate principal amount of the Bonds have consented to the adoption of any Supplemental Indenture, Bonds which are known to the Paying Agent to be owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, will be disregarded and will be treated as though they were not Outstanding for the purpose of any such determination.

Upon the execution and delivery by the District and the Paying Agent of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than 60% in aggregate principal amount of Bonds Outstanding in instances where such consent is required pursuant to the Indenture, the Indenture will be, and will be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the District, the Paying Agent, the Fiscal Agent and all Owners of Bonds then Outstanding will thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Defeasance

The Indenture provides that if the District will pay or cause to be paid, or there will otherwise be paid, to the Owners of all Outstanding Bonds the interest due thereon, the principal thereof, at the times and in the manner stipulated in the Bonds and in the Indenture, then the Owners will cease to be entitled to the pledge of Net Taxes, and all covenants, agreements and other obligations of the District to the Owners under the Indenture will thereupon cease, terminate and become void and be discharged and satisfied, except the District's obligations to comply with the tax covenants in the Indenture. In such event, the Fiscal Agent and the Paying Agent, as appropriate, will execute and deliver to the District such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiscal Agent and the Paying Agent, as appropriate, will pay over or deliver to the District all money or securities held by them pursuant to the Indenture which are not required for the payment of the interest due and on the principal of such Bonds.

Bonds for the payment of which money will have been set aside (through deposit by the District or otherwise) to be held in trust by the Paying Agent for such payment at the maturity date thereof will be deemed, as of the date of such setting aside, to have been paid within the meaning and with the effect expressed in the above paragraph.

Any Outstanding Bonds will prior to the maturity date thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section above if (1) there will have been deposited with the Paying Agent either money in an amount which will be sufficient, or Federal Securities the principal of and the interest on which when paid will provide money which, together with the money, if any, deposited with the Paying Agent at the same time, will be sufficient to pay when due the interest due and to become due on such Bonds on and prior to the maturity date thereof, and the principal of such Bonds and (2) the District will have given the Paying Agent in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (1) above has been made with the Paying Agent and that such Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity date upon which money is to be available for the payment of the principal of such Bonds. The sufficiency of any such deposit, other than money alone, must be verified by the report of an independent certified public accountant.

Neither Federal Securities nor money deposited with the Paying Agent pursuant to the Indenture nor interest or principal payments on any such Federal Securities will be withdrawn or used for any purpose other than, and will be held in trust for, the payment of the interest on and principal of such Bonds; provided that any cash received from such interest or principal payments on such Federal Securities deposited with the Paying Agent, if not then needed for such purpose, will, to the extent practicable, be reinvested in Federal Securities maturing at times and in amounts sufficient to pay when due the interest on and principal of such Bonds on and prior to such maturity thereof, and interest earned from such reinvestments will be deposited in the Special Tax Fund. For purposes of the Indenture, Federal Securities will mean and include only such securities as are not subject to redemption prior to their maturity.

Events of Default and Remedies

The Indenture states that any one or more of the following events will constitute an "Event of Default" thereunder:

(a) Default in the due and punctual payment of the principal of, or redemption premium, if any, on any Bond when and as the same will become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) Default in the due and punctual payment of the interest on any Bond when and as the same will become due and payable; or

(c) Default by the District in the observance of any of the agreements, conditions or covenants on its part in the Indenture or in the Bonds contained (other than a payment default referred to in subparagraph (a) and (b) above), and the continuation of such default for a period of 60 days after the District will have been given notice in writing of such default by the Fiscal Agent; provided that if within 60 days the District has commenced curing of the default and diligently pursues elimination thereof, such period will be extended to permit such default to be eliminated.

Following the occurrence of an event of default, the Indenture provides that any Owner will have the right for the equal benefit and protection of all Owners similarly situated:

(a) By mandamus or other suit or proceeding at law or in equity to enforce his or her rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Bondowners as provided in the Indenture;

(b) By suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Bondowners; or

(c) By a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

Nothing in the Indenture, or in the Bonds, will affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners thereof at the respective dates of maturity, as provided in the Indenture, out of the Net Taxes pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Bondowners to institute a suit to enforce such payment by virtue of the contract embodied in the Bonds and in the Indenture.

A waiver of any default or breach of duty or contract by any Owner will not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Act or by Article X of the Indenture may be enforced and exercised from time to time and as often as will be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the District and the Owners will be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

No remedy conferred upon or reserved pursuant to the Indenture to the Owners is intended to be exclusive of any other remedy. Every such remedy will be cumulative and will be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Any suit, action or proceeding which any Owner will have the right to bring to enforce any right or remedy to the Indenture may be brought by the Fiscal Agent for the equal benefit and protection of all Owners, and the Fiscal Agent has been appointed (and the successive respective Owners of the Bonds, by taking and holding the same, will be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the Owners as a class or classes, as may be necessary or advisable in the opinion of the Fiscal Agent as such attorney-in-fact.

Paying Agent and Fiscal Agent

Under the terms of the Indenture, the District has appointed the Treasurer and Tax Collector of the County, as the Paying Agent and the Auditor-Controller of the County, as Fiscal Agent. The Treasurer has initially contracted with U.S. Bank National Association, to act as agent for the Paying Agent. The Paying Agent is authorized under the Indenture to and will mail interest payments to the Bondowners, select Bonds for redemption, give notice of redemption and meetings of Bondowners, and maintain the Bond Register. The Paying Agent is authorized to pay the principal of and premium, if any, on the Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds presented to it for such purposes, provide for the cancellation of Bonds, all as provided in the Indenture, and provide for the authentication of Bonds, and will perform all other duties assigned to or imposed on it as provided in the Indenture. The Paying Agent will keep accurate records of all Bonds paid and discharged by it.

The Fiscal Agent is authorized under the Indenture to and will maintain and administer the funds and accounts established pursuant to the Indenture. The Fiscal Agent will keep accurate records of all funds administered by it.

The Paying Agent and Fiscal Agent initially appointed and any successor thereto may each be removed by the District and a successor or successors may be appointed. So long as any Bonds are Outstanding and unpaid, the Paying Agent, the Fiscal Agent and any successor or successors thereto designated by the District will continue to be Paying Agent and Fiscal Agent, respectively, of the District for all of said purposes until the designation of a successor or successors.

The recitals of fact and all promises, covenants and agreements contained in the Indenture and in the Bonds will be taken as statements, promises, covenants and agreements of the District, and the Paying Agent and the Fiscal Agent assume no responsibility for the correctness of the same and make no representations as to the validity or sufficiency of the Indenture or of the Bonds, and will incur no responsibility in respect thereof, other than in connection with its duties or obligations set forth in the Indenture or in the Bonds or in the certificate of authentication and registration assigned to or imposed upon the Paying Agent or Fiscal Agent, as applicable. The Paying Agent will be under no responsibility or duty with respect to the issuance of the Bonds for value. Neither the Paying Agent nor Fiscal Agent will be liable in connection with the performance of their respective duties hereunder, except for their respective negligence or default.

$_____

COMMUNITY FACILITIES DISTRICT NO. 6
(AGUA DULCE AREA) OF THE COUNTY OF LOS ANGELES
IMPROVEMENT AREA A
SPECIAL TAX REFUNDING BONDS, SERIES 2003A
(SIERRA COLONY RANCH)

Bond Purchase Agreement

_____, 2003

Community Facilities District No. 6
(Agua Dulce Area)
of the County of Los Angeles
Los Angeles, California

Ladies and Gentlemen:

The undersigned, Stone & Youngberg LLC (hereinafter, the "**Underwriter**"), acting not as a fiduciary for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (the "**Purchase Agreement**") with the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles (the "**District**") which upon acceptance, will be binding upon the District and upon the Underwriter. This offer is made subject to acceptance by the District, by execution of this Purchase Agreement and its delivery to the Underwriter on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the District at any time prior to the acceptance hereof by the District.

1. Purchase, Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the District, for offering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds, Series 2003A (Sierra Colony Ranch) (the "**Bonds**"), in the aggregate principal amount specified in Exhibit A hereto. The Bonds will be dated the Closing Date (as defined herein) and shall have the maturities and bear interest (payable semi-annually on March 1 and September 1 in each year, commencing on September 1, 2003) at the rates per annum and maturing on the dates and in the amounts as set forth in said Exhibit A.

(b) The purchase price for the Bonds shall be the amount specified as such in Exhibit A. Payment for and delivery of the Bonds, and the other actions contemplated hereby, shall take place on _____, 2003 (the "**Closing Date**"), or such other date as may be agreed to between the District and the Underwriter. The Bonds shall be issued in book-entry form pursuant to the book-entry system of The Depository Trust Company ("**DTC**") and shall be delivered to DTC on the Closing Date.

2. Authorization Instruments and Law.

(a) The Bonds shall be substantially in the form described in, and shall be issued and secured under the provisions of, and shall be payable and subject to redemption as provided in, the Indenture, dated as of July 1, 2003 (the "**Indenture**"), approved by the District in a resolution (the "**Resolution**"), adopted by the Board of Supervisors of the County of Los Angeles (the "**County**") sitting as the legislative body of the District (the "**Board**") on July 1, 2003. Initially, U.S. Bank National Association will serve as paying agent under the Indenture by delegation of the Treasurer and Tax Collector of the County. The Bonds and interest thereon will be payable from a special tax (the "**Special Tax**") levied and collected in accordance with the Indenture and Ordinance No. 92-0113M adopted by the Board of Supervisors on October 27, 1992 (the "Ordinance") authorizing the levy of the Special Tax in accordance with the Rate and Method of Apportionment (the "**Rate and Method of Apportionment**") adopted by the Board on October 24,1991.

(b) The Bonds are being issued in accordance with the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California (the "**Act**") and Article 11, commencing with Section 53580, of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code) (the "**Law**"). Proceeds from the sale of the Bonds will be used in accordance with the Indenture and the Act to (i) refund on September 1, 2003 the Community Facilities District No. 6 of the County of Los Angeles (Agua Dulce Area), Improvement Area A Special Tax Bonds, Series 1993A (Sierra Colony Ranch) (the "**Prior Bonds**"), issued in the original aggregate principal amount of $4,675,000, (ii) fund a reserve fund for the Bonds, and (iii) pay the costs related to the issuance of the Bonds.

(c) The Prior Bonds and the indenture governing the Prior Bonds shall be defeased by the deposit of a portion of the proceeds of the Bonds into an escrow account maintained by U.S. Bank National Association, as escrow agent (the "**Escrow Agent**"), pursuant to the Escrow Agreement dated as of July 1, 2003, by and between the District acting through the Board as the legislative body, and the Escrow Agent (the "**Escrow Agreement**").

3. Public Offering. The Underwriter agrees to make a bona fide public offering of all of the Bonds initially at the public offering prices and/or yields set forth in Exhibit A attached hereto. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices and/or yields as it deems necessary in connection with the marketing of the Bonds. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

4. Delivery of Official Statement.

(a) Pursuant to the authorization of the District, the Underwriter has distributed copies of the Preliminary Official Statement, dated _____, 2003 relating to the Bonds, which, together with the cover page and all appendices thereto, is herein called the "**Preliminary Official Statement**" and which, as amended, with the prior approval of the Underwriter, will be referred to herein as the "**Official Statement.**" The District hereby ratifies the use by the Underwriter of the Preliminary Official Statement and authorizes the Underwriter

to use and distribute the Official Statement, the Indenture, District Continuing Disclosure Undertaking (as defined herein), the Escrow Agreement, the other documents or contracts to which the County or the District is a party, including this Purchase Agreement, and all information contained therein and herein, and all other documents, certificates and statements furnished by the County or the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement, in connection with the offer and sale of the Bonds by the Underwriter. At or prior to the Closing Date (described below), the District shall have authorized, executed and delivered its Continuing Disclosure Undertaking, dated as of the Closing Date (the "**District Continuing Disclosure Undertaking**"), which complies with paragraph (b)(1) of Section 240.15c2-12 in Chapter II of Title 17 of the Code of Federal Regulations ("**Rule 15c2-12**"), to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and the Official Statement. As soon as practicable and no later than seven (7) days after its acceptance hereof, the District shall deliver (or cause to be delivered) to the Underwriter such reasonable number of copies of the Official Statement as the Underwriter may request in order to comply with Rule 15c2-12, applicable Municipal Securities Rulemaking Board rules and other regulatory requirements relating to the issuance and sale of the Bonds.

(b) The District represents that it has deemed the Preliminary Official Statement to be "final" as of its date within the meaning of Rule 15c2-12, except for the omission of the following information: the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery of the Bonds, and any other information permitted to be omitted under Rule 15c2-12. It is an express condition of the offer of the Underwriter made hereby that the District deliver the Official Statement, in a form deemed by it to be final and without omissions, within seven (7) business days of the date hereof; and the delivery of an Official Statement shall conclusively establish that the District deems the document so delivered to be final. A failure of the District to comply with the requirements of the preceding sentence shall entitle the Underwriter to rescind its offer hereunder.

5. **The Closing.** At 8:00 A.M., Los Angeles time, on the Closing Date, the District will deliver to the Underwriter (i) at the offices of DTC, in New York, New York, the Bonds in temporary or definitive form, bearing CUSIP numbers, and duly executed by the officers of the District as provided in the Indenture and with the facsimile seal of the County printed thereon, and (ii) at the offices of Arter & Hadden LLP, Los Angeles, California, or such other location in Los Angeles, California, as may be agreed to by the District and the Underwriter, the other documents herein mentioned; and the Underwriter shall accept such delivery and pay the purchase price of the Bonds in immediately available funds (such delivery and payment being herein referred to as the "**Closing**"). Notwithstanding the foregoing, the Underwriter may, in its discretion, accept delivery of the Bonds in temporary form upon making arrangements with the District that are satisfactory to the Underwriter relating to the delivery of the Bonds in definitive form. The Bonds shall be in fully registered form, registered in the name of Cede & Co., as nominee of DTC. The failure to print CUSIP identification numbers on any of the Bonds or any error with respect thereto shall not constitute cause for a failure or refusal of the Underwriter to accept delivery of, or pay for, the Bonds in accordance with the terms of this Purchase Agreement. The Bonds, as so registered, shall be made available to the Underwriter at the

offices of DTC, 55 Water Street, New York, New York 10004 not later than the last business day before the Closing Date for purposes of inspection.

6. **Representations, Warranties and Agreements of the District.** The District represents, warrants and covenants to and agrees with the Underwriter that:

(a) The District is duly organized and validly existing as a community facilities district under the laws of the State of California and has, and at the Closing Date will have, as the case may be, full legal right, power and authority (i) to execute, deliver and perform its obligations under this Purchase Agreement and to carry out all transactions contemplated hereby, (ii) to issue, sell and deliver the Bonds to the Underwriter pursuant to the Resolution and the Indenture as provided herein, and (iii) to carry out, give effect to and consummate the transactions contemplated by the resolution, adopted by the Board on October 24, 1991 (the "**Resolution of Formation**"), the Ordinance, the Official Statement, the Indenture, the Escrow Agreement, the District Continuing Disclosure Undertaking and this Purchase Agreement (collectively referred to herein as the "**District Documents**");

(b) The District has complied, and will at the Closing Date be in compliance, in all material respects with the Resolution, the Resolution of Formation, the Indenture, the Escrow Agreement, the Act, the District Continuing Disclosure Undertaking and this Purchase Agreement and the District will continue to comply with the covenants of the District contained in the Indenture;

(c) The Board has duly and validly: (i) adopted the Resolution, the Resolution of Formation, and the Ordinance; (ii) called, held and conducted in accordance with all requirements of the Act an election to approve the levy of the Special Taxes; (iii) authorized and approved the execution and delivery of the Bonds, the Indenture, the Escrow Agreement, the District Continuing Disclosure Undertaking and this Purchase Agreement; (iv) authorized the preparation and delivery of the Official Statement; and (v) authorized and approved the performance by the District of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by, each of said documents (including, without limitation, the collection of the Special Tax), and at the Closing Date the Resolution, the Resolution of Formation, the Ordinance, the Indenture, the Escrow Agreement, the Bonds, the District Continuing Disclosure Undertaking and this Purchase Agreement will constitute the valid, legal and binding obligations of the District, and (assuming due authorization, execution and delivery by other parties thereto, where necessary) will be enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and to the application of equitable principles if equitable remedies are sought;

(d) To the best of the District's knowledge, the District is not in breach of or default under any applicable law or administrative rule or regulation of the State of California (the "State"), or of any department, division, agency or instrumentality thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the District is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the performance by the District of its obligations under the Bonds, the Resolution, the Indenture, the

Escrow Agreement, the Resolution of Formation, the Ordinance, the District Continuing Disclosure Undertaking or this Purchase Agreement, and compliance with the provisions of each thereof, will not in any respect material to the transactions referred to herein or contemplated hereby, conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, or of any department, division, agency or instrumentality thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the District or the County, as the case may be, is a party or is otherwise subject or bound;

(e) All approvals, consents, authorizations, elections and orders of or filings or registrations with any State governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the District of its obligations hereunder, or under the Resolution, the Indenture, the Escrow Agreement, the Resolution of Formation, the Ordinance, the Bonds or the District Continuing Disclosure Undertaking have been or will be obtained and are in full force and effect, except that the District provides no representation regarding compliance with blue sky or other securities laws or regulations whatsoever;

(f) The Special Tax constituting the security for the Bonds has been duly and lawfully authorized and may be levied under the Act and the Constitution and the applicable laws of the State of California, and such Special Tax constitutes a valid and legally binding, continuing lien on the properties on which it has been levied;

(g) Until the date which is twenty-five (25) days after the End Date (as hereinafter defined), if any event shall occur of which the District is aware, as a result of which it may be necessary to supplement the Official Statement in order to make the statements in the Official Statement, in light of the circumstances existing at such time, not misleading, the District shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to the Official Statement necessary, in the Underwriter's opinion, so that the statements therein as so supplemented will not be misleading in light of the circumstances existing at such time and the District shall promptly furnish to the Underwriter a reasonable number of copies of such supplement. As used herein, the term "**End Date**" means the later of such time as (i) the District delivers the Bonds to the Underwriter, or (ii) the Underwriter do not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End Date shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the District at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the End Date;

(h) The Indenture creates a valid pledge of the Net Taxes (as defined in the Indenture) and the moneys in the Bond Service Fund, the Reserve Fund, and the Special Tax Fund established pursuant to the Indenture, including the investments thereof, subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein;

(i) To the best knowledge of the District, except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body (collectively and individually, an "**Action**") pending or threatened against the District or the County (i) which would materially adversely affect the ability of the District to perform its obligations under the Bonds, the Indenture, the Escrow Agreement, the Resolution of Formation, the Ordinance, or the District Continuing Disclosure Undertaking, or (ii) seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or the collection or application of the Special Tax pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution, the Resolution of Formation, the Indenture, the Escrow Agreement, the Ordinance, the District Continuing Disclosure Undertaking, this Purchase Agreement or any other instruments relating to the development of any of the property within the District, or any action of the District contemplated by any of said documents or (iii) in any way contesting the completeness or accuracy of the Preliminary Official Statement or the powers or authority of the County or the District with respect to the Bonds, the Resolution, the Indenture, the Escrow Agreement, the District Continuing Disclosure Undertaking, the Resolution of Formation, and the Ordinance, or any action of the County or the District contemplated by any of said documents; or (iv) which alleges that interest on the Bonds is not excludable from gross income for federal income tax purposes or is not exempt from California personal income taxation;

(j) The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order for the Underwriter to qualify the Bonds for offer and sale under the "Blue Sky" or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided, however, the District shall not be required to register as a dealer or a broker of securities nor shall the District be required to consent to service of process or jurisdiction or qualify to do business in any jurisdiction or to expend funds for this purpose;

(k) Any certificate signed by any authorized official of the District authorized to do so shall be deemed a representation and warranty of the District to the Underwriter as to the statements made therein;

(l) The District will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Official Statement;

(m) The information under the sections "INTRODUCTORY STATEMENT" excluding the second, third, and fourth paragraphs under the caption "The Phase 1 Portion", the second and third paragraphs under the caption "Assessed Property Values of the Phase 1 Portion", the captions "Book-Entry Only System", "Special Risk Factors", "Tax Matters", "Forward Looking Statements" and "Professionals Involved in the Offering"; "THE BONDS" excluding the caption "Debt Service for the Bonds"; "REFUNDING PLAN", "SECURITY FOR THE BONDS"; "IMPROVEMENT AREA A" excluding the captions "Ownership of the Phase 1 Portion - Werbco Construction Corp.", "Description of the Phase 1 Portion", the ninth, eleventh and fifteenth paragraphs under the caption "Property Values; Value-to-Lien Ratio", and the

caption "Utilities Provided in the Phase 1 Portion," inclusive, contained in the Preliminary Official Statement was, and in the Official Statement is and on the Closing Date shall be, true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(n) Except as disclosed in the Official Statement, no other public debt secured by an *ad valorem* tax, a special tax or an assessment levied by the County or the District on the land in the District is in the process of being authorized by the County or the District and no assessment districts or community facilities districts have been or are in the process of being formed by the County or, to the best knowledge of the County official executing this Purchase Agreement (without having undertaken any independent investigation), the County of Los Angeles, which include any portion of the land within the District. All outstanding debt secured by special taxes, benefit assessments or *ad valorem* taxes for general obligation bonds of the County and all authorized but unissued debt secured by special taxes, benefit assessments or *ad valorem* taxes for general obligation bonds of the County, or the County on behalf of the District, which is applicable to the property within the District is accurately described in the Official Statement;

(o) The District shall use its best efforts to cause the property owners within the District to cooperate with the Underwriter in the preparation of the Official Statement, provided however, that such efforts shall not include the expenditure of funds by the District; and

(p) The Preliminary Official Statement heretofore delivered to the Underwriter is deemed final by the District as of its date except for the omission of such information as is permitted to be omitted in accordance with Rule 15c2-12. The District hereby covenants and agrees that, within seven (7) business days from the date hereof, or upon reasonable written notice from the Underwriter within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the District shall cause a final printed form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of Rule 15c2-12 and Rules G-12, G-15, G-32 and G-36 of the Municipal Securities Rulemaking Board.

(q) The District has had no previous continuing disclosure obligations by way of Rule 15c2-12 and therefore, has never been in default with respect to any reporting obligation under Rule 15c2-12.

7. Representations, Warranties, Covenants and Agreements of the Underwriter. The Underwriter represents, warrants, covenants and agrees with the District as follows:

(a) To file a copy of the Official Statement, including any supplements prepared by the District, with a Nationally Recognized Municipal Securities Information Repository (as defined in Rule 15c2-12), and

(b) To take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to ultimate purchasers.

8. Conditions to the Obligations of the Underwriter. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the District contained herein, as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the County and the District made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the District of its respective obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) District Bring-Down Representations. The representations and covenants of the District contained herein shall be true and correct as of the date hereof and at the time of the Closing as if made on the Closing Date.

(b) Executed Agreements and Performance. At the time of the Closing (i) the District Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter, (ii) there shall be in full force and effect the Resolution of Formation, the Resolution, the Ordinance, and such other resolutions or ordinances (collectively, the "**District Resolutions**") such as, in the opinion of Bond Counsel, shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the District contemplated by the Official Statement and the District Documents, (iii) the District shall perform or have performed its obligations required or specified in the District Documents to be performed at or prior to Closing, and (iv) the Official Statement shall not have been supplemented or amended except as otherwise may have been agreed to in writing by the Underwriter.

(c) No Default. At the time of the Closing, no default shall have occurred or be existing under the District Resolutions or the District Documents and the District shall not be in default in the payment of principal or interest on any of its bonded indebtedness which default shall adversely impact the ability of the District to make payments with respect to the Bonds.

(d) Closing Documents. At or prior to the Closing, the Underwriter shall have received two (2) copies of each of the documents required under Section 9 below.

(e) Termination Events. The Underwriter shall have the right to terminate this Purchase Agreement, without liability therefor, by written notification to the County or the District if at any time prior to the Closing:

(i) any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(ii) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the

Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any Federal or state court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the District, the interest on bonds or notes or obligations of the general character of the Bonds or the market price of the Bonds; or

(iii) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended, and as then in effect, or that the Indenture must be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(iv) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to market the Bonds; or

(v) a general suspension of trading in securities on the New York Stock Exchange or a general banking moratorium shall have been established by federal, State of New York or State authorities; or

(vi) the withdrawal or downgrade of any rating of the District's outstanding indebtedness by a national rating agency; or

(vii) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information set forth in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact

required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; or

(viii) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other outbreak of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis on the financial markets of the United States, being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds.

9. Closing Documents. At or prior to the Closing, the Underwriter shall receive a copy of each of the following documents:

(a) The Resolution, the Resolution of Formation, and the Ordinance, together with a certificate dated as of the Closing Date of a Deputy Clerk of the Board of Supervisors to the effect that each is a true, correct and complete copy of the one duly adopted by the Board of Supervisors;

(b) An executed copy of the Indenture;

(c) An executed copy of the Escrow Agreement;

(d) Notice of Special Tax Lien Recorded with the County Recorder;

(e) An executed copy of this Purchase Agreement;

(f) An executed copy of the Official Statement;

(g) An executed copy of the District Continuing Disclosure Undertaking dated the date of the Closing;

(h) An unqualified approving opinion, dated the Closing Date and addressed to the District, of Arter & Hadden LLP, Bond Counsel for the District, in the form attached to the Preliminary Official Statement as Appendix B and a letter of such counsel, dated the Closing Date and addressed to the Underwriter, to the effect that such opinion addressed to the District may be relied upon by the Underwriter to the same extent as if such opinion was addressed to it;

(i) A supplemental opinion, dated the Closing Date and addressed to the District and the Underwriter, of Arter & Hadden LLP, Bond Counsel for the District, to the effect that (i) the Purchase Agreement and District Continuing Disclosure Undertaking have been duly authorized, executed and delivered by the District, and, assuming the execution and delivery by the other parties thereto as appropriate, the Purchase Agreement and the District Continuing Disclosure Undertaking, constitute the legally valid and binding agreements of the District enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law); (ii) the District is duly organized and validly existing as a community facilities district under the laws of the State of California; (iii) the Bonds are not subject to the registration

requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; (iv) the information contained in the Official Statement with respect to the Bonds on the cover regarding tax-exemption of the Bonds and under the captions "THE BONDS," "REFUNDING PLAN," "SECURITY FOR THE BONDS," "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and "TAX MATTERS" (except information relating to DTC and its book-entry system, as to which no opinion need be expressed) insofar as it purports to summarize certain provisions of the Act and the Law, the Bonds, the Indenture, the Escrow Agreement, the District Continuing Disclosure Undertaking, and the exclusion from gross income for federal income tax purposes and exemption from State of California personal income taxes of interest on the Bonds present a fair and accurate summary of such provisions; and (v) the Special Tax has been duly and validly authorized in accordance with the provisions of the Act and, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other law relating to or affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion in appropriate cases, a lien to secure payment of the Special Taxes has been imposed on all nonexempt property in the District ;

(j) An opinion, dated the Closing Date and addressed to the Underwriter, of Pillsbury Winthrop LLP, Los Angeles, California, counsel for the Underwriter, to the effect that (i) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended and (ii) without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of their participation in conferences with representatives of the County, County Counsel, Bond Counsel, representatives of the Underwriter and others, and their examination of certain documents, no information has come to their attention which would lead them to believe that the Official Statement as of its date and as of the Closing Date contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to the Appendices of the Official Statement or any other financial, statistical, environmental, and demographic data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, and information about book-entry or DTC contained in the Official Statement);

(k) A Certificate, dated the Closing Date and signed by an authorized representative of the District and the County, ratifying the use and distribution by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the offering and sale of the Bonds and certifying that (i) the representations and warranties of the District contained in Section 6 hereof (other than those addressed in the opinion of County Counsel) are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best of his or her knowledge, no event has occurred since the date of the Official Statement affecting the matters contained therein which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make the statements and information contained in the Official Statement with respect to the District and the County not misleading in any material respect, and the Bonds, the Indenture, the Escrow Agreement, and other applicable agreements conform as to form and tenor to the descriptions thereof contained in the Official Statement; and (iii) the District has complied with

all the agreements and satisfied all the conditions on its part to be performed or satisfied under this Purchase Agreement, the Resolution, the Resolution of Formation, the Ordinance, the Escrow Agreement and the Indenture at or prior to the Closing Date;

(l) An opinion, dated the Closing Date and addressed to the Underwriter, of counsel to the District and the County, to the effect that (i) to the best of his or her knowledge, and other than as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending or threatened against the County or the District which would materially adversely affect the ability of the District to perform its obligations hereunder or under the Bonds, the Indenture, the Escrow Agreement, the Resolution, the Resolution of Formation, the Ordinance, the District Continuing Disclosure Undertaking or seeking to restrain or to enjoin the issuance, sale, delivery of the Bonds, or the application of the proceeds thereof in accordance with the Indenture, or the collection or application of the Special Tax to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution, the Resolution of Formation, the Ordinance, the Indenture, the Escrow Agreement, the District Continuing Disclosure Undertaking or this Purchase Agreement or the accuracy of the Official Statement, or any action of the County or the District contemplated by any of said documents; (ii) the County is duly organized and validly existing as a political subdivision under the Constitution and laws of the State of California and the District is duly organized and validly existing as a community facilities district under the laws of the State of California, with, as the case may be, full legal right, power and authority to issue the Bonds and to perform all of their obligations under this Purchase Agreement, the Bonds, the Ordinance, the Indenture, the Escrow Agreement, and the District Continuing Disclosure Undertaking; (iii) except for the adoption of the resolution each year approving the annual levy of the Special Tax by the County, as the legislative body of the District, the District has obtained all approvals, consents, authorizations, elections and orders of or filings or registrations with any State governmental authority, board, agency or commission having jurisdiction which constitute a condition precedent to the levy of the Special Tax, the issuance of the Bonds or the performance by the District of its obligations thereunder or under the Indenture, except that no opinion need be expressed regarding compliance with blue sky or other securities laws or regulations, whatsoever; (iv) the Board of Supervisors has duly and validly adopted the Resolution, the Resolution of Formation, and the Ordinance at meetings of the Board of Supervisors which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption, and the Resolution, the Resolution of Formation, the Ordinance, and the Indenture are now in full force and effect and the same have not been amended; (v) the District has duly authorized, executed and delivered this Purchase Agreement, the Indenture, the Escrow Agreement, and the Bonds and has duly authorized the preparation and delivery of the Official Statement, and this Purchase Agreement, the Bonds, the District Continuing Disclosure Undertaking, the Indenture and the Escrow Agreement constitute legal, valid and binding agreements of the District, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights in general and to the application of equitable principles if equitable remedies are sought and to limitations on remedies imposed in actions against public entities in the State of California; and (vi) the District Continuing Disclosure Undertaking has been duly authorized and validly executed by the District;

(m) An opinion of Bond Counsel, in form and substance satisfactory to the Underwriter, dated the Closing Date, addressed to the District and the Underwriter, with respect to the defeasance of the Prior Bonds;

(n) A report addressed to the District, dated on or prior to the Closing Date from Causey Demgen & Moore Inc, Denver, Colorado, verifying the accuracy of (i) the mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the maturing principal amounts of and interest earned on the government obligations together with other escrowed moneys, to be deposited into the escrow fund pursuant to the Escrow Agreement to pay, pursuant to a call for redemption, the principal of and interest and premium, if any, on the Prior Bonds, and (ii) the mathematical computations of the yield on the Prior Bonds, on the Bonds, and on the government obligations purchased with a portion of the proceeds of the sale of the Bonds and the Prior Bonds, respectively;

(o) A tax certificate of the District, in a form acceptable to Bond Counsel;

(p) A certificate of the Werbco Construction Corporation, a California corporation (the "**Builder**"), dated the Closing Date, in a form acceptable to Bond Counsel and addressed to the Underwriter, the County, the District and David Taussig & Associates, Inc. that the statements in the Official Statement relating to the Builder and the property previously and currently owned by the Builder under the caption "IMPROVEMENT AREA A" are accurate in all material respects and do not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(q) A certificate from David Taussig & Associates, Inc. to the effect that (i) the Special Tax, if applied and collected in accordance with the terms set forth in the Rate and Method of Apportionment, would generate an amount at least equal to debt service on the Bonds, (ii) the Special Taxes, if collected in the maximum amounts permitted pursuant to the Rate and Method of Apportionment on the date hereof, would generate at least 115% of the maximum debt service on the Bonds, based on such assumptions and qualifications as shall be acceptable to the Underwriter, and (iii) the information supplied by such firm for the Official Statement wherein David Taussig & Associates, Inc. is identified as the source, as of the date of the Official Statement and as of the Closing Date does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make such statements, in the light of the circumstances under which they were made, not misleading; and

(r) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the statements and information contained in the Preliminary Official Statement and the Official Statement, of the District's representations and warranties contained herein and the due performance or satisfaction by the District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the District in connection with the transactions contemplated hereby and by the Resolution and the Official Statement.

If the District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the District shall be under any further obligation hereunder, except that the respective obligations of the District and the Underwriter set forth in Section 11 hereof shall continue in full force and effect.

10. Conditions of the District's Obligations. The District's obligations hereunder are subject to the Underwriter's performance of its obligations hereunder, and are also subject to the following conditions:

(a) As of the Closing Date, no litigation shall be pending or, to the knowledge of the duly authorized officer of the District executing the certificate referred to in Section 9(j) hereof, threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds, the Resolution, the Indenture, the Escrow Agreement, the District Continuing Disclosure Undertaking or this Purchase Agreement or the existence or powers of the District;

(b) As of the Closing Date, the District shall receive the approving opinions of Bond Counsel referred to in Section 9(g) hereof, dated as of the Closing Date, addressed to the District, together with a reliance letter addressed to the Underwriter.

11. Expenses. Whether or not the Bonds are delivered to the Underwriter as set forth herein:

(a) The Underwriter shall be under no obligation to pay, and the District shall pay or cause to be paid (out of any legally available funds of the District) all expenses incident to the performance of the District's obligations hereunder, including, but not limited to, the cost of printing and delivering the Bonds to the Underwriter, the cost of preparation, printing (and/or word processing and reproduction), distribution and delivery of the Indenture, the District Continuing Disclosure Undertaking and all other agreements and documents contemplated hereby (and drafts of any thereof); the cost of printing the Preliminary Official Statement and the Official Statement in such reasonable quantities as requested by the Underwriter; and the fees and disbursements of the fiscal agent and registrar for the Bonds, Bond Counsel and any accountants, engineers or any other experts or consultants the County or the District have retained in connection with the Bonds; and

(b) The District shall be under no obligation to pay, and the Underwriter shall pay, the cost of preparation of any "blue sky" or legal investment memoranda and this Purchase Agreement; expenses to qualify the Bonds for sale under any "blue sky" or other state securities laws; CDIAC fees and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in paragraph (a) of this section), including the fees and disbursements of its counsel and any advertising expenses.

12. **Notices**. Any notice or other communication to be given to the District under this Purchase Agreement may be given by delivering the same in writing to the Treasurer and Tax Collector, Kenneth Hahn Hall of Administration, 500 West Temple Street, Room 437, Los Angeles, California 90012, Attention: Director of Public Finance; and any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Stone & Youngberg LLC, 515 S. Figueroa, Suite 1060, Los Angeles, California 90071, Attention: Steve Heaney.

13. **Parties in Interest.** This Purchase Agreement is made solely for the benefit of the District and the Underwriter (including its successors or assigns), and no other person shall acquire or have any right hereunder or by virtue hereof.

14. **Survival of Representations and Warranties.** The representations and warranties of the District set forth in or made pursuant to this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the District and regardless of delivery of and payment for the Bonds.

15. **Effective**. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the District and shall be valid and enforceable as of the time of such acceptance. This Purchase Agreement may be signed in counterparts by each party.

16. **No Prior Agreements.** This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds for the District.

17. **Governing Law.** This Purchase Agreement shall be governed by the laws of the State of California.

Very truly yours,

STONE & YOUNGBERG LLC.

By: _____
Authorized Representative

APPROVED AS TO FORM:

LLOYD W. PELLMAN,
County Counsel

By: _____
Deputy

ACCEPTED: _____ , 2003

COMMUNITY FACILITIES DISTRICT NO. 6
(AGUA DULCE AREA)
OF THE COUNTY OF LOS ANGELES
IMPROVEMENT AREA A

By: _____
Treasurer and Tax Collector of the
County of Los Angeles

EXHIBIT A

MATURITY SCHEDULE

$_____
COMMUNITY FACILITIES DISTRICT NO. 6
(AGUA DULCE AREA) OF THE COUNTY OF LOS ANGELES
IMPROVEMENT AREA A
SPECIAL TAX REFUNDING BONDS, SERIES 2003A
(SIERRA COLONY RANCH)

$_____ Serial Bonds

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield

$_____ _____% Term Bonds due September 1, 2022 – Priced to Yield ____%

The purchase price of the Bonds shall be $_____, (representing the principal amount of the Bonds in the amount of $_____, less Underwriter's discount of $_____, less original issue discount of $_____).

$_____
COMMUNITY FACILITIES DISTRICT NO. 6
(AGUA DULCE AREA)
OF THE COUNTY OF LOS ANGELES
IMPROVEMENT AREA A SPECIAL TAX REFUNDING BONDS
SERIES 2003A
(SIERRA COLONY RANCH)

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") dated as of July 1, 2003 is executed and delivered by Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles (respectively, the "District" and the "County") in connection with the issuance of $_____ Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds Series 2003A (Sierra Colony Ranch) (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust dated as of July 1, 2003 (the " Indenture") by and among the District acting through the Board of Supervisors of the County, the Treasurer and Tax Collector of the County, as Paying Agent (the "Paying Agent"), and the Auditor-Controller of the County, as Fiscal Agent (the "Fiscal Agent"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the District for the benefit of the Bondowners and Beneficial Owners and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The covenants contained in this Disclosure Undertaking are intended to provide for the disclosure of information to be provided by the District as issuer under the Rule. This Disclosure Undertaking does not address additional undertakings, if any, by or with respect to persons other than the District who may be considered "obligated persons" for purposes of the Rule, which additional undertakings, if any, may be required for the Participating Underwriter to comply with the Rule. The District acknowledges that the County has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Undertaking, and has no liability to any person, including any Owners of the Bonds, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Indenture which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean the Treasurer and Tax Collector of the County or his or her designee acting on behalf of the District, or such other officer or employee as the District shall designate in writing to the Fiscal Agent from time to time.

"Dissemination Agent" shall mean the Treasurer or any designee specified in writing by the District and which has filed a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Undertaking.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities Exchange Commission are set forth in Exhibit B.

"Official Statement" shall mean the Official Statement of the District dated July __, 2003 relating to the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Repository" shall mean each National Repository and the State Repository.

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

"State" shall mean the State of California.

"State Repository" shall mean any public or private repository or entity designed by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Undertaking, there is no State Repository.

"Treasurer" shall mean the Treasurer and Tax Collector of the County of Los Angeles.

Section 3. Provision of Annual Reports.

(a) The District shall or shall cause the Dissemination Agent to not later than February 1 after the end of the District's fiscal year (presently June 30), commencing with the report for the 2002-2003 Fiscal Year (February 1, 2004), provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking. 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 Undertaking. 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(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to Repositories, the Fiscal Agent shall provide the Annual Report to the District and the Dissemination Agent. If by such date, the District has not received a copy of the Annual Report, the District shall contact the Fiscal Agent and the Dissemination Agent to determine if the District will be able to comply with the first sentence of subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to Repositories by the date required in subsection (a), the Dissemination Agent shall send notice to each Repository in substantially the form attached hereto as Exhibit A-1.

(d) The District shall, or shall cause the Dissemination Agent to:

(i) determine each year prior to the date for providing the Annual Reports the name and address of each National Repository and the State Repository, if any; and

(ii) file a report with the District and (if the Dissemination Agent is not the Fiscal Agent) the Fiscal Agent certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided and listing all the Repositories to which it was provided.

Section 4. Content of Annual Report.

(a) The District's Annual Report, in substantially the form attached hereto as Exhibit A-2, shall contain or include by reference an update of the following financial information on the District for year ending June 30 (unless otherwise stated):

- Principal amount of Bonds outstanding and principal amount of Bonds authorized for the Improvement Area
- Balance in Reserve Fund and a statement of the Reserve Requirement
- Balance in all other funds and accounts of the District related to the Bonds
- Total assessed value of all parcels subject to the Improvement Area A Special Tax
- Delinquency information on all parcels within Improvement Area A including the Special Tax levied, the number of parcels subject to the levy and the delinquency rate
- Status of special tax foreclosure proceedings and summary of results of foreclosure sales, if available
- Identity of any delinquent taxpayer (by owner of record and excluding related entities) representing in the aggregate more than 5% of the Improvement Area A special tax levy

- A land ownership summary listing ownerships from records of County Assessor responsible for more than 5% of the Improvement Area A Special Tax levy for the current fiscal year, percentage of levy and whether land is categorized as "Developed Property" or as "Undeveloped Property" pursuant to the Rate and Method of Apportionment of Special Tax of the District for the Improvement Area

(b) Any or all of the items listed in subsection (a) above may be included by specific reference to other documents, including official statements of debt issues of the District, the County or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice, in substantially the form attached hereto as Exhibit A-3, of the occurrence of any of the following events with respect to the Bonds, if material:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults;

(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 or events affecting the tax-exempt status of the Bonds;

(7) Modifications to rights of Bondowners;

(8) Unscheduled Bond calls;

(9) Defeasances;

(10) Release, substitution or sale of property securing repayment of the Bonds;

(11) Rating changes;

(12) Amendment or waiver of a provision of this Disclosure Undertaking;

(b) The Dissemination Agent shall, within fifteen (15) Business Days of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Fiscal Agent and the District, inform such persons of the event, and request that the District promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District has determined that knowledge of the occurrence of a Listed Event would be material under applicable securities laws, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the District determines that the Listed Event would not be material under applicable securities laws, the District shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice, in substantially the form of Exhibit A-3, of such occurrence with the Municipal Securities Rulemaking Board and the Repositories. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

Section 7. 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 Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Undertaking. The District has appointed the Treasurer as the initial Dissemination Agent for the Bonds.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the District may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking 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 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Undertaking, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District.

Section 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking 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 Undertaking. 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 Undertaking, the District shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Undertaking, the Fiscal Agent may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, the Fiscal Agent shall) or any Owner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the District to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Undertaking in the event of any failure of the District to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Fiscal Agent and Dissemination Agent. Article VII of the Indenture is hereby made applicable to this Disclosure Undertaking as if this

Disclosure Undertaking were (solely for this purpose) contained in the Indenture. The Dissemination Agent (if other than the Fiscal Agent) shall have only such duties as are specifically set forth in this Disclosure Undertaking 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 obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Undertaking may be given as follows:

To the District:

County of Los Angeles
Office of Treasurer and Tax Collector
Room 437 Hall of Administration
500 West Temple Street
Los Angeles, California 90012
Attention: Public Finance
Telephone: (213) 974-7175
Fax: (213) 625-2249

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; EXECUTION PAGE FOLLOWS]

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

COMMUNITY FACILITIES DISTRICT NO. 6 (AGUA DULCE AREA) OF THE COUNTY OF LOS ANGELES

By: _____
Treasurer and Tax Collector of the County of Los Angeles

[EXECUTION PAGE OF CONTINUING DISCLOSURE UNDERTAKING]

EXHIBIT A-1

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of the District:	Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles
Name of Bond Issue:	Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds Series 2003A (Sierra Colony Ranch)
Date of Issuance:	July __, 2003

NOTICE IS HEREBY GIVEN that Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles (the "District") has not provided an Annual Report with respect to the above-named Bonds as required by Section 6.10 of the Indenture dated as of July 1, 2003 by and among the District, the Treasurer and Tax Collector of the County of Los Angeles as Paying Agent and the Auditor-Controller of the County of Los Angeles, as the Fiscal Agent. The District anticipates that such Annual Report will be filed not later than January 31 each year commencing January 31, 2004.

Dated: _____

[DISSEMINATION AGENT]

By: _____

cc: Community Facilities District No. 6 (Agua Dulce Area)

EXHIBIT A-2

ANNUAL REPORT OF COMMUNITY FACILITIES DISTRICT NO. 6
(AGUA DULCE AREA)
OF THE COUNTY OF LOS ANGELES
RELATING TO
$_____
COMMUNITY FACILITIES DISTRICT NO. 6
(AGUA DULCE AREA)
OF THE COUNTY OF LOS ANGELES
IMPROVEMENT AREA A SPECIAL TAX REFUNDING BONDS
SERIES 2003A
(SIERRA COLONY RANCH)

The following information is being provided by Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles (the "District") pursuant to (i) Section 6.10 of the Indenture, dated as of July 1, 2003, by and among the District, the Treasurer and Tax Collector of the County of Los Angeles as Paying Agent and the Auditor-Controller of the County of Los Angeles, as Fiscal Agent and (ii) Section 4 of the Continuing Disclosure Undertaking, dated July 1, 2003 (the "Disclosure Undertaking"), of the District relating to the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Refunding Bonds Series 2003A (the "Bonds").

[UPDATE INFORMATION AS REFERENCED IN SECTION 4
OF CONTINUING DISCLOSURE UNDERTAKING]

ANY SUBSEQUENT STATEMENTS REGARDING THE BONDS OTHER THAN A STATEMENT MADE BY THE FISCAL AGENT IN AN OFFICIAL RELEASE OR SUBSEQUENT NOTICE OR ANNUAL REPORT, PUBLISHED IN A FINANCIAL NEWSPAPER OF GENERAL CIRCULATION AND/OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND THE NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORIES, ARE NOT AUTHORIZED BY THE DISTRICT OR THE FISCAL AGENT. NEITHER THE DISTRICT NOR THE FISCAL AGENT SHALL BE RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENT.

THIS REPORT IS BEING FILED PURSUANT TO THE CONTINUING DISCLOSURE UNDERTAKING AND DOES NOT PURPORT TO CONTAIN ALL MATERIAL INFORMATION WITH RESPECT TO THE BONDS OR THE FINANCIAL CONDITION OF THE DISTRICT.

NEITHER THE DISTRICT NOR THE FISCAL AGENT HAS ANY OBLIGATION TO UPDATE THIS REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE CONTINUING DISCLOSURE UNDERTAKING.

DATED: _____, _____

COMMUNITY FACILITIES DISTRICT NO. 6 (AGUA DULCE AREA) OF THE COUNTY OF LOS ANGELES

By: _____
Auditor-Controller of the County of Los Angeles, Fiscal Agent

EXHIBIT A-3

NOTICE OF SIGNIFICANT EVENT
RELATING TO
$_____
COMMUNITY FACILITIES DISTRICT NO. 6
(AGUA DULCE AREA)
OF THE COUNTY OF LOS ANGELES
IMPROVEMENT AREA A SPECIAL TAX REFUNDING BONDS
SERIES 2003A
(SIERRA COLONY RANCH)

NOTICE IS HEREBY GIVEN pursuant to that certain Continuing Disclosure Undertaking, dated as of July 1, 2003 (the "Continuing Disclosure Undertaking"), of Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles (the "District"), that the following significant event with respect to the above-captioned bonds (the "Bonds") has occurred:

[Describe significant event here]

ANY SUBSEQUENT STATEMENTS REGARDING THIS EVENT OR THE BONDS OTHER THAN STATEMENTS MADE BY THE FISCAL AGENT IN AN OFFICIAL RELEASE OR SUBSEQUENT NOTICE OR ANNUAL REPORT PUBLISHED IN A FINANCIAL NEWSPAPER OF GENERAL CIRCULATION AND/OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD AND THE NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORIES ARE NOT AUTHORIZED BY THE DISTRICT. NEITHER THE DISTRICT NOR THE FISCAL AGENT SHALL BE RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENT.

THIS NOTICE IS BEING GIVEN PURSUANT TO THE CONTINUING DISCLOSURE UNDERTAKING AND DOES NOT PURPORT TO CONTAIN ALL MATERIAL INFORMATION WITH RESPECT TO THE BONDS OR THE FINANCIAL CONDITION OF THE DISTRICT.

NEITHER THE DISTRICT NOR THE FISCAL AGENT HAS ANY OBLIGATION TO UPDATE THIS NOTICE OTHER THAN AS EXPRESSLY PROVIDED IN THE CONTINUING DISCLOSURE UNDERTAKING.

Dated: _____

[DISSEMINATION AGENT]

By: _____

EXHIBIT B

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of February 19, 2003:

Bloomberg Municipal Repositories

100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
Email: Munis@Bloomberg.com

DPC Data Inc.

One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
Email: nrmsir@dpcdata.com

FT Interactive Data

Attn: NRMSIR
100 Williams Street
New York, NY 10038
Phone: (212) 771-6999
Fax: (212) 771-7390
Email: NRMSIR@FTID.com

Standard & Poor's J. J. Kenny Repository

55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
Email: nrmsir_repository@sandp.com

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated July __, 2003, by and between Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles (the "District") acting through the Board of Supervisors (the "Board") of the County of Los Angeles (the "County") of the State of California (the "State") as the legislative body, and U. S. Bank National Association, Los Angeles, California, as Escrow Holder (the "Escrow Holder") hereunder with respect to the $4,675,000 original principal amount of the District's Improvement Area A Special Tax Bonds, Series 1993A (the "Prior Bonds"), is entered into in accordance with the Resolution of the Board adopted on October 20, 1992 (the "Resolution:) and an Indenture dated as of January 1, 1993, to refund the Prior Bonds, of which $3,875,000 principal amount is currently outstanding.

W I T N E S S E T H :

WHEREAS, pursuant to a resolution adopted by the Board on October 20, 1992, the District acting through the County issued the Prior Bonds in the original principal amount of $4,675,000; and

WHEREAS, the Prior Bonds were issued pursuant to an Indenture by the District acting through the Board and the Treasurer and Tax Collector of the County as the paying agent and the Auditor-Controller of the County as the fiscal agent, executed and entered into as of January 1, 1993 (the "Prior Indenture"); and

WHEREAS, the Prior Indenture provides that the Prior Bonds may be defeased in accordance with Article VIII of the Prior Indenture; and

WHEREAS, Section 8.01 of the Prior Indenture requires that the Treasurer and Tax Collector of the County as paying agent give notice to the owners of the Prior Bonds that the Prior Bonds are deemed to have been paid in accordance with said section and stating the maturity or redemption date upon which the money is to be available for payment of the principal or the redemption price of the Prior Bonds; and

WHEREAS, the District has determined it is beneficial to its tax payers to refund all of those Prior Bonds currently outstanding in the principal amount of $3,875,000 (the Refunded Bonds"); and

WHEREAS, the District has determined that $_____ aggregate principal amount of the County Community Facilities District No. 6 (Agua Dulce Area) Improvement Area A Special Tax Refunding Bonds, Series 2003A (Sierra Colony Ranch) (the "Bonds") shall be issued pursuant to an Indenture dated as of July 1, 2003 (the "Indenture"), for, among other purposes, the purpose of providing a portion of the funds to pay the principal of and interest on the Refunded Bonds maturing on September 1, 2003, as and when due, and to pay on September 1,

2003, the accrued interest on and the redemption price of 101% of the principal amount payable with respect to the Refunded Bonds maturing on and after September 1, 2004; and

WHEREAS, the Indenture provides that a portion of the proceeds from the sale of the Bonds, excluding accrued interest, if any, received by the District, shall be placed in an escrow hereunder, in part for the purpose of providing funds necessary to refund the Prior Bonds and to defease the Prior Indenture, all as provided herein; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the District and the Escrow Holder agree as follows:

SECTION 1. Receipt of Documents. The Escrow Holder hereby acknowledges the receipt of copies of the Prior Indenture and the Indenture. Any reference herein to, or citation herein of, any provision of said documents shall be deemed an incorporation of such provision as a part hereof in the same manner and with the same effect as if it were fully set forth herein.

SECTION 2. Deposit of Moneys. The Treasurer and Tax Collector of the County (the "Paying Agent") hereby directs that Stone & Youngberg LLC, as underwriter, deposit with the Escrow Holder $_____ by federal funds wire, representing a portion of the net proceeds of the sale of the Bonds, to be held in an irrevocable escrow by the Escrow Holder separate and apart from other funds of the County and the Escrow Holder, in a fund hereby created and established to be known as the "Escrow Fund" to be applied solely as provided in this Escrow Agreement. The Paying Agent hereby directs the Auditor-Controller of the County, as fiscal agent under the Prior Indenture, to transfer or cause to be transferred to the Escrow Holder the following funds for deposit by the Escrow Holder in the Escrow Fund; (i) from the reserve fund established with respect to the Prior Bonds the amount of $416,837.50, (ii) from the bond service fund established with respect to the Prior Bonds the amount of $_____, (iii) from the Redemption Fund established with respect to the Prior Bonds the amount of $21,418.52 and (iv) from the Special Tax Fund established with respect to the Prior Bonds the amount of $_____. Moneys in the amount of $_____ will be applied to purchase securities satisfying the criteria set forth in Section 8.01 of the Prior Indenture and $____ of said moneys in the Escrow Fund will be held uninvested as cash. The moneys set forth above shall be at least an amount sufficient (i) to discharge the Refunded Bonds and the Prior Indenture in accordance with its terms and (ii) to pay the principal of and interest on the Refunded Bonds maturing on September 1, 2003, as and when due, and to pay on September 1, 2003, the accrued interest on, and the redemption price of 101% payable with respect to the Refunded Bonds maturing on and after September 1, 2004.

SECTION 3. Investment of Moneys. The Escrow Holder acknowledges receipt of the moneys described in Section 2 hereof as set forth in Schedule A hereto, and agrees immediately to invest such moneys in the Federal Securities set forth in Schedule B hereto and to deposit such Federal Securities in the Escrow Fund and to reinvest in Federal Securities, any payment of principal and interest on such Federal Securities at the times and in the amounts set forth on Schedule B hereto. All other amounts held in the Escrow Fund shall be held as cash except as provided in Section 4 and 5 herein.

SECTION 4. Investment of Any Remaining Moneys. In the event that the Escrow Holder shall receive (i) any cash payment not required for the initial purchase of Federal Securities set forth in Schedule B hereto, or (ii) any payment of principal or interest from the Federal Securities prior to the date on which such payment is required for the purposes set forth herein other than as set forth on Schedule B, then, at the written direction of the District, the Escrow Holder shall reinvest the amount of such payment, or any portion thereof, in noncallable Federal Securities maturing in an amount at least equal to the purchase price thereof and maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 7, as verified in a report (a "Verification Report") prepared by an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions (a "Verification Agent") and provided the District has obtained and delivered to the Escrow Holder an unqualified opinion of nationally recognized bond counsel that such reinvestment will not adversely affect the exclusion from gross income of interest payable on the Bonds or the Refunded Bonds for purposes of federal income taxation. The Escrow Holder shall monitor compliance with the foregoing requirements. Any investment income resulting from investment or reinvestment of moneys pursuant to this Section 4 which is not required for the purposes set forth in this Section 4 or in Section 7, as verified in the letter of the Verification Agent with respect to the Refunded Bonds, Causey Demgen & Moore, Inc., certified public accountants, originally obtained by the District in the Verification Report with respect to the refunding of the Refunded Bonds or in any other verification report, shall be paid to the District upon the written direction of the District.

SECTION 5. Substitution of Securities. Upon the written request of the District, which request shall be subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Holder shall sell, redeem or otherwise dispose of the Federal Securities, provided that there are substituted therefor from the proceeds of the Federal Securities, other Federal Securities, but only after the District has obtained and delivered to the Escrow Holder (i) an unqualified opinion of nationally recognized bond counsel that such reinvestment will not adversely affect the exclusion from gross income of interest payable with respect to the Bonds or the Refunded Bonds for purposes of federal income taxation, and (ii) a report by a Verification Agent to the effect that such reinvestment will not adversely affect the sufficiency of the amounts of securities, investments and money in the Escrow Fund to pay the principal of and interest on the Refunded Bonds maturing on September 1, 2003, as and when due, and to pay on September 1, 2003, the principal of and all unpaid interest on the Refunded Bonds maturing on and after September 1, 2004, and the premium of 1% of the principal amount thereof. The Escrow Holder shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

SECTION 6. Irrevocable Deposit; Express Trust. The escrow created hereby shall upon the issuance of the Bonds be irrevocable, and all moneys, Federal Securities and any securities substituted therefore in accordance with the terms of this Escrow Agreement held in the Escrow

Fund shall be subject to the express trust created by this Escrow Agreement until paid out, used and applied in accordance with this Escrow Agreement.

The deposits made pursuant to Section 2 hereof shall, upon the issuance of the Bonds, constitute an irrevocable deposit for the benefit of the Refunded Bonds, and the moneys and Federal Securities and any securities substituted therefor in accordance with the terms of this Escrow Agreement, together with any interest paid thereon, shall be held in trust, and shall be applied solely by the Escrow Holder in accordance with the provisions of this Escrow Agreement. Neither the Federal Securities, securities substituted therefor, nor moneys deposited with the Escrow Holder under this Escrow Agreement nor principal or interest payments on any such securities shall, except as provided in Sections 7 and 8 hereof, be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, premium and interest on the Refunded Bonds.

SECTION 7. Payment of Refunded Bonds.

(a) Payment. From the maturing principal of the Federal Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Holder shall apply the amounts on deposit in the Escrow Fund to pay the principal of and interest on the Refunded Bonds maturing on September 1, 2003, as and when due, and to pay on September 1, 2003, accrued interest on the Refunded Bonds maturing on and after September 1, 2004, and the redemption price of 101% of the principal amount thereof. THE DISTRICT IRREVOCABLY WAIVES ITS RIGHTS TO REDEEM THE REFUNDED BONDS ON ANY OTHER DATE. Any moneys remaining in the Escrow Fund after payment in full of the principal of, unpaid interest on, and premium, if any, on the Refunded Bonds shall be repaid by the Escrow Holder to the District.

(b) Irrevocable Instructions to Provide Notice. The District hereby irrevocably instructs the Escrow Holder to mail to the owners of the Refunded Bonds in accordance with Section 8.1 of the Prior Indenture a notice that an irrevocable deposit has been made with the Escrow Holder and that the Refunded Bonds have been deemed to be paid all in accordance with the Prior Indenture. The form of the notice required to be mailed pursuant to Section 8.01 of the Prior Indenture is attached hereto as Exhibit A. The Escrow Holder is hereby further instructed to mail a copy of such notice to the Securities Depositories (as hereinafter defined) and to the Information Services (as hereinafter defined).

"Securities Depositories" means the following registered securities depositories: (i) The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190; (ii) Midwest Securities Trust Company, Capital Structures - Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax (312) 663-2343; and (iii) Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax (215) 496-5058; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as the District may indicate in a certificate of the District delivered to the Escrow Holder.

"Information Services" means Financial Information, Incorporated's "Financial Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Service "Called Bond Service," 55 Broad Street, 28th Floor, New York, New York 10004; Moody's Investors Service "Municipal and Government," 5250 77 Center Drive, Suite 150, Charlotte, NC 28217, Attention: Called Bonds Department and Standard & Poor's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other services providing information with respect to called bonds, or to such services, as the District may indicate in a certificate of the District delivered to the Escrow Holder.

(c) Unclaimed Moneys. To the extent permitted by law, any moneys which remain unclaimed for (i) two years after the principal of all of the Refunded Bonds has become due and payable, if such moneys were so held at such date, or (ii) two years after the date of deposit of such moneys if such moneys were deposited after said date when all of the Refunded Bonds become due and payable, shall be repaid by the Escrow Holder to the District, provided, however, that before being required to make any such payment to the District, the Escrow Holder shall at the expense of the District cause to be mailed to the owners of such Refunded Bonds a notice that said money remains unclaimed and that, after a date named in such notice, the balance of such money then unclaimed will be returned to the District.

(d) Priority of Payments. The owners of the Refunded Bonds shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and such securities are used and applied as provided in this Escrow Agreement.

(e) Termination of Obligation. As provided in the Prior Indenture, upon deposit with the Escrow Holder in the Escrow Fund of moneys or securities in the amounts set forth in Section 2 hereof, and the purchase of the various Federal Securities as provided in Sections 2 and 3 hereof, all liability of the District with respect to such Refunded Bonds shall cease, terminate and be completely discharged, and the owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Escrow Holder as aforesaid for their payment, subject however, to Section 7(c) hereof. The Escrow Holder acknowledges receipt of an opinion of Arter & Hadden LLP ("Bond Counsel"), addressed to the District and the Escrow Holder that the Refunded Bonds have been discharged in accordance with the Prior Indenture.

(f) Notice of Redemption. In addition to the Notice of Defeasance as required pursuant to Section 7(b) hereof, the form of which is attached hereto as Exhibit A, the Escrow Holder is irrevocably directed to mail to the owners of the Refunded Bonds a Notice of Redemption as provided by Section 3.05 of the Prior Indenture. The form of such Notice of Redemption is attached hereto as Exhibit B.

SECTION 8. Application of Certain Terms of the Prior Indenture. All of the terms of the Prior Indenture relating to the transfer and exchange and the making of payments of principal and interest on the Refunded Bonds are incorporated in this Escrow Agreement as if set forth in full herein.

SECTION 9. Performance of Duties. The Escrow Holder agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

SECTION 10. Escrow Holder's Authority to Make Investments. Except as provided in Sections 2, 3, 4, and 5 hereof, the Escrow Holder shall have no power or duty to invest any funds held under this Escrow Agreement or to sell, transfer or otherwise dispose of the moneys held hereunder.

SECTION 11. Indemnity. To the extent permitted by law, the District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Holder and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Holder at any time (whether or not also indemnified against the same by the District or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of the Federal Securities, the retention of the Federal Securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Holder in accordance with the provisions of this Escrow Agreement; provided, however, that the District shall not be required to indemnify the Escrow Holder against the Escrow Holder's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Holder's respective agents or employees. In no event shall the District or the Escrow Holder be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Escrow Agreement.

SECTION 12. Responsibility of Escrow Holder. The Escrow Holder and its agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the purchase of the Federal Securities or the proceeds thereof, the sufficiency of the Federal Securities to pay the Refunded Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Holder in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent omission or non-negligent error of the Escrow Holder made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the District and the Escrow Holder assumes no responsibility for the

correctness thereof. The Escrow Holder makes no representation as to the sufficiency of the Federal Securities or amounts deposited in the Escrow Fund to accomplish the refunding of the Refunded Bonds or to the validity of this Escrow Agreement as to the District and, except as otherwise provided herein, the Escrow Holder shall incur no liability in respect thereof. The Escrow Holder shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or misconduct, and the duties and obligations of the Escrow Holder shall be determined by the express provisions of this Escrow Agreement. The Escrow Holder may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Holder shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the District or the County.

SECTION 13. Amendments. This Escrow Agreement is made for the benefit of the District and the owners from time to time of the Refunded Bonds, and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Holder, and the District; provided, however, that the District and the Escrow Holder may, without the consent of, or notice to, such owners, amend this Escrow Agreement or enter into such agreements supplemental to this Escrow Agreement as shall not adversely affect the rights of such owners or the exclusion from gross income of interest payable on the Refunded Bonds for purposes of federal income taxation, and as shall not be inconsistent with the terms and provisions of this Escrow Agreement or the Prior Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Escrow Agreement; (ii) to grant to, or confer upon, the Escrow Holder for the benefit of the owners of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Holder; and (iii) to include under this Escrow Agreement additional funds, securities or properties. The Escrow Holder shall be entitled to rely conclusively upon an unqualified opinion of Bond Counsel, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 14. Insufficient Funds. If at any time the moneys and investments in the Escrow Fund, including the anticipated proceeds of any earnings thereon, will not be sufficient to make all payments required by this Escrow Agreement, the Escrow Holder shall notify the District in writing, immediately upon its actual knowledge of such deficiency, of the amount thereof and if actually known to it the reason therefor. The Escrow Holder shall have no further responsibility regarding any such deficiency.

SECTION 15. Notices. In the event that this agreement or any provision thereof is severed, amended or revoked, the District shall provide written notice of such severance, amendment or revocation to Moody's Investor Service at 99 Church Street, New York, New

York 10007, Attention: Municipal Ratings Desk and Standard & Poor's Corporation at 25 Broadway, New York, New York 10004, Attention: Muni Ratings Desk. Any notice to or demand upon the Escrow Holder may be served or presented, and such demand may be made to U.S. Bank National Association, 550 South Hope Street, Suite 500, Los Angeles, CA 90071. Any notice to or demand upon the District shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the District c/o the County of Los Angeles, Office of the Treasurer and Tax Collector, 437 Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, CA 90012, Attention: Director, Office of Public Finance (or such other address as may have been filed in writing by the District with the Escrow Holder).

SECTION 16. Term. This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either (i) the date upon which the Refunded Bonds have been paid in accordance with this Escrow Agreement or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Holder pursuant to Section 7(c) of this Escrow Agreement.

SECTION 17. Compensation. The Escrow Holder shall receive its reasonable fees and expenses as previously agreed to by the Escrow Holder and the District and any other reasonable fees and expenses approved by the District; provided, however, that under no circumstances shall the Escrow Holder be entitled to any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Holder under this Escrow Agreement.

SECTION 18. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement to be performed on the part of the District or the Escrow Holder should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

SECTION 19. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 20. Governing Law. This Escrow Agreement shall be construed under the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers and their seals to be hereunto affixed and attested as of the date first above written.

COMMUNITY FACILITIES DISTRICT NO. 6 (AGUA DULCE AREA) OF THE COUNTY OF LOS ANGELES ACTING THROUGH THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, AS THE LEGISLATIVE BODY

By _____
Chair

ATTEST:

VIOLET VARONA-LUKENS,
EXECUTIVE OFFICER-CLERK
OF THE BOARD OF SUPERVISORS

By _____
Deputy

U.S. BANK NATIONAL ASSOCIATION

By:_____
Authorized Officer

SCHEDULE A

On the date of issuance of the Bonds, U.S Bank National Association, as Escrow Holder shall receive and deposit the moneys referred to in Section 2 of the Escrow Agreement as follows:

SOURCES OF FUNDS TO BE RECEIVED
FOR DEPOSIT IN THE ESCROW FUND

2003A Bond proceeds	$_____
1993A Special Tax Fund transfer to the Escrow Fund	_____
1993A Reserve Fund transfer to the Escrow Fund	_____
1993A Bond Service Fund transfer to the Escrow Fund	_____
1993A Redemption Fund transfer to the Escrow Fund	_____
TOTAL SOURCES	$_____

USES OF FUNDS DEPOSITED IN ESCROW FUND

Purchase of Federal Securities	$_____
Cash to be held in Escrow Fund	_____
TOTAL USES	$_____

SCHEDULE B

[Copy of Subscription for Purchase and Issue of U.S. Treasury State and Local Government Series ("SLGS")]

Exhibit A

NOTICE OF DEFEASANCE

$
COMMUNITY FACILITIES DISTRICT NO. 6 (AGUA DULCE AREA)
OF THE COUNTY OF LOS ANGELES IMPROVEMENT AREA A
SPECIAL TAX BONDS, SERIES 1993A

NOTICE IS HEREBY GIVEN to the owners of the above-captioned Bonds (the "Bonds") of the Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles (the "District") that the District has deposited with U.S. Bank National Association, as the Escrow Holder regarding said Bonds, cash, or United States Treasury notes, bonds, bills or certificates of indebtedness including United States Treasury Obligations - State and Local Government Series ("SLGS") or other direct obligations issued by the United States Treasury for which the faith and credit of the United States are pledged for the payment of principal and interest; and obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, and the Federal Home Loan Bank Board satisfying the criteria for "Federal Securities" under the indenture pursuant to which the Bonds were issued, dated as of January 1, 1993 (the "Prior Indenture"), the principal of and the interest on which when paid will provide money which together with cash on deposit, if any, will be sufficient to pay the principal of and interest on the Bonds maturing on September 1, 2003, as and when due, and to pay on September 1, 2003, accrued interest on the Bonds maturing on and after September 1, 2004, and the redemption price of 101% of the principal amount payable with respect thereto. In accordance with the Prior Indenture all liability of the District and the County of Los Angeles in respect of the Bonds shall cease, terminate and be completely discharged and all payments of interest on, redemption premium and principal of such portion of the Bonds shall be paid only from moneys on deposit with the Escrow Holder and available as aforesaid.

The Escrow Holder shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Notice of Defeasance. It is included solely for convenience of the owners of said Bonds.

DATED: (date of notice generation)

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Holder

By: _____
Authorized Officer

Exhibit B

NOTICE OF REDEMPTION

COMMUNITY FACILITIES DISTRICT NO. 6 (AGUA DULCE AREA)
OF THE COUNTY OF LOS ANGELES IMPROVEMENT AREA A
SPECIAL TAX BONDS, SERIES 1993A

Maturing on the Dates, in Years,
and Bearing the CUSIP Numbers,
Set Forth Below

NOTICE IS HEREBY GIVEN to the holders of the Outstanding Community Facilities District No. 6 (Agua Dulce Area) of the County of Los Angeles Improvement Area A Special Tax Bonds, Series 1993A, issued pursuant to the Indenture, dated as of January 1, 1993 (the "Indenture") that the bonds maturing in the years and in the principal amounts, and bearing the CUSIP numbers, set forth below (the "Refunded Bonds") have been called for redemption at or prior to maturity, at the time and at the redemption prices set forth below, plus accrued interest thereon, to such date of redemption:

Maturity Date	Principal Amount	CUSIP Number	Redemption Date	Redemption Price
September 1, 2003			September 1, 2003	100%
September 1, 2004			September 1, 2003	101%
September 1, 2005			September 1, 2003	101%
September 1, 2006			September 1, 2003	101%
September 1, 2007			September 1, 2003	101%
September 1, 2008			September 1, 2003	101%
September 1, 2009			September 1, 2003	101%
September 1, 2010			September 1, 2003	101%
September 1, 2011			September 1, 2003	101%
September 1, 2012			September 1, 2003	101%
September 1, 2022			September 1, 2003	101%

On the Redemption Date set forth above there shall become due and payable upon presentation and surrender of such respective bonds as set forth above at the office of U.S. Bank National Association, located at _____ or its successor, the above-mentioned redemption price together with the unpaid interest accrued on the principal amount of such bonds to be redeemed to such date, and, from and after the Redemption Date, interest on such bonds shall cease to accrue and be payable.

Dated this _____ day of _____, _____.

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Holder

By: _____
Authorized Officer