

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, 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 calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein.

\$32,275,000

**COMMUNITY FACILITIES DISTRICT NO. 3 (SEABRIDGE AT MANDALAY BAY)
OF THE CITY OF OXNARD
2005 SPECIAL TAX BONDS**

Dated: Date of Delivery

Due: September 1, as shown on inside front cover

Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard 2005 Special Tax Bonds are being issued and delivered to finance various public improvements needed to develop property located within Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard. The Community Facilities District has been formed by and is located in City of Oxnard in Ventura County, California.

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, and an Indenture, dated as of October 1, 2005, by and between the Community Facilities District and Wells Fargo Bank, National Association, as Fiscal Agent. The Bonds are special obligations of the Community Facilities District, and they are payable solely from revenues derived from certain annual Special Taxes to be levied on the taxable property within the Community Facilities District and from certain other funds pledged under the Indenture, as further described herein.

The Bonds are being issued in book-entry form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers of Bonds will not receive certificates representing their beneficial ownership thereof but will receive credit balances on the books of their respective nominees. The Bonds will not be transferable or exchangeable except for transfer to another nominee of The Depository Trust Company or as otherwise described herein. Individual purchases may be made in principal amounts of \$5,000 and integral multiples thereof.

Interest on the Bonds will be payable semiannually on each March 1 and September 1, commencing March 1, 2006. Principal of and interest on the Bonds will be paid by the Fiscal Agent to Cede & Co., and such payments are expected to be disbursed to the beneficial owners of the Bonds through their nominees.

Neither the faith and credit nor the taxing power of City of Oxnard, the Community Facilities District (except to the extent described herein), the State of California or any political subdivision thereof is pledged to the payment of the Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds.

The Bonds are subject to optional redemption, extraordinary redemption resulting from the prepayment of Special Taxes, and mandatory sinking fund redemption prior to maturity, as described herein.

*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 Bonds are not rated by any rating agency, and investment in the Bonds involves risks which may not be appropriate for certain investors. Therefore, only persons with substantial financial resources who understand the risks of investment in the Bonds should consider such an investment. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain risk factors that should be considered, in addition to the matters set forth herein, in evaluating the investment quality of the Bonds.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Community Facilities District by the City Attorney of the City of Oxnard. It is anticipated that the Bonds will be available for delivery to The Depository Trust Company in New York, New York on or about November 15, 2005.

E. J. DE LA ROSA & CO., INC.

Dated: November 1, 2005

MATURITY SCHEDULE

COMMUNITY FACILITIES DISTRICT NO. 3 (SEABRIDGE AT MANDALAY BAY) OF THE CITY OF OXNARD 2005 SPECIAL TAX BONDS

\$7,105,000 Serial Bonds

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>CUSIP No.[†]</i>
2007	\$ 115,000	3.000%	3.300%	691901CH3
2008	150,000	3.250	3.500	691901CJ9
2009	190,000	3.500	3.750	691901CK6
2010	230,000	3.700	3.950	691901CL4
2011	275,000	3.900	4.100	691901CM2
2012	325,000	4.000	4.250	691901CN0
2013	375,000	4.200	4.400	691901CP5
2014	430,000	4.300	4.550	691901CQ3
2015	485,000	4.400	4.650	691901CR1
2016	545,000	4.500	4.750	691901CS9
2017	610,000	4.625	4.850	691901CT7
2018	680,000	4.700	4.900	691901CU4
2019	755,000	4.750	4.950	691901CV2
2020	835,000	4.800	5.000	691901CW0
2023	1,105,000	5.000	5.080	691901CY6

\$25,170,000 Term Bonds

\$1,930,000 5.000% Term Bonds due September 1, 2022 - Yield: 5.050% CUSIP No. 691901CX8[†]

\$2,525,000 5.125% Term Bonds due September 1, 2025 - Yield: 5.125% CUSIP No. 691901CZ3[†]

\$4,670,000 5.000% Term Bonds due September 1, 2028 - Yield: 5.150% CUSIP No. 691901DA7[†]

\$16,045,000 5.000% Term Bonds due September 1, 2035 - Yield: 5.220% CUSIP No. 691901DB5[†]

[†] CUSIP® is a registered trademark of the American Bankers Association. Copyright© 1999-2005 Standard & Poor's, a Division of the McGraw Hill Companies, Inc. CUSIP® data herein is provided by Standard & Poor's CUSIP Service Bureau. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. Neither the Community Facilities District nor the Underwriter takes any responsibility for the accuracy of such numbers.

CITY OF OXNARD

Mayor and City Council

Dr. Thomas E. Holden, Mayor
Andres Herrera, Mayor Pro Tem
Dean Maulhardt, Councilman
John C. Zaragoza, Councilmember
Timothy B. Flynn, Councilmember

City Staff

Edmund F. Sotelo, City Manager
Karen R. Burnham, Assistant City Manager
Gary Gillig, City Attorney
Ken Ortega, Director of Public Works
Marcie Medina, Finance Director
Daniel Martinez, City Clerk
Dale V. Belcher, City Treasurer
Michael J. More, Financial Services Manager
Beth Vo, Financial Analyst III

PROFESSIONAL SERVICES

Appraiser

Parkcenter Realty Advisors
Santa Ana, California

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

Dissemination Agent

NBS Government Finance Group
Temecula, California

Financial Advisor

Fieldman, Rolapp & Associates
Irvine, California

Fiscal Agent

Wells Fargo Bank, National Association
Los Angeles, California

Market Absorption Consultant

Empire Economics
Capistrano Beach, California

Special Tax Consultant

David Taussig & Associates Inc.
Newport Beach, California

Investment in the Bonds involves risks which are not appropriate for certain investors. Therefore, only persons with substantial financial resources (in net worth and/or income) who understand (either alone or with competent investment advice) the risks of investment in the Bonds should consider such investment.

All information for investors regarding Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard and the Bonds is contained in this Official Statement. While the City maintains an internet website for various purposes, none of the information on that website is intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other obligations of the City. No dealer, broker, salesperson or other person has been authorized by the Community Facilities District to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Community Facilities District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a 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 as a contract with the purchasers of Bonds. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been obtained from the City of Oxnard, the Community Facilities District, the owners of the property in the Community Facilities District and certain other sources. Such information is believed to be reliable but is not guaranteed as to its accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City of Oxnard, the Community Facilities District or any owner of the property in the Community Facilities or any matters expressed herein since the date hereof. All summaries contained herein of the Indenture or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**CAUTIONARY INFORMATION REGARDING FORWARD-LOOKING STATEMENTS IN
THIS OFFICIAL STATEMENT**

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 Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" and other similar words and include, but are not limited to, statements that describe possible future development of property within the Community Facilities District and the costs associated with such development.

The achievement of certain results or other expectations contained in such forward-looking statements involves 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. While the Community Facilities District has agreed to provide certain on-going financial and operating data for a limited period of time (see "CONTINUING DISCLOSURE" and Appendix F hereto), it does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which statements are based change.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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.

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\$32,275,000
COMMUNITY FACILITIES DISTRICT NO. 3 (SEABRIDGE AT MANDALAY BAY)
OF THE CITY OF OXNARD
2005 SPECIAL TAX BONDS

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the appendices hereto, is to provide certain information concerning the Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard, 2005 Special Tax Bonds (the “Bonds”).

The Mello-Roos Community Facilities Act of 1982, as amended, commencing at Section 53311, *et seq.*, of the California Government Code (the “Act”), was enacted by the California Legislature to provide an alternative method of funding certain public capital facilities and services, especially in developing areas of the State of California. Once duly established, a community facilities district is a legally constituted governmental entity, with the governing board or legislative body of the local agency acting on its behalf. Subject to approval by a two-thirds vote of the qualified electors voting and compliance with the provisions of the Act, a legislative body of a local agency may issue bonds for a community facilities district or for an improvement area within a community facilities district and may levy and collect a special tax within such district or improvement area to repay such indebtedness.

Pursuant to the Act, on October 19, 2004 the City Council (the “City Council”) of City of Oxnard (the “City”) adopted its Resolution No. 12,715 in which it declared its intention to establish Community Facilities District No. 3 (Seabridge at Mandalay Bay) (the “Community Facilities District”) and its Resolution No. 12,717 in which it declared its intention to authorize bonded indebtedness for the Community Facilities District. On November 23, 2004, the Community Facilities District was formed pursuant to City Council Resolution No. 12,737 and an election was held pursuant to the Act in the Community Facilities District. The qualified elector in the Community Facilities District, being the then sole owner of land in the Community Facilities District, authorized the Community Facilities District to incur bonded indebtedness in an aggregate principal amount not to exceed \$35,000,000 in order to finance certain public facilities and various costs related thereto (the “Project”) and approved a rate and method of apportionment of special tax (the “Rate and Method of Apportionment”) and the levy of a special tax (the “Special Tax”) on the taxable property within the Community Facilities District to pay the principal of and interest on the Bonds and annual administrative expenses of the Community Facilities District and to make any replenishments to the reserve fund for the Bonds (the “Reserve Fund”). A Notice of Special Tax Lien was recorded in the office of the County Recorder of Ventura County by the City on December 8, 2004 as Document No. 2004-1208-0324486.

Pursuant to the Act, the five members of the City Council now act as the legislative body for the Community Facilities District. Community Facilities District administrative services are provided by the City’s staff.

The Bonds are being issued pursuant to an Indenture, dated as of October 1, 2005 (the “Indenture”), by and between the Community Facilities District and Wells Fargo Bank, National Association (the “Fiscal Agent”), as the fiscal agent for the Bonds.

The Indenture provides that the Bonds shall be secured by a pledge of the Net Taxes (which consist of the Special Taxes minus certain administrative expenses) and amounts on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account in said fund), the Bond Payment Fund, the Redemption Fund and the Reserve Fund established pursuant to the Indenture and the Letter of Credit described below under the caption “SECURITY FOR THE BONDS — Letter of Credit.” The Indenture permits the issuance of additional Bonds (“Parity Bonds”) secured by a pledge of the Net Taxes and the

other amounts referred to above on a parity with the Bonds under circumstances described below under the caption “SECURITY FOR THE BONDS — Parity Bonds.”

The Special Taxes are expected to be included on the regular property tax bills sent to the record owners of property within the Community Facilities District. See “SECURITY FOR THE BONDS — The Special Tax.” The Community Facilities District has covenanted for the benefit of the owners of the Bonds that, under certain circumstances described herein, it will commence judicial foreclosure proceedings with respect to delinquent Special Taxes by October 1 following the close of the Fiscal Year in which such Special Taxes were due and will diligently pursue such proceedings. See “SECURITY FOR THE BONDS — Covenant for Superior Court Foreclosure.”

Neither the faith and credit nor the taxing power of the City of Oxnard (the “City”), the Community Facilities District, the State or any political subdivision thereof (other than the taxing power of the Community Facilities District) is pledged to the payment of the Bonds. Except for the Net Taxes, no other taxes are pledged to the payment of the Bonds. The Bonds are not general or special obligations of the City, but are limited obligations of the Community Facilities District payable solely from Net Taxes and certain amounts held under the Indenture, as more fully described herein.

See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of special factors which should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds.

The property in the Community Facilities District consists of a planned mixed-use development known as Seabridge at Mandalay Bay, a proposed community of approximately 135.3 gross acres located near the coast in the Channel Islands neighborhood of the City. Seabridge at Mandalay Bay is part of a 220-acre specific plan area known as Mandalay Bay – Phase IV. The planned development includes an expansion of the inland waterway off the existing Mandalay Bay project in Oxnard Harbor and is expected to create a variety of waterfront living and recreational opportunities, including single-family residences with canal frontage and boat slips, a mix of multi-family housing types, a public recreational bay, and a boardwalk promenade with a neighborhood retail component, all linked by a series of jogging paths, parks, and view corridors.

With the exception of a parcel planned for commercial development that is owned by K&G Equities, LLC, a California limited liability company (“K&G”), which includes approximately 9 acres, all of the property within the Community Facilities District is currently owned by D.R. Horton Los Angeles Holding Company, Inc., a California corporation (the “Developer”). The Developer is a wholly-owned subsidiary of D.R. Horton, Inc., a Delaware corporation whose stock is listed on the New York Stock Exchange under the symbol “DHI.” The Developer’s current plans for its property within the Community Facilities District include approximately 33.6 acres of single-family residential development, 1.7 acres of attached residential development, 20.2 acres of visitor-serving commercial and residential development, and 14.7 acres of mixed use. Approximately 5.25 acres (the “School District Option Site”) included in the foregoing are the subject of an agreement with the Oxnard School District (the “School District”) pursuant to which the School District has an option to purchase the property for use as a school site. The remaining approximately 65.1 acres within the Community Facilities District are expected to be used for public waterways, public parks and recreation facilities, streets, utilities and property owner association facilities; and these areas will not be subject to the Special Tax. An aerial photograph of the Community Facilities District appears on page 18, and detailed information with respect to the property located therein is contained in Appendix B.

The Community Facilities District has obtained an appraisal (the “Appraisal”) for all the property included in the Community Facilities District except the School District Option Site. The Appraisal was prepared for the Community Facilities District by Parkcenter Realty Advisors of Santa Ana, California

(the “Appraiser”). Based upon the assumptions (including the assumption that the property is enhanced by the improvements to be financed by the Bonds) and subject to the limitations set forth in the Appraisal, the Appraiser is of the opinion that, as of August 1, 2005, the market value of the property within the Community Facilities District (other than the School District Option Site) was \$130,000,000. See “THE COMMUNITY FACILITIES DISTRICT — Property Values.” A copy of the Appraisal is included as Appendix B to this Official Statement.

This Official Statement sets forth brief descriptions of the Bonds, the Community Facilities District, the Indenture, the Community Facilities District’s Continuing Disclosure Agreement, the Continuing Disclosure Agreement of the Developer and certain other matters. Such descriptions do not purport to be comprehensive or definitive. All references herein to any of the aforesaid documents are qualified in their entirety by reference to the forms thereof, which are available for inspection at the office of the City Clerk in Oxnard, California. Capitalized terms not defined herein shall have the respective meanings ascribed to them in Appendix A hereto or, if not defined in Appendix A, the meanings ascribed to them in the Indenture. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

THE BONDS

Authority for Issuance

The Community Facilities District was established and bonded indebtedness was authorized for pursuant to the provisions of the Act. The proposition relating to the incurring of the indebtedness was consolidated with the proposition relating to authorizing the levy of the Special Tax into one proposition which was submitted to and approved by the qualified elector of the Community Facilities District on November 23, 2004. The Rate and Method of Apportionment and the amount of the Special Tax that can be collected from the property within the Community Facilities District are more fully described in the section herein entitled “SECURITY FOR THE BONDS — The Special Tax” and “THE COMMUNITY FACILITIES DISTRICT.” See also Appendix D — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” The Bonds will be issued pursuant to the Act and the Indenture.

General Provisions

The Bonds will be dated as of the Delivery Date and bear interest at the rates and mature (subject to prior redemption as described below) on the dates set forth on the inside front cover page hereof. Interest on such Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable on March 1 and September 1 of each year commencing March 1, 2006 (each such date, an “Interest Payment Date”). The Bonds are issued in fully registered form and 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. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple. See the subsection hereof entitled “Book-Entry System.”

Redemption

Optional Redemption. The Bonds may be redeemed, at the option of the Community Facilities District, from any source of funds (other than Prepayments) on September 1, 2012, and on any Interest Payment Date thereafter prior to maturity in whole or in part (in such amounts and maturities as may be designated by the Community Facilities District, with the particular Bonds of such maturities to be selected by the Fiscal Agent by lot), at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
September 1, 2012 and March 1, 2013	102%
September 1, 2013 and March 1, 2014	101
September 1, 2014 and thereafter	100

Mandatory Sinking Fund Redemption. Bonds maturing on September 1, 2022, September 1, 2025, September 1, 2028 or September 1, 2035 (the “Term Bonds”) are subject to fund redemption in part, by lot, prior to maturity from sinking fund payments in the respective amounts shown below on September 1, 2021, September 1, 2024, September 1, 2026 and September 1, 2029, respectively, and on each September 1 thereafter to and including September 1, 2022, September 1, 2025, September 1, 2028 or September 1, 2035, respectively, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date without premium.

2022 Term Bonds

<i>Mandatory Sinking Fund Redemption Date (September 1)</i>	<i>Principal Amount of Bonds To Be Redeemed</i>
2021	\$ 920,000
2022 (maturity)	1,010,000

2025 Term Bonds

<i>Mandatory Sinking Fund Redemption Date (September 1)</i>	<i>Principal Amount of Bonds To Be Redeemed</i>
2024	\$1,210,000
2025 (maturity)	1,315,000

2028 Term Bonds

<i>Mandatory Sinking Fund Redemption Date (September 1)</i>	<i>Principal Amount of Bonds To Be Redeemed</i>
2026	\$1,435,000
2027	1,555,000
2028 (maturity)	1,680,000

2035 Term Bonds

<i>Mandatory Sinking Fund Redemption Date (September 1)</i>	<i>Principal Amount of Bonds To Be Redeemed</i>
2029	\$1,820,000
2030	1,960,000
2031	2,115,000
2032	2,275,000
2033	2,445,000
2034	2,620,000
2035 (maturity)	2,810,000

If the Community Facilities District delivers to the Fiscal Agent at least 45 days prior to an applicable redemption date Term Bonds that the Community Facilities District has purchased, the Fiscal Agent shall credit the principal amount of Bonds so purchased to reduce the upcoming sinking fund

payment for the Term Bonds in question and shall cancel such Bonds in accordance with the applicable Indenture.

In the event of a redemption of any of the Term Bonds (other than as a result of sinking fund payments), each of the remaining sinking fund payments for such Term Bonds as set forth above, will be reduced, as nearly as practicable, on a pro rata basis.

Extraordinary Redemption from Special Tax Prepayments. The Bonds are also subject to extraordinary redemption on any Interest Payment Date prior to maturity from the proceeds of the prepayment of Special Taxes deposited in the Redemption Account pursuant to the Indenture and amounts transferred from the Reserve Fund in connection with such prepayment. Such extraordinary redemption of Bonds shall be at the following redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), together with accrued interest thereon to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
March 1, 2006 through March 1, 2012	103%
September 1, 2012 and March 1, 2013	102
September 1, 2013 and March 1, 2014	101
September 1, 2014 and thereafter	100

The Fiscal Agent shall select Bonds for redemption from all maturities of all Bonds then Outstanding (including any Parity Bonds) so that the ratio of Outstanding Bonds to the Bonds initially issued shall be approximately the same in each maturity. The particular Bonds of each maturity to be redeemed shall be selected by lot in whatever manner the Fiscal Agent chooses. In lieu of applying amounts in the Redemption Fund to redeem Bonds, an Authorized Representative of the District may instruct the Fiscal Agent to apply such amounts to purchase Bonds at public or private sale at such prices as the Community Facilities District may in its discretion determine, provided that the purchase price thereof (including brokerage and other expenses) shall not exceed the principal amount thereof plus accrued interest to the purchase date and any applicable premium.

Notice of Redemption. When Bonds are due for redemption under the Indenture, the Fiscal Agent shall give notice, in the name of the Community Facilities District, of the redemption of the Bonds. Such notice of redemption shall (a) specify the CUSIP numbers, the serial numbers and the maturity date or dates of the Bonds selected for redemption, except that where all the Bonds are subject to redemption, or all the Bonds of one series or maturity are to be redeemed, the serial numbers thereof need not be specified; (b) state the date fixed for redemption and surrender of the Bonds to be redeemed; (c) state the redemption price; (d) state the place or places where the Bonds are to be redeemed; (e) in the case of the Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (f) state the date of issue of the Bonds as originally issued; (g) state the rate of interest borne by each Bond being redeemed; and (h) state any other descriptive information needed to identify accurately the Bonds being redeemed as shall be specified by the Community Facilities District. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable.

At least 30 days but no more than 45 days prior to the redemption date, the Fiscal Agent shall mail a copy of such notice, by first class mail, postage prepaid, to the Original Purchaser and to the respective registered Owners thereof at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Bond of notice of such redemption shall not be a condition precedent to redemption, and neither any defect therein nor any failure of an Owner to receive such notice shall affect the validity of the proceedings for the redemption of such Bonds, or the cessation of interest on the

redemption date. A certificate by the Fiscal Agent that notice of such redemption has been given as herein provided shall be conclusive as against all parties and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

Book-Entry System

DTC will act as securities depository for the Bonds, and the Bonds will be registered in the name of Cede & Co. (DTC's nominee). One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity and will be deposited with DTC. **So long as Cede & Co. is the registered owner of the Bonds, references herein to the Owners of the Bonds shall mean Cede & Co. and shall not mean the actual purchasers (the "Beneficial Owners") of the Bonds. The Community Facilities District does not give any assurances that DTC, its Participants or others will distribute payments with respect to the Bonds or notices concerning the Bonds to the Beneficial Owners thereof or that DTC will service and act in the manner described in this Official Statement.**

See Appendix E for a further description of DTC and its book-entry system. The information presented therein is based solely on information provided by DTC, and no representation is made by the Community Facilities District concerning the accuracy thereof.

Estimated Sources and Uses of Funds

The Bond proceeds are expected to be applied approximately as follows:

Sources:

Principal Amount of the Bonds	\$ 32,275,000.00
Less: Original Issue Discount	(751,482.55)
Total	\$ 31,523,517.45

Uses:

Acquisition and Construction Fund – City Facilities Acct.	\$ 10,880,243.35
Acquisition and Construction Fund – School District Acct.	15,564,117.00
Bond Payment Fund ⁽¹⁾	1,255,489.36
Reserve Fund ⁽²⁾	2,810,304.99
Costs of Issuance Fund	445,000.00
Underwriter's Discount	568,362.75
Total	\$ 31,523,517.45

⁽¹⁾ Equal to interest payable on the Bonds through September 1, 2006.

⁽²⁾ Equal to the Reserve Requirement for the Bonds.

Debt Service Schedule

The tables below set forth the estimated annual debt service payments for the Bonds assuming no redemptions of Bonds prior to maturity except scheduled mandatory sinking fund redemptions.

<i>Year Ending September 1</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Debt Service</i>
2006	--	\$ 1,255,489.36 ⁽¹⁾	\$ 1,255,489.36
2007	\$ 115,000	1,580,336.26	1,695,336.26
2008	150,000	1,576,886.26	1,726,886.26
2009	190,000	1,572,011.26	1,762,011.26
2010	230,000	1,565,361.26	1,795,361.26
2011	275,000	1,556,851.26	1,831,851.26
2012	325,000	1,546,126.26	1,871,126.26
2013	375,000	1,533,126.26	1,908,126.26
2014	430,000	1,517,376.26	1,947,376.26
2015	485,000	1,498,886.26	1,983,886.26
2016	545,000	1,477,546.26	2,022,546.26
2017	610,000	1,453,021.26	2,063,021.26
2018	680,000	1,424,808.76	2,104,808.76
2019	755,000	1,392,848.76	2,147,848.76
2020	835,000	1,356,986.26	2,191,986.26
2021	920,000	1,316,906.26	2,236,906.26
2022	1,010,000	1,270,906.26	2,280,906.26
2023	1,105,000	1,220,406.26	2,325,406.26
2024	1,210,000	1,165,156.26	2,375,156.26
2025	1,315,000	1,103,143.76	2,418,143.76
2026	1,435,000	1,035,750.00	2,470,750.00
2027	1,555,000	964,000.00	2,519,000.00
2028	1,680,000	886,250.00	2,566,250.00
2029	1,820,000	802,250.00	2,622,250.00
2030	1,960,000	711,250.00	2,671,250.00
2031	2,115,000	613,250.00	2,728,250.00
2032	2,275,000	507,500.00	2,782,500.00
2033	2,445,000	393,750.00	2,838,750.00
2034	2,620,000	271,500.00	2,891,500.00
2035	<u>2,810,000</u>	<u>140,500.00</u>	<u>2,950,500.00</u>
Totals	\$ 32,275,000	\$ 34,710,180.80	\$ 66,985,180.80

⁽¹⁾ To be paid from capitalized interest.

LIMITATION OF LIABILITY

The Bonds are secured only by the Net Taxes, the amounts on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account in said fund), the Bond Payment Fund, the Redemption Fund and the Reserve Fund and the Letter of Credit. In the event of delinquencies in the payment of Special Taxes, neither the City nor the Community Facilities District is required to advance any funds for the payment of debt service on the Bonds. The Community Facilities District will only be required to enforce delinquent Special Taxes in the manner provided in the Act and in its covenant to take judicial foreclosure proceedings as set forth in the Indenture. The full faith and credit of the City and the Community Facilities District are not pledged to the payment of the Bonds, nor is the payment of the

Bonds secured by any encumbrance, mortgage or other pledge of property of the City or the Community Facilities District, except the pledge described above.

SECURITY FOR THE BONDS

General

The Indenture defines the term “Net Taxes” to mean Gross Taxes minus amounts set aside to pay Administrative Expenses. The term “Gross Taxes” is defined by the Indenture to mean the amount of all Special Taxes received by the Community Facilities District, together with proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture for the delinquency of such Special Taxes that remain after payment of all costs related to such foreclosure actions which were not paid from the Administrative Expense Account. The Indenture does not limit the amount of Administrative Expenses that can be paid from Gross Taxes prior to the payment of any principal of or interest on the Bonds. See Appendix A — “SUMMARY OF INDENTURE — Definitions.”

The Bonds will be secured by a pledge of the Net Taxes, the moneys on deposit in the Special Tax Fund, the Bond Payment Fund, the Redemption Fund and the Reserve Fund and the Letter of Credit. The Bonds are not secured by moneys on deposit in the Administrative Expense Account, the Acquisition and Construction Fund, the Rebate Fund, the Letter of Credit Fund or the Surplus Fund.

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, the Special Taxes are exempt from the tax rate limitation of California Constitution Article XIII A pursuant to Section 4 thereof because they constitute a “special tax” authorized by a two-thirds vote of the qualified electors in the Community Facilities District. Consequently, the Community Facilities District is legally authorized and has covenanted in the Indenture to cause the levy and collection of the Special Taxes in an amount determined according to the Rate and Method of Apportionment. See “SECURITY FOR THE BONDS — The Special Tax” below. The Rate and Method of Apportionment apportions the total amount of Special Taxes to be collected among the taxable parcels in the Community Facilities District as more particularly described herein. See “THE COMMUNITY FACILITIES DISTRICT — Rate and Method of Apportionment” and Appendix D — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

Although the Special Taxes will be levied against parcels within the Community Facilities District constituting Taxable Property, they 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 taxes even if financially able to do so. See “SPECIAL RISK FACTORS” herein.

The Special Tax

The Special Tax applicable to each parcel of Taxable Property within each Fiscal Year is required to be calculated pursuant to the Rate and Method of Apportionment. See “THE COMMUNITY FACILITIES DISTRICT — Rate and Method of Apportionment” and Appendix D — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The Special Taxes are expected to be levied by the Community Facilities District and collected by Ventura County (the “County”) at the same time and in the same manner as general *ad valorem* property taxes. The Indenture requires that, except as noted below, the Community Facilities District shall deposit all Special Taxes received, including any penalties and interest received on the foreclosure of any delinquent properties, in the Special Tax Fund which the Community Facilities District is required to establish and maintain. The Community Facilities District may from time to time withdraw money on

deposit in the Special Tax Fund and deposit in the Administrative Expense Account of the Special Tax Fund amounts necessary to make timely payment of Administrative Expenses. Money remaining in the Special Tax Fund after the deposit of money in the Administrative Expense Account is required to be held in said fund until the Business Day prior to each Interest Payment Date.

On the Business Day prior to each Interest Payment Date, the Community Facilities District is required to transfer to the Fiscal Agent (i) for deposit in the Bond Payment Fund, the amount necessary to pay interest, principal and Sinking Fund Payments, if any, due on the Bonds (including Parity Bonds) on said Interest Payment Date and (ii) for deposit in the Redemption Fund, the amount, if any, necessary to pay the redemption price of any Bonds called for extraordinary redemption on said Interest Payment Date. After making such transfers the Community Facilities District shall transfer to the Fiscal Agent: (i) for deposit in the Reserve Fund, the amount, if any, necessary to cause the balance on deposit therein to equal the Reserve Requirement and (ii) for deposit in the Rebate Fund, the amount, if any, required to pay rebate payments to the federal government. Notwithstanding the foregoing, delinquent Special Taxes (net of Administrative Expenses paid from the Administrative Expense Account) for which proceeds of a draw on the Letter of Credit were deposited in the Special Tax Fund shall be transferred by the Community Facilities District to the Fiscal Agent for deposit in the Letter of Credit Fund. See Appendix A — “SUMMARY OF INDENTURE — Creation of Funds and Application of Proceeds and Letter of Credit.”

Reserve Requirement

In order to secure further the payment of principal and interest on the Bonds, the Community Facilities District shall deposit proceeds of the Bonds in an amount equal to the Reserve Requirement into the Reserve Fund to be held by the Fiscal Agent. The Reserve Requirement is defined in the Indenture as the least of (i) Maximum Annual Debt Service, (ii) one hundred twenty-five percent (125%) of Average Annual Debt Service, or (iii) ten percent (10%) of the initial principal amount of the Bonds.

Moneys in the Reserve Fund shall be used solely for the purpose of paying principal of and interest on Bonds in the event of any deficiency in the Bond Payment Fund as further described herein.

Covenant for Superior Court Foreclosure

Pursuant to Section 53356.1 of the Act, the Community Facilities District covenants in the Indenture for the benefit of the Owners of the Bonds that it will order, and cause to be commenced, on or before October 1 of the Fiscal Year immediately following the Fiscal Year in which a delinquency in the payment of an Special Tax occurs, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due. However, the Community Facilities District is not required to commence or pursue such proceedings with respect to any property other than property owned by a single property owner who is delinquent in the payment of Special Taxes in the amount of \$5,000 or more if both (i) the aggregate amount of such delinquent Special Taxes does not exceed five percent (5%) of the total Special Taxes due and payable for the Fiscal Year in question and (ii) the balance on deposit in the Reserve Fund is not less than the Reserve Requirement.

Pursuant to Section 53340 of the Act, the Community Facilities District may waive delinquency penalties and redemption penalties if it determines that (i) the waivers shall apply only to parcels delinquent at the time of the determination, (ii) the waivers shall only be available with respect to parcels for which all past due and currently due Special Taxes and all other costs are paid in full within a limited period of time specified in the determination, (iii) the waivers shall be available only with respect to parcels sold or otherwise transferred to new owners unrelated to the owner responsible for the delinquency, and (iv) the waivers are in the best interest of the Owners of the Bonds.

In the event foreclosure or foreclosures are necessary, there may be a delay in payments to Bond owners pending prosecution of the foreclosure proceedings and receipt by the Community Facilities District of the proceeds of the foreclosure sale; it is also possible that no bid for the purchase price or applicable property would be received at the foreclosure sale. See “SPECIAL RISK FACTORS — Enforcement Delays - Bankruptcy.” Notwithstanding any other provision of the Indenture, the City is not obligated to advance available funds from the City Treasury to cure any deficiency in the Special Tax Fund.

Letter of Credit

Pursuant to the Agreement for Construction and Acquisition of Public Improvements entered into by and between the City and the Developer (as heretofore amended, the “Acquisition Agreement”), the Developer is required to deliver to the City an irrevocable standby letter of credit, a surety bond or cash (in any case, a “Letter of Credit”) in an amount equal to the sum of the Special Tax that will be applicable to each parcel of property within the Community Facilities District owned by the Developer or an affiliate of the Developer during the next two succeeding fiscal years. The Acquisition Agreement requires the Developer to maintain the Letter of Credit until the beginning of the fiscal year in which the Developer and its Affiliates will not own property within the Community Facilities District that, in the aggregate, will be responsible for the payment of 25% or more of the total amount of the Special Taxes that will be levied to pay Annual Debt Service on the Bonds. The Letter of Credit must permit the City or its agent to draw thereon amounts sufficient to pay any delinquent installment of Special Taxes on land owned by the Developer or its Affiliates. The amount of the Letter of Credit will be reduced by the amount of any draw pursuant thereto, and the Letter of Credit is not required to be reinstated. The amount of the Letter of Credit is permitted to be reduced each July 1 to reflect the reduced amount of the Special Taxes applicable to property owned by the Developer or its Affiliates if the Developer conveyed any portion of its property during the preceding fiscal year. The Developer expects that the Letter of Credit will be issued by Bank of America, N.A.

During the period in which the Letter of Credit is in effect, the Fiscal Agent will be permitted to draw thereon in the amount of any delinquent Special Taxes applicable to any property which is owned by the Developer. The proceeds of any such drawing will be deposited in the Special Tax Fund. If and to the extent the amount of the delinquency is later recovered, the net proceeds of such recovery will be deposited in the Letter of Credit Fund and used to reimburse the issuer of the Letter of Credit for the amount of such draw. Although the amount of a draw on the Letter of Credit is equal to the amount of Special Taxes applicable to certain property, the proceeds of such draw will not be deemed to have paid the delinquent Special Taxes.

As discussed below under the caption “PROPERTY OWNERSHIP AND DEVELOPMENT,” the Developer expects to convey its land to others, in some cases shortly after the issuance of the Bonds. Such conveyances will result in reductions in the required amount of the Letter of Credit; and, if and when the cumulative effect of such conveyances is to cause the Developer and its Affiliates to own land the Special Taxes applicable to which are less than 25% of the total Special Taxes applicable to all of the property in the Community Facilities District, the Letter of Credit will terminate.

Parity Bonds

Upon the satisfaction of the conditions specified in the Indenture, the Community Facilities District may issue Parity Bonds. Parity Bonds will be secured by and be payable from the Net Taxes and other amounts pledged to the Bonds on a parity with the Bonds. Among the documents which must be delivered as a condition precedent to the issuance of Parity Bonds (except where the issuance of Parity Bonds will not increase the Annual Debt Service payable in each Fiscal Year in which Bonds, other than refunding Parity Bonds, will remain Outstanding) is a certificate signed by a duly authorized

representative of the School District to the effect that the School District has not acquired by the School District Option Site and its option to do so pursuant to the School District Option Agreement has been terminated or has expired or subsequent to October 19, 2009 other evidence to the same effect which is acceptable in form and substance to the Community Facilities District. See Appendix A — “SUMMARY OF INDENTURE — Parity Bonds.”

THE COMMUNITY FACILITIES DISTRICT

The Community Facilities District was organized by the City Council under the Act to provide for the financing of public improvements to meet the needs of new development within the Community Facilities District. The qualified elector within the boundaries the Community Facilities District, being at the time of the formation of the Community Facilities District the sole owner of the property in the Community Facilities District, authorized the Community Facilities District to incur bonded indebtedness and approved the Rate and Method of Apportionment and the levy of the Special Tax within the Community Facilities District.

General Information Regarding the Community Facilities District

The property within the Community Facilities District consists of a proposed development known as Seabridge at Mandalay Bay. It is located in the Channel Islands neighborhood of the western-coastal portion of the City and is part of a 220-acre specific plan area known as Mandalay Bay – Phase IV. The Community Facilities District is on the south side of Wooley Road and the north side of Hemlock Street, west of Victoria Avenue. An aerial photograph of the Community Facilities District appears on page 18 hereof and the current site plan for Seabridge at Mandalay Bay appears on page 22 of the Appraisal. The plan for the development of the land within the Community Facilities District includes an expansion of the inland waterway off the existing Mandalay Bay project in Oxnard Harbor. The development is planned to create a variety of waterfront living and recreational opportunities including single-family residences with canal frontages and boatslips, a mix of multi-family housing types, a public recreation bay and a boardwalk promenade with a neighborhood retail component, all linked by a series of jogging paths, parks and view corridors.

The zoning applicable to the property within the Community Facilities District is consistent with the City’s Specific Plan for Mandalay Bay – Phase IV (the “Specific Plan”) and the Oxnard Coastal Land Use Plan. The specific zoning classifications applicable to the developable property include: (a) “R-W-1” which permits single-family residences on lots with a minimum width of 40 feet and which is applicable to approximately 46 acres (exclusive of private recreation areas) of the developable land within the Community Facilities District, (b) “R-3-C” which permits multi-family residences-townhouses with minimum lot areas of 2,400 square feet and which is applicable to approximately 1.7 acres of the developable land within the Community Facilities District and (c) Mixed Use/Visitor Serving Commercial (including “C-V-C,” “C-N-C” and “R-W-3”) which permits a combination of multi-family residential and commercial uses and which is applicable to approximately 35.6 acres of the developable land within the Community Facilities District. The School District Option Site is also zoned for “Mixed Use,” permitting both multi-family residential and commercial uses.

The City has approved Tentative Tract No. 5266 and three final subdivision maps the recordation of which has created 126 lots (116 of which are planned for single family detached units), certain commercial acreage and certain park, water, private street and lift station parcels. The City has also approved a Development Agreement applicable to the property. The Developer has also obtained permits from the California Coastal Commission, United States Army Corp. of Engineers, California Department of Fish and Game, California Regional Water Quality Control Board and the County that are necessary in order to commence improvement of the site while final subdivision tract maps are being processed.

The property is not within a known Alquist-Priolo Fault Rupture Hazard Zone, and therefore the potential for ground rupture in the event of an earthquake is considered to be low. However, like most of southern California, the property is subject to seismic activity. Moreover, due to the high groundwater table beneath the project site, there is a potential for liquefaction during certain earthquakes. Moreover, the property is located within the tsunami (seismically-induced sea waves) hazard zone identified by the City and the County. (That zone consists of all lands within one mile of the coast with an elevation lower than twenty feet above mean sea level.)

Water and sewer services will be provided by the City, electrical power will be provided by Southern California Edison, natural gas service by Southern California Gas Company, telephone service by General Telephone Company of California (Verizon) and cable television service by Adelphia Communications.

All of the property within the Community Facilities District is also included in a second community facilities district, Community Facilities District No. 4 (Seabridge at Mandalay) of the City of Oxnard. The second community facilities district was formed to finance (a) police protection services, including, but not limited to, enforcement of codes relating to the waterways within and adjoining the Community Facilities District and the harbor, and (b) maintenance of parks, parkways and open spaces, channels, flood and storm protection facilities, public boat docks, dredging and remediation costs, including but not limited to waterways within and adjoining the Community Facilities District and the harbor. The currently projected annual cost of the services to be so provided in fiscal year 2006-07 is approximately \$1,504,443, and it increases at the rate of two percent (2%) per year.

Additional information with respect to the property within the Community Facilities District is contained in the Appraisal. See Appendix B — “APPRAISAL REPORT.”

The Project

Pursuant to the Acquisition Agreement, the Developer will construct certain improvements that constitute the Project, and the City will acquire them from the Developer upon their completion, paying for them if and to the extent that there are sufficient Bond proceeds available for such purpose. Thus, the Developer will be required to advance its own funds to pay for an improvement that is part of the Project and will not be reimbursed prior to the completion thereof. The Developer will not be reimbursed amounts in excess of available Bond proceeds.

The following table lists the improvements that comprise the Project, which the Developer expects to construct, the date on which construction thereof started or is expected to start, the expected completion date and the estimated acquisition price.

Improvements Comprising the Project

<i>Improvement</i>	<i>Start of Construction</i>	<i>Estimated Completion Date</i>	<i>Estimated Acquisition Price</i>
Harbor Island Lane Improvement	Feb. 2006	Apr. 2006	\$1,043,392
Hemlock Street Improvement	Apr. 2006	May 2006	152,895
Park Improvements	Feb. 2006	Varies	6,500,841
In-tract Water Improvements	Nov. 2005	Varies	1,081,483
In-tract Sewer Improvements	Oct. 2005	Varies	1,242,891
Storm Drain Improvements	Oct. 2005	Varies	2,793,270

Source: The Developer.

In addition to the improvements described above, the Project also consists of certain facilities to be constructed by the City and other improvements to be constructed by the School District. Bond proceeds consisting of \$15,564,117 in the case of facilities to be constructed by the School District and the remainder of the Bond proceeds in the case of facilities to be constructed by the City will be deposited in the Acquisition and Construction Fund established pursuant to the Indenture and will be available to pay or to reimburse the applicable governmental agency for its payment of the costs of these facilities.

Rate and Method of Apportionment

The Rate and Method of Apportionment is contained in Appendix D — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” In general, the Rate and Method of Apportionment imposes a different Maximum Special Tax on Taxable Property within the Community Facilities District depending upon (i) whether such Taxable Property is classified as “Developed Property” (all Taxable Property, exclusive of Taxable Property Owner Association Property, or Taxable Public Property, for which a building permit for new construction was issued as of January 1 of the previous Fiscal Year), Taxable Property Owner Association Property, Taxable Public Property or Undeveloped Property and (ii) the Land Use Class to which Developed Property is assigned. There are ten Land Use Classes applicable to Residential Property and one Land Use Class applicable to Non-Residential Property.

The Maximum Special Tax for Developed Property is the greater of the Assigned Special Tax or the Back-up Special Tax. The Assigned Special Tax for Residential Property for Fiscal Year 2004-05 ranged from \$1,483 per dwelling unit in the case of an attached dwelling unit of less than 1,000 square feet to \$4,778 per unit in the case of waterfront single family detached residences of 3,500 square feet or more. The Assigned Special Tax applicable to Non-Residential Property for Fiscal Year 2004-05 was \$0.7276 per square foot of Non-Residential Floor Area. The Back-up Special Tax for Developed Property for Fiscal Year 2004-05 was equal to \$33,603 per acre of the applicable Assessor’s Parcel. The Assigned Special Tax and the Back-up Special Tax will be increased on each July 1, commencing July 1, 2005 by an amount equal to 2% of the amount in effect for the previous Fiscal Year. If an Assessor’s Parcel of Developed Property contains more than one Land Use Class, the Maximum Special Tax shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on such parcel. The Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property and Taxable Public Property for Fiscal Year 2004-05 was \$40,846 per acre. Said amount will increase on each July 1, commencing July 1, 2005, by an amount equal to 2% of the amount in effect for the previous Fiscal Year.

Pursuant to the Rate and Method of Apportionment, the City Council is required to determine the “Special Tax Requirement” for each Fiscal Year. The Special Tax Requirement is the amount required in any Fiscal Year to pay: (i) debt service on all Outstanding Bonds, (ii) periodic costs on the Bonds (such as credit enhancement and rebate payments), (iii) Administrative Expenses, (iv) any amounts required to establish or replenish the Reserve Fund, (v) reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year, less (vi) a credit for funds available to reduce the annual Special Tax levy as determined pursuant to the Indenture.

The Special Tax Requirement is to be satisfied first by levying the Special Tax “Proportionately” (as defined in the Rate and Method of Apportionment) on each Assessor’s Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax. If additional moneys are needed to satisfy the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property. If additional moneys are still needed to satisfy the Special Tax Requirement, the Special Tax that is to be levied on each Parcel of Developed Property whose Maximum Special Tax is derived by the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax. Finally, any additional amounts required in order to satisfy the Special Tax

Requirement shall be raised by the levy of the Special Tax Proportionately on each Parcel of Taxable Public Property and Taxable Property Owner's Association Property at up to 100% of the applicable Maximum Special Tax. Notwithstanding the foregoing, the Special Tax levied against any Assessor's Parcel of Residential Property for which a permit allowing occupancy for residential use has been issued may not be increased by more than 10% as a consequence of delinquency or default by the owner of any other Assessor's Parcel.

The Developer's current plans for the development of the property within the Community Facilities District contemplate that approximately 54.05 acres will be used for public waterways, parks and roadways along with the possible school site. The Rate and Method of Apportionment exempts from the Special Tax up to 59.7 acres of Public Property. The Developer's current plans also contemplate that approximately 11.48 acres will be used as Property Owner Association Property. The Rate and Method of Apportionment exempts from the Special Tax up to 11.5 acres of Property Owner Association Property.

Property Values

Market Absorption Study. In order to provide information with respect to the potential market demand for the proposed development within the Community Facilities District, the Community Facilities District retained Empire Economics, LLC (the "Market Absorption Consultant") to conduct an absorption analysis and to prepare a report with respect thereto (as revised as of August 12, 2005, the "Market Absorption Study"). An executive summary of the Market Absorption Study is attached to this Official Statement as Appendix G, and the entire Market Absorption Study is available from the Community Facilities District. Reference is made to Appendix G for the conclusions of the Market Absorption Consultant and for the assumptions on which those conclusions are based and certain risks associated therewith.

Appraisal. In order to provide information with respect to the value of the land within the Community Facilities District, the Community Facilities District engaged Parkcenter Realty Advisors of Santa Ana, California (the "Appraiser"), to prepare an appraisal report (the "Appraisal"). The Appraiser was selected by the Community Facilities District and has no material relationships with the City, the Community Facilities District or the owners of the land within the Community Facilities District other than the relationship represented by the engagement to prepare the Appraisal. The City instructed the Appraiser to prepare its analysis and report in conformity with City-approved guidelines and the Appraisal Standards for Land Secured Financings published by the California Debt and Investment Advisory Commission. A copy of the Appraisal is included as Appendix B to this Official Statement.

The purpose of the Appraisal was to estimate the "as is" aggregate market value of the fee simple estate, subject to special tax and special assessment liens, of the property within the Community Facilities District (other than the School District Option Site), as enhanced by the Project. Subject to the contingencies, assumptions and limiting conditions set forth in the Appraisal, the Appraiser concluded that, as of August 1, 2005, the aggregate value of the subject property was \$130,000,000. The Appraiser further concluded that the aggregate value of the portion of the subject property owned by the Developer was \$123,500,000 and the aggregate value of the portion of the property owned by K&G was \$6,500,000. Reference is made to Appendix B for a complete list of the contingencies, assumptions and limiting conditions identified in the Appraisal.

In reaching the opinion of value referred to above, the Appraiser first determined the retail value of the land comprising each of the different classifications of proposed development within the Community Facilities District and then undertook a discounted cashflow analysis to arrive at a bulk-sale value. Reference is made to Appendix B for a complete description of the discounted cash flow analysis.

In addition to the other assumptions and limiting conditions specifically listed in the Appraisal, the value reported in the Appraisal is based upon certain assumptions about the growth of Ventura County, the demand for housing in the area, the ability of Seabridge at Mandalay Bay to capture a portion of that demand, the rate at which land values will increase in the future, interest rates, and other variables which are impossible to predict with certainty. In the event that any of the contingencies, assumptions and limiting conditions are not actually realized, the value of the property within the Community Facilities District may be less than the amount reported in the Appraisal. In any case, there can be no assurance that any portion of the property within the Community Facilities District would actually sell for the price indicated by the Appraisal.

The Appraisal merely indicates the Appraiser's opinion as to the market value of the subject property as of the date and under the conditions specified therein. The Appraiser's opinion reflects conditions prevailing in the applicable market as of the date of value. As set forth in the Market Absorption Study and in the Appraisal, those market conditions include a rapid escalation in the prices paid for houses in the County. The Appraiser's opinion does not predict the future value of the property within the Community Facilities District, and there can be no assurance that market conditions will not change adversely in the future.

Value to Bond Ratios

The value of the property within the Community Facilities District is significant because in the event of a delinquency in the payment of Special Taxes the Community Facilities District may foreclose only against delinquent parcels. The value of the subject property as set forth in the Appraisal is \$130,000,000, or approximately 4.03 times the principal amount of the Bonds.

Although the Appraisal determined individual retail values for the portions of the Community Facilities District expected to be developed in each of six major categories, the Appraisal does not allocate the \$130,000,000 total value to those portions of the Community Facilities District. Moreover, at this point, the actual Special Tax that will be applicable to each of those areas has not yet been determined. Accordingly, the Community Facilities District is not able to present value to bond ratios for all of the individual portions of the Community Facilities District. However, the Appraisal did allocate the total value between the portion of the subject property owned by the Developer and the portion thereof owned by K&G. David Taussig & Associates, Inc., the Community Facilities District's special tax administrator (the "Special Tax Administrator") allocated the principal amount of the Bonds between those ownerships based upon a hypothetical special tax levy for fiscal year 2005-06. On that basis, the Special Tax Administrator concluded that approximately 86.91% of the Bonds would be allocated to the Developer's property and the remainder thereof would be allocated to K&G's property. Using these Bond amounts, the ratio of the appraised value of the Developer's property (\$123,500,000) to its share of the Bonds (\$28,050,425) is approximately 4.40 to 1; and the ratio of the value of K&G's property (\$6,500,000) to its share of the Bonds (\$4,224,575) is approximately 1.54 to 1. The hypothetical tax levy which formed the basis for the Special Tax Administrator's allocation of Bond amounts to the two ownerships assumed that all of the property was "Undeveloped Property" as defined in the Rate and Method of Apportionment; and the allocation of Bond amounts was therefore ultimately based on the respective land areas within each ownership group. If and to the extent that the property within the ownership groups becomes "Developed Property" (as defined in the Rate and Method of Apportionment), the allocated amounts of Bonds would change as would the value to bond ratios set forth above.

As discussed below under the caption "Direct and Overlapping Debt," the property within the Community Facilities District is also subject to taxation to pay debt service on bonds of governmental agencies other than the Community Facilities District. The Special Tax Administrator estimates that the proportionate share of the principal amount of such bonds attributable to the property within the Community Facilities District is \$1,201,728. However, all of said bonds are secured by *ad valorem* taxes,

and none of them are secured by special assessments or special taxes. Accordingly, the share of the principal amount thereof attributable to the property within the Community Facilities District would not generally be included in the value to bond ratios set forth above.

Direct and Overlapping Debt and Tax Burden

The land within the Community Facilities District is included within the boundaries of numerous overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing indebtedness payable from taxes and assessments that may be levied upon the property within the Community Facilities District is shown in the table below. In addition to current debt, new debt could be issued in the future requiring the levy of additional special taxes or assessments.

Secured Property Tax Roll and Direct and Overlapping Debt

<i>Overlapping Debt</i>	<i>FY 2005-2006 Total Levy</i>	<i>Amount of Levy on Parcels in District⁽¹⁾</i>	<i>Percent of Levy on Parcels in District</i>	<i>Total Debt Outstanding⁽²⁾</i>	<i>District Share of Total Debt Outstanding</i>
Metropolitan Water District	\$104,530,707	\$ 5,101	0.0049%	\$418,190,000	\$ 20,409
Elementary School Bond Oxnard #1	2,832,030	34,533	1.2194	22,795,672	277,963
Elementary School Bond Oxnard #2	2,727,438	33,257	1.2194	51,840,000	632,120
High School Bond Oxnard	3,115,334	11,969	0.3842	49,689,913	190,903
VTA Community College Bond	10,589,292	12,754	0.1204	66,700,000	80,333
Estimated Share of Overlapping Debt Allocable to the District					\$ 1,201,728
Plus CFD No. 3 Bonds					<u>32,275,000</u>
Estimated Share of Direct and Overlapping Debt					\$ 33,476,728

⁽¹⁾ Estimate for FY 05-06 based on FY 05-06 assessed value and FY 05-06 ad valorem rates.

⁽²⁾ As of August 2, 2005.

Source: David Taussig & Associates, Inc.

In order to provide a measure of the total tax burden that would be applicable to property within the Community Facilities District, the Special Tax Administrator has prepared sample property tax bills for fiscal year 2005-06 for three hypothetical residences: (i) a single family attached unit of less than 1,000 square feet on a 3,000 square foot lot with a sales price of \$403,573, (ii) a single family detached unit of less than 2,700 square foot on a 4,000 square foot non-waterfront lot with a sales price of \$692,200 and (iii) a single family detached unit of less than 3,100 square feet on a 5,000 square foot waterfront lot with a sales price of \$888,000. The sample tax bill for the second of these three hypothetical units is set forth below. It shows a total projected property tax bill of \$13,736.54 (1.98448% of the assumed sales price). The total projected tax bill for the smaller unit is \$7,304.33 (1.80992% of the assumed sales price), and the total projected tax bill for the larger unit is \$17,513.32 (1.97222% of the assumed sales price).

CITY OF OXNARD CFD NO. 3 (SEABRIDGE AT MANDALAY BAY)
SAMPLE PROPERTY TAX BILL
(PROJECTED FISCAL YEAR 2005-2006)

Single Family Detached (Non-Waterfront) - Land Use Class 6
Unit Size: < 2,700 SF
Estimated Lot Size: 4,000 SF

Assessed Valuation and Property Taxes		Percent of Total AV	Projected Amount	Maximum Amount
SALES PRICE ⁽¹⁾	\$692,200			
TOTAL ASSESSED VALUE ⁽²⁾	\$685,200			
Land Value	NA			
Improvement Value	NA			
<u>AD VALOREM PROPERTY TAXES</u> ⁽³⁾				
Basic Levy		1.00000%	\$6,852.00	
Elementary School Bond Oxnard #1		0.03520%	\$241.19	
Elementary School Bond Oxnard #2		0.03390%	\$232.28	
High School Bond Oxnard		0.01220%	\$83.59	
VTA Community College Bond		0.01300%	\$89.08	
Metropolitan Water District		0.00520%	\$35.63	
<u>City of Oxnard District #1</u>		<u>0.07664%</u>	<u>\$525.12</u>	
Total General Property Taxes and Overrides		1.17614%	\$8,058.89	
<u>ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES</u> ^{(3), (4)}				
VCFCF Flood Zone 2 Benefit			\$27.88	
VCWPD NPDES Oxnard Zone 2			\$3.96	
NPDES Oxnard Zone 2			\$10.28	
Calleguas Water Standby ⁽⁵⁾			\$5.00	
Metropolitan Water District Standby ⁽⁵⁾			\$9.58	
Mosquito Control			\$3.81	
City of Oxnard CFD No. 3 ⁽⁶⁾			\$3,322.14	\$3,322.14
<u>City of Oxnard CFD No. 4</u> ⁽⁷⁾			<u>\$2,295.00</u>	<u>\$2,619.36</u>
Total Assessments and Parcel Charges			\$5,677.65	
PROJECTED TOTAL PROPERTY TAXES			\$13,736.54	
Projected Total Effective Tax Rate (as % of Sales Price)			1.98448%	2.03133%

Sources: David Taussig & Associates, Inc.; Ventura County Water Protection District; Ferguson Case Orr Paterson & Cunningham, LP; County of Ventura Mosquito Abatement & Vector Control; Calleguas Municipal Water District; Metropolitan Water District.

NOTES:

1. Base sales price based on Appraisal Report dated August 22, 2005 prepared by Parkcenter Realty Advisors. Sales price used to determine Total Effective Tax Rate.
2. Assessed value and ad valorem taxes incorporate owner-occupied AV exemption of \$7,000.
3. Based on information provided by each agency for FY 2005-06.
4. All charges based on rate per dwelling unit, unless noted otherwise.
5. Rate is per lot or acre, whichever is greater.
6. Based on FY 2005-06 rates. Maximum Special Tax is the greater of the assigned tax or backup tax of \$34,275 per acre which will escalate 2% per year. For purposes of this analysis, we have assumed an estimated lot size of 4,000 SF.
7. Based on FY 2005-06 rates. Maximum Special Tax is \$2,619.36 per dwelling unit and will escalate 2% per year. Maximum special tax shall be levied on developed property only if the contingent tax requirement is greater than \$0.

The estimated tax rates and amounts presented herein are based on the best available information at this time.

The actual amounts charged may vary and may increase in future years.



PROPERTY OWNERSHIP AND DEVELOPMENT

The information about the Developer and its proposed development is contained in this Official Statement has been provided by the Developer and has not been independently confirmed or verified by the Community Facilities District. Such information is included because it may be relevant to an informed evaluation of the security for the Bonds. However, no assurance can be given that the planned development will occur as described below.

As the proposed land development progresses and parcels are sold, it is expected that the ownership of the land within the Community Facilities District will become more diversified. No assurance can be given that development of the land within the Community Facilities District will occur, or that it will occur in a timely manner or in the configuration or intensity described herein, or that any landowner described herein will obtain or retain ownership of any of the land within the Community Facilities District. The Bonds and the Special Taxes are not personal obligations of any landowners, including the Developer and, in the event that a landowner defaults in the payment of the Special Taxes, the Community Facilities District may proceed with judicial foreclosure but has no direct recourse to the assets of any landowner. As a result, other than as provided herein, no financial statements or information is, or will be, provided about the Developer or any other landowners. The Bonds are secured solely by the Net Taxes and other amounts pledged under the Indenture. See "SECURITY FOR THE BONDS" and "SPECIAL RISK FACTORS."

The Developer

D.R. Horton Los Angeles Holding Company, Inc., a California corporation (the "Developer") is a wholly owned subsidiary of D.R. Horton, Inc., a Delaware corporation ("D.R. Horton"), a public company whose common stock is listed on the New York Stock Exchange under the symbol "DHI."

D.R. Horton is subject to the information requirements of the Securities Exchange Act of 1934, and in accordance therewith files reports, proxy statements and other information with the SEC. Such filings, particularly the Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q, may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such files can also be accessed over the Internet at the SEC's website at www.sec.gov. Copies of such material can be obtained from the public reference section of the SEC at 450 Fifth Street, N. W., Washington, D.C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the office of the NYSE at 20 Broad Street, New York, New York, 10005.

D.R. Horton and its subsidiaries, including the Developer, design, construct, market and sell single-family residences, townhomes and condominiums, primarily to entry-level and "move-up" buyers and is a geographically diverse homebuilder in the United States of America. D.R. Horton and its subsidiaries closed approximately 43,567 homes and had approximately \$10.8 billion in consolidated revenues for the twelve months ended September 30, 2004. D.R. Horton believes that, on a combined basis, the company is one of the largest homebuilders in Southern California and in the State of California based on the number of units constructed. D.R. Horton and its subsidiaries also provide mortgage banking and title agency services to many of their homebuyers.

The Developer's Development Plan

The Seabridge project is expected to include 610 single family attached and detached units, a 241 boat slip public marina, over 230 private boat slips owned by individual homeowners, nearly 160,000 square feet of commercial space (including a market anchored neighborhood serving center and a specialty retail complex to complement the marina), and a network of parks and trails that provide

pedestrian circulation and recreational opportunities throughout the project. Only the 610 residential lots and commercial property owner are expected to be subject to the special tax. Tentative Tract Map No. 5266, a Development Agreement with the City of Oxnard, and other jurisdictional permits required of the California Coastal Commission, Army Corps of Engineers, California Department of Fish and Game, California Regional Water Quality Control Board, and the County have been obtained.

Within the 610 expected residential units, there are expected to be six distinct projected product types: three attached and three detached. The first 56 attached units planned to be developed are known as “Port Oceano”. These units are courtyard cluster buildings consisting of four, 14 unit buildings located adjacent to Victoria Avenue. The units range in size from 1,117 to 1,459 square feet. In addition, there are also 168 single level units in four, 42 unit three story condominium buildings with subterranean parking. Known as “Port Marluna”, these units range in size from 1,720 to 2,015 square feet. The last attached product type is known as “Port 121”. These units are planned to have more urban styling, and some units are expected to be designated live/work units to complement the adjacent marina commercial center. Similar to “Port Marluna”, “Port 121” is planned as three stories of residential built over a subterranean parking garage.

The smallest single family detached units are expected to be constructed on approximately 4,000 square foot lots. Known as “Port Meridian”, these 133 homes are planned to range from 2,653 to 2,868 square feet. All “Port Meridian” units are located interior to one of the two gated islands within Seabridge. “Port Province” units are plotted on approximately 5,000 square foot lots. Ranging in size from 2,983 to 3,495 square feet, 30 of the 59 units are expected to be on the waterfront. All “Port Province” units are planned for the northernmost of the two gated islands within Seabridge. The largest single family product, known as “Port Haviland”, consists of 84 waterfront homes ranging in size from 3,129 to 3,748 square feet. Private boat docks are expected to be available for purchase with all waterfront single family homes. Additionally, non-waterfront single family homes are also expected to have an opportunity to own a private boat dock.

Currently, the land is in the process of being graded and improved in order to extend waterways, provide public and private access roads, and enhance and extend utility services throughout the Community Facilities District. These improvements include approximately three million cubic yards of grading and excavation and construction of nearly two miles of sea walls. A portion of these infrastructure improvements will be financed through the Community Facilities District. As of September 1, 2005, 50% of the rough grading, and 40% of seawall construction was complete. In calendar year 2005, D.R. Horton will receive building permits for approximately 215 units (56 “Port Oceano,” 126 “Port Marluna,” 14 “Port Meridian,” 12 “Port Province” and 7 “Port Haviland”)

The Commercial Property

As mentioned above, K&G owns approximately 9 acres of commercial property within the Community Facilities District. The specific zoning classifications applicable to this commercial property include Mixed Use/Visitor Serving Commercial (including “C-V-C,” “C-N-C” and “R-W-3”) which permits a combination of multi-family residential and commercial uses. K&G has reported that it has entered into a letter of intent with Vons Companies, Inc. (“Vons”) pursuant to which Vons would lease approximately 51,000 square feet of floor area for a shopping center. There can be no assurance that the commercial property would be improved as intended in the letter of intent or that Vons or any other tenant would enter into a lease with respect thereto.

The Developer's Financing Plan

The Developer's costs of development within the District are expected to be paid from Bond proceeds and from internal sources, including funds provided by D.R. Horton. The following tables set forth the expected costs of development and the anticipated sources of funds to be spent therefor as well as the Developer's projected revenues and costs.

Sources and Uses of Funds

<i>Sources</i>	<i>Sources</i>	<i>% of Total Sources</i>
D.R. Horton Cash and Equity	\$ 364,645,869	93.2%
CFD Reimbursement	26,500,000	6.8
Other Equity	0	0.0
Bank Loan/Other Financing	0	0.0
Total Sources	\$ 391,145,869	100.0%

<i>Uses</i>	<i>Uses</i>	<i>% of Total Uses</i>
Land Acquisition/Development/Fees	\$ 210,382,486	53.8%
Residential Direct Costs	154,939,383	39.6
Other Costs	25,824,000	6.6
Equity Distribution	0	0.0
Total Uses	\$ 391,145,869	100.0%

Revenues and Costs

<i>Revenue</i>	<i>Total</i>	<i>Per Unit</i>	<i>% of Total</i>
Base Sales Price	\$ 446,336,000	\$ 731,698	86.1%
Premiums, Options and Upgrades	21,365,000	35,025	4.1
Additional Premium and Dock Revenue	15,000,000	24,590	2.9
Options/Upgrades Allowances	0		0.0
Commercial, School Site, Public Boat Slips	35,769,000		6.9
Total Revenue	\$ 518,470,000	\$ 849,951	100.0%

<i>Costs</i>			
Land Acquisition	\$ 89,826,687	\$ 147,257	17.3%
Land Development	78,965,930	129,452	15.2
Fees, Permits and Bonds	34,737,987	56,948	6.7
Land Development Contingency	6,851,882	11,233	1.3
CFD Reimbursement	(26,500,000)	(43,443)	(5.1)
Residential Finished Lot Cost	\$ 183,882,486	\$ 301,447	35.5%
Direct Construction Costs	\$ 131,137,779	\$ 214,980	25.3%
Direct Cost Contingency	5,504,268	9,023	1.1
Options/Upgrades	9,910,489	16,247	1.9
Marketing Costs-Cap	2,453,028	4,021	0.5
Soft Costs & Other COS	5,933,819	9,728	1.1
Residential Direct Cost	\$ 154,939,383	\$ 253,999	29.9%
Commercial, School Site, Boat Slips Cost of Sales	\$ 25,823,999		5.0%
Other Costs	25,824,000		5.0
Total Costs	364,645,869	\$ 597,780	70.3
TOTAL GROSS PROFIT	\$ 153,824,131	\$ 252,171	29.7%

The foregoing plans are subject to change. There can be no assurance that the Developer will have the willingness or ability to successfully implement the development plan described above. In the

event that the Developer's internal sources are inadequate to pay the costs to complete the planned development within the District portions of the project may not be developable without additional capital contributions from D.R. Horton. There can be no assurance whatsoever of D.R. Horton's willingness or ability to do so in the future. Neither the Developer nor D.R. Horton has any legal obligation of any kind to Bondowners to make any such contributions.

SPECIAL RISK FACTORS

The purchase of the Bonds involves a high degree of investment risk, and the Bonds are not appropriate investments for many types of investors. The following information supplements other sections of this Official Statement in order to highlight certain risks associated with the Bonds. The order in which the risks are presented is not intended to reflect either the likelihood that a particular event will occur or the relative significance of such an event.

Insufficiency of Special Tax Revenues

As discussed below, the Gross Taxes may not produce revenues sufficient to pay the debt service on Bonds because of non-payment of the amounts levied or because property within the Community Facilities District becomes exempt from taxation due to the transfer of title to a public agency or because the payment of Administrative Expenses leaves Net Taxes that are insufficient to pay debt service or because of any combination of the foregoing.

Non-Payment of Special Taxes. In order to pay debt service on the Bonds, it is necessary that the Special Taxes be paid in a timely manner. Should the Special Taxes not be paid on time, the Community Facilities District has established a Reserve Fund in an amount equal to the Reserve Requirement to pay debt service on the Bonds to the extent other funds are not available. See "SECURITY FOR THE BONDS — Reserve Requirement." The Community Facilities District has covenanted to maintain in the Reserve Fund an amount equal to the Reserve Requirement subject, however, to the limitation that the Community Facilities District may not levy the Special Tax in any fiscal year at a rate in excess of the maximum amounts permitted under the Rate and Method of Apportionment. As a result, if a significant number of delinquencies occurs, the Community Facilities District could be unable to replenish the Reserve Fund to the Reserve Requirement due to the limitations on the Maximum Special Tax. If such defaults were to continue in successive years, the Reserve Fund could be depleted and a default on the Bonds could occur.

The Community Facilities District has covenanted to institute foreclosure proceedings to sell any property with delinquent Special Taxes in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest. See "SECURITY FOR THE BONDS — Covenant for Superior Court Foreclosure" for provisions which apply in the event of such foreclosure and which the Community Facilities District is required to follow in the event of delinquencies in the payment of the Special Tax.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Owners of the Bonds (if the Reserve Fund has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the Community Facilities District of the proceeds of sale. However, within the limits of the Special Tax, the Community Facilities District may adjust the future Special Tax levied on taxable parcels in the Community Facilities District, subject to the limitation on the Maximum Special Tax, to provide an amount required to pay interest on, principal of, and redemption premiums, if any, on the Bonds, and the amount, if any, necessary to replenish the Reserve Fund to an amount equal to the Reserve Requirement and to pay all current expenses. There is, however, no assurance that the total amount of the Special Tax that could be levied and collected against

taxable parcels will be at all times sufficient to pay the amounts required to be paid by the Indenture, even if the Special Tax is levied at the Maximum Special Tax rates. See “— Enforcement Delays - Bankruptcy.”

No assurance can be given that the real property subject to sale or foreclosure will be sold, or if sold, that the proceeds of sale will be sufficient to pay any delinquent installments of the Special Tax. The Act does not require the Community Facilities District or the City to purchase or otherwise acquire any lot or parcel of property to be sold at foreclosure if there is no other purchaser at such sale. The Act and the Indenture do specify that the Special Tax will have the same lien priority as for *ad valorem* property taxes in the case of delinquency. Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post judgment interest and authorized costs, unless the consent of the owners of 75% of the Outstanding Bonds is obtained.

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, a period of 20 days must elapse after the date notice of levy of the interest in real property was served on the judgment debtor before the sale of such lot or parcel can be made. Furthermore, if the purchaser at the sale is the judgment creditor (e.g., the Community Facilities District), an action may be commenced by the delinquent property owner within 90 days after the date of sale to set aside such sale. The constitutionality of the aforementioned legislation, which repeals the one year redemption period, has not been tested and there can be no assurance that, if tested, such legislation will be upheld. (Section 701.680 of the Code of Civil Procedure of the State.)

Exempt Property. The Act provides that, if any property within the Community Facilities District not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts. If for any reason property within the Community Facilities District in excess of the 59.7 acres exempted from the Special Tax in the Rate and Method of Apportionment becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government or another public agency, subject to the limitation of the Maximum Special Tax, the Special Tax will be reallocated to the remaining taxable parcels within the Community Facilities District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon their willingness and/or ability to pay the Special Tax. Moreover, if a substantial portion of additional land within the Community Facilities District became exempt from the Special Tax because of public ownership, or otherwise, the Maximum Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the Bonds when due and a default will occur with respect to the payment of such principal and interest.

Administrative Expenses. The Bonds are payable from Net Taxes (Gross Taxes minus amounts set aside to pay Administrative Expenses). The Indenture does not place any limit on the amount of Special Taxes that may be applied to pay Administrative Expenses. Thus, there can be no assurance that the Net Taxes will be adequate to pay debt service on the Bonds.

Concentration of Ownership

As of September 1, 2005 nearly all of the Taxable Property within the Community Facilities District was owned by the Developer. While the Developer intends to develop and sell its land, there can be no assurance that development within the Community Facilities District will proceed as planned. Thus, there is no assurance of any further diversification of ownership of the properties within the Community Facilities District. Unless and until such ownership is more broadly diversified, the inability or refusal of the Developer to pay Special Taxes when due could result in the total depletion of the Reserve Fund prior to reimbursement thereof from enforcement proceedings. Under such circumstances, there could be insufficient moneys with which to pay principal of and/or interest on the Bonds.

Uncertainties in Land Development – General

None of the parcels in the Community Facilities District have buildings on them. Since land without completed buildings is generally less valuable than land containing completed buildings, the vacant land will provide less security for the Bonds should it be necessary for the Community Facilities District to commence enforcement proceedings with respect to such land as a result of the non-payment of the Special Taxes. In short, the successful development of the land within the Community Facilities District is important to the ultimate security for, and the payment of principal of and interest on, the Bonds.

There are many reasons why a project may not be developed in the manner and within the time frame and budget originally planned. For example, a project might be adversely affected by opposition to it, unfavorable economic conditions, an inability of the landowner to obtain financing, fluctuations in the local real estate market, increases in interest rates, unexpected increases in development costs, changes in federal, state or local governmental policies relating to the ownership and development real estate, and the appearance of previously unknown environmental considerations or material changes in known environmental considerations. Some of these factors are discussed below as individual risk factors.

Future Land Use Regulations and Growth Control Initiatives

It is possible that future growth control initiatives could be enacted by the voters or that future local, state or federal land use regulations could be adopted by governmental agencies and be made applicable to the development of the vacant land within the Community Facilities District with the effect of negatively impacting the ability of the owner or owners of such land to complete the development of such land if they should desire to develop it. See also “— Endangered Species” below. Potential purchasers of the Bonds should assume that any reduction in the permitted density, significant increase in the cost of development or substantial delay in development caused by growth and building permit restrictions or more restrictive land use regulations would cause the values of such vacant land within the Community Facilities District to decrease.

Completion of construction of any proposed structures on the vacant land within the Community Facilities District is subject to the receipt of approvals from a number of public agencies concerning the layout and design of such structures, land use, health and safety requirements and other matters. The failure to obtain any such approval could adversely affect the planned development of such land.

Under current State 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. Because future development of vacant property in the Community Facilities District could occur over several years, if at all, the application of future land use regulations to the development of the vacant land could cause delays and cost increases not currently anticipated, thereby reducing the development potential of

the vacant property and the ability or willingness of owners of such land to pay the Special Taxes when due or causing land values of such land within the Community Facilities District to decrease substantially from those in the Appraisal.

Geologic, Topographic and Climatic Conditions

The market value of the land and improvements within the Community Facilities District can be adversely affected by a variety of factors, particularly those which may affect infrastructure and other public improvements and private improvements of the parcels and the continued habitability and enjoyment of such public and private improvements. Such additional factors include, without limitation, geologic conditions (such as earthquakes and tsunamis), topographic conditions (such as earth movements) and climatic conditions (such as droughts, fire hazard and floods).

Building codes require that some of these factors be taken into account in the design of private improvements of the parcels, and the City has adopted the Uniform Building Code standards with regard to seismic standards. Design criteria in any of these circumstances are established upon the basis of a variety of considerations and may change, leaving previously designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria reflect a balance at the time of establishment between the present costs of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Consequently, neither the absence of nor the establishment of design criteria with respect to any particular condition means that the applicable governmental agency has evaluated the condition and has established design criteria in the situations in which such criteria are needed to preserve value, or has established such criteria at levels that will preserve value. To the contrary, the Community Facilities District expects that one or more of such conditions may occur and may result in damage to improvements of varying seriousness, that the damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the actual value of the parcels may well depreciate or disappear, notwithstanding the establishment of design criteria for any such condition.

Hazardous Substances

While government taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may also be relevant. One of the most serious in terms of the potential reduction in the value of a parcel is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Super Fund Act”, is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar in effect. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of a parcel whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels within the Community Facilities District be affected by a hazardous substance, is to reduce the marketability and value by the costs of remedying the condition because the prospective purchaser of such a parcel will, upon becoming the owner of such parcel, become obligated to remedy the condition just as the seller of such a parcel is. The Appraisal does not take into account the possible liability of the owner (or operator) for the remedy of any hazardous substance affecting any such parcel.

Prior to the commencement of the Developer’s grading activities the property within the Community Facilities District had been farmed for many years. In connection with its preparation of the site for development, the Developer has removed the top two feet of soil from all of said property. Based

on that history and on the studies of the soil and groundwater within the Community Facilities District that have been prepared for it, the Developer does not believe that there are any hazardous substances present in the Community Facilities District. However, there can be no assurance that hazardous substances will not be discovered on the property during or subsequent to the development of the land. Should such a discovery be made, the permitted land uses and/or the marketability of some or all of the property could be adversely affected, or the owners of contaminated sites could incur significant costs to implement any remedial action required under state or federal law to clean up such contamination, or significant liabilities to third parties injured as a result of such contamination.

It is possible that hazardous substance liabilities may arise in the future with respect to any of the parcels within the Community Facilities District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Additionally, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling such substance. All of these possibilities could have the effect of reducing the value of a parcel.

Endangered Species

During the last several years, there has been an increase in activity at the State and federal level related to the listing of certain plant and animal species found in the Southern California area as threatened or endangered. Applicable law precludes activity that constitutes a “taking” of any federally-listed endangered species except pursuant to a permit. The Developer is currently unaware of the presence on its land of any other species currently listed as threatened or endangered. However, it is always possible that a species for which its land provides habitat could be so listed.

Enforcement Delays - Bankruptcy

In the event of a delinquency in the payment of Special Taxes, the Community Facilities District is required under certain circumstances to commence enforcement proceedings as described under the heading “SECURITY FOR THE BONDS — Covenant for Superior Court Foreclosure.” However, prosecution of such proceedings could be delayed due to crowded local court calendars, dilatory legal tactics, or bankruptcy. It is also possible that the Community Facilities District will be unable to realize proceeds in an amount sufficient to pay the applicable delinquencies. Moreover, the ability of the Community Facilities District to commence and prosecute enforcement proceedings may be limited by bankruptcy, insolvency and other laws generally affecting creditors’ rights and by the laws of the State relating to judicial and non-judicial foreclosure. Although bankruptcy proceedings would not cause the liens of the Special Taxes to become extinguished, bankruptcy of a property owner could result in a delay in the enforcement proceedings because federal bankruptcy laws provide for an automatic stay of foreclosure and tax sale proceedings. Any such delay could increase the likelihood of delay or default in payment of the principal of and interest on the Bonds. The various legal opinions delivered in connection with the issuance of the Bonds, including Bond Counsel’s approving legal opinion, are qualified as to the enforceability of the Bonds and the Indenture by reference to bankruptcy, reorganization, moratorium, insolvency and other laws affecting the rights of creditors generally or against public corporations such as the Community Facilities District.

FDIC/Federal Government Interests in Parcels

The ability of the Community Facilities District to collect interest and penalties specified by the Act and to foreclose the lien of delinquent Special Taxes may be limited in certain respects with regard to parcels in which the Federal Deposit Insurance Corporation (the “FDIC”) has or obtains an interest. Specifically, in the event that any financial institution making a loan which is secured by parcels is taken

over by the FDIC and the applicable Special Tax is not paid, the remedies available to the Community Facilities District may be constrained. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that taxes other than *ad valorem* taxes which are secured by a valid lien in effect before the FDIC acquired an interest in a property will be paid unless the FDIC determines that abandonment of its interests is appropriate. The Policy Statement provides that the FDIC generally will not pay installments of non-*ad valorem* taxes which are levied after the time the FDIC acquires its fee interest, nor will the FDIC recognize the validity of any lien to secure payment except in certain cases where the Resolution Trust Corporation had an interest in property on or prior to December 31, 1995. Moreover, the Policy Statement provides that, with respect to parcels on which the FDIC holds a mortgage lien, the FDIC will not permit its lien to be foreclosed out by a taxing authority without its specific consent, nor will the FDIC pay or recognize liens for any penalties, fines or similar claims imposed for the non-payment of taxes.

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County in United States Bankruptcy Court and in Federal District Court. The Bankruptcy Court issued a ruling in favor of the FDIC on certain of such claims. Orange County appealed that ruling, and the FDIC filed a cross-appeal. On August 28, 2001, the United States Court of Appeals for the Ninth Circuit issued a ruling favorable to the FDIC except with respect to the payment of pre-receivership liens based upon delinquent property tax.

The Community Facilities District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to parcels 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 would prevent or delay the foreclosure sale.

The Community Facilities District's remedies may also be limited in the case of delinquent Special Taxes with respect to parcels in which other federal agencies (such as the Internal Revenue Service and the Drug Enforcement Administration) have or obtain an interest.

Direct and Overlapping Indebtedness

The ability of an owner of land within the Community Facilities District to pay the Special Taxes could be affected by the existence of other taxes and assessments imposed upon taxable parcels within the Community Facilities District, including for example, the special tax levied by Communities Facilities District No. 4 (Seabridge at Mandalay Bay) of the City of Oxnard. In addition, the City and other public agencies whose boundaries overlap those of the Community Facilities District could impose additional taxes or assessment liens on the property within the Community Facilities District in order to finance public improvements or services to be located or provided inside of or outside of such area. The lien created on the property within the Community Facilities District through the levy of such additional taxes may be on a parity with the lien of the Special Taxes.

The imposition of additional liens on a parity with the Special Taxes may reduce the ability or willingness of the landowners to pay the Special Taxes and increase the possibility that foreclosure proceeds will not be adequate to pay delinquent Special Taxes.

Parity Bonds

The Community Facilities District is authorized to issue Bonds in an aggregate principal amount of \$35,000,000. Bonds in addition to the Bonds may be secured on a parity with the Bonds, subject to the satisfaction of certain requirements set forth in the Indenture. The Community Facilities District does not intend to issue Parity Bonds unless and until the School District's Option to acquire the School District Option Site is terminated or has expired.

Among the requirements for the issuance of Parity Bonds set forth in the Indenture is a condition that certifications that a coverage test and a value to lien test have been satisfied. See “SECURITY FOR THE BONDS — Parity Bonds” and APPENDIX A — “SUMMARY OF INDENTURE — Parity Bonds.” Notwithstanding the satisfaction of those tests, the issuance of Parity Bonds would subject the Bonds to the risk that payment of debt service would depend in part on the timely payment of Special Taxes applicable to the School District Option Site by whoever it is that owns such property at that time. Moreover, the value of the School District Option Site in relationship to its allocable share of the total amount of Bonds and Parity Bonds may well be less than the then value of the other properties within the Community Facilities District in relationship to their share of the Bonds.

Reductions in Property Values

The value of the land within the Community Facilities District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Special Taxes, the Community Facilities District’s only remedy is to commence foreclosure proceedings in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes or floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes.

No Acceleration Provision

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.

Ballot Initiatives

Articles XIII A, XIII B, XIII C, and XIII D of the California Constitution were adopted pursuant to measures qualified for the ballot pursuant to the State’s constitutional initiative process. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the City, or other local agencies to increase revenues or to increase appropriations or on the ability of the landowners to complete the development of the vacant land within the Community Facilities District. See “SPECIAL RISK FACTORS — Uncertainties in Land Development - General” and “— Future Land Use Regulations and Growth Control Initiatives” above.

Proposition 218

An initiative measure entitled “The Right to Vote on Taxes Act” (“Proposition 218”) was approved by the voters at the November 5, 1996 statewide general election. Among other things, Proposition 218 added a new Article XIII C to the California Constitution which states that “. . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” The Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. While Proposition 218 has not yet been interpreted by the courts and the matter is not completely free from doubt, it is not likely that Proposition 218 has conferred on the voters the power to effect a repeal or reduction of the Special Tax if the result thereof would be to impair the security of the Bonds.

It may be possible, however, for voters or the City Council, acting as the legislative body of the Community Facilities District, to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the future levy of Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds. Nevertheless, to the maximum extent that the law permits it to do so, the Community Facilities District has covenanted that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates for the Community Facilities District, unless, in connection therewith, (i) the Community Facilities District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property (as defined in the Rate and Method of Apportionment then in effect) in each Bond Year for any Bonds Outstanding will equal at least 110% of the sum of the estimated Administrative Expenses and gross debt service in each Bond Year on all Bonds to remain Outstanding after the reduction is approved, (ii) the Community Facilities District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds, and (iii) the Community Facilities District is not delinquent in the payment of the principal of or interest on the Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultants shall compute the Administrative Expenses for the current Fiscal Year and escalate that amount by two percent (2%) in each subsequent Fiscal Year. The Community Facilities District also has covenanted that, in the event an initiative is adopted which purports to reduce or otherwise alter the Rate and Method of Apportionment, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants.

The interpretation and application of the Initiative will ultimately be determined by the courts with respect to a number of the matters discussed above, 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.

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," interest on the Bonds could cease to be excluded from 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 Community Facilities District. In addition, it is possible that future changes in applicable federal tax laws could cause interest on the Bonds to be included in gross income for federal income taxation or could otherwise reduce the equivalent taxable yield of such interest and thereby reduce the value of the Bonds.

No Ratings - Limited Secondary Market

The Community Facilities District has not applied to have the Bonds rated by any nationally recognized bond rating company, and it does not expect to do so in the future.

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. Although the Community Facilities District has committed to provide certain statutorily-required financial and operating information, there can be no assurance that such information will be available to Bond owners on a timely basis. The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will

depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, 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 calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of such corporations.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner’s basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of a Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

Bond Counsel’s opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the Community Facilities District and others and is subject to the condition that the Community Facilities District complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Community Facilities District has covenanted to comply with all such requirements.

The amount by which a Bond Owner’s original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner’s basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of Bonds of another series or other similar bonds).

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the Closing Date. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the Community Facilities District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix C.

ABSENCE OF LITIGATION

In connection with the issuance of the Bonds, the City's City Attorney will deliver a certificate to the effect that, to his actual knowledge, after due inquiry and investigation, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, or any unfavorable decision, ruling or finding, against or affecting the Community Facilities District, which would adversely impact the Community Facilities District's ability to complete the transactions described in, or contemplated by, the Indenture or this Official Statement, restrain or enjoin the collection of the Special Taxes, or in any way contest or affect the validity of the Bonds, the Indenture, the Special Taxes, or the transactions described herein.

ABSENCE OF RATINGS

The Community Facilities District has not made, and does not contemplate making, application to any rating organization for a rating on the Bonds.

UNDERWRITING

The Bonds are being purchased by E. J. De La Rosa & Co., Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$30,955,154.70 (\$32,275,000.00 principal amount, less original issue discount of \$751,482.55 and less the Underwriter's discount of \$568,362.75). The Bond Purchase Agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The Underwriter's compensation is contingent upon the successful issuance of the Bonds.

The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page hereof. The offering prices may be changed from time to time by the Underwriter.

CONTINUING DISCLOSURE

The Community Facilities District will execute a continuing disclosure agreement for the benefit of the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Community Facilities District (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events (the “Listed Events”). The Annual Report is required to be filed by the Fiscal Agent as the Dissemination Agent with each Nationally Recognized Municipal Securities Information Repository. Notices of Listed Events will be filed by the Dissemination Agent with the Municipal Securities Rulemaking Board. The specific nature of the information to be included in the Annual Reports and the notices of Listed Events is set forth in Appendix F — “FORMS OF CONTINUING DISCLOSURE AGREEMENTS.” This agreement will be entered into in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

The Developer will enter into a Developer Disclosure Agreement, the format of which is also attached as Appendix F hereto (the “Developer’s Disclosure Undertaking”). The Developer’s Disclosure Undertaking will inure solely to the benefit of the Dissemination Agent, the Underwriter and owners or beneficial owners from time to time of the Bonds.

It should be noted that the Community Facilities District is required to file certain financial statements with the Annual Reports. This requirement has been included in the agreement solely to satisfy the provisions of the Rule. The inclusion of this information does not mean that the Bonds are secured by any resources or property of the Community Facilities District other than as described hereinabove. See “LIMITATION OF LIABILITY,” “SECURITY FOR THE BONDS” and “SPECIAL RISK FACTORS.” It should also be noted that the list of significant events which the Community Facilities District has agreed to report includes three items which have absolutely no application whatsoever to the Bonds. These items have been included in the list solely to satisfy the requirements of the Rule. Thus, any implication from the inclusion of these items in the list to the contrary notwithstanding, there are no credit enhancements applicable to the Bonds, there are no credit or liquidity providers with respect to the Bonds, and the Bonds have not been assigned a rating.

Neither the City nor the Community Facilities District has ever failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events. The Developer reports that it is not aware of any previous material failure on its part to comply with any previous undertakings with regard to the Rule to provide annual reports or notices of material events.

CERTAIN LEGAL MATTERS

Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, will render an opinion with respect to the validity and enforceability of the Indenture and as to the validity of the Bonds. A copy of the form of such approving opinion is attached hereto as Appendix C. Copies of such approving opinion will accompany each Bond. Bond Counsel has not undertaken any responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and expresses no opinion relating thereto. Certain legal matters will be passed upon for the Community Facilities District by the City’s City Attorney.

In addition to serving as Bond Counsel in connection with the issuance and sale of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, serves as Disclosure Counsel. Although it is serving as bond counsel and disclosure counsel to the Community Facilities District in connection with the issuance and sale of the Bonds, Bond Counsel has represented the Underwriter in connection with other financings and matters unrelated to the Bonds.

Compensation for Bond Counsel and Disclosure Counsel services is contingent upon the successful issuance and sale of the Bonds.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as presentations of fact, and actual results may differ substantially from those set forth therein. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the Owners of the Bonds.

The summaries of certain provisions of the Bonds, statutes and other documents or agreements referred to in this Official Statement do not purport to be complete, and reference is made to each of them for a complete statement of their provisions. Copies are available for review by making requests to the City.

The appendices are an integral part of this Official Statement and must be read together with all other parts of the Official Statement.

The distribution of this Official Statement has been authorized by the Community Facilities District.



/s/ Marcie Medina

Finance Director

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APPENDIX A

SUMMARY OF INDENTURE

The following is a brief summary of certain provisions of the Indenture. This summary is not intended to be definitive and is qualified in its entirety by reference to such documents for the complete terms thereof. Copies of the Indenture are available upon request from the Community Facilities District.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings when used in the Indenture:

“Account” means any account created pursuant to the Indenture.

“Acquisition Agreement” means that certain Agreement for Acquisition and Construction dated as of October 19, 2004 by and between the City and D.R. Horton Los Angeles Holding Company, Inc., as it may have been amended prior to the issuance of the Bonds and as it may be amended from time to time.

“Acquisition and Construction Fund” means the fund by that name established pursuant to the Indenture.

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

“Administrative Expenses” means the administrative costs with respect to the calculation and collection of the Special Taxes levied and collected within the District, including all attorneys’ fees and other costs related thereto, costs of foreclosure, the fees and expenses of the District, any fees and related costs for credit enhancement for the Bonds which are not otherwise paid as Costs of Issuance and any other costs otherwise incurred by the City staff on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District under the Indenture.

“Administrative Expense Account” means the account by that name established in the Special Tax Fund.

“Annual Debt Service” means the principal amount of any Outstanding Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding Bonds in such Bond Year, if the Bonds are retired as scheduled.

“Authorized Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)
Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
Senior Debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)
Consolidated system-wide bonds and notes
- Federal Home Loan Banks (FHL Banks)
Consolidated debt obligations
- Federal National Mortgage Association (FNMA)
Senior debt obligations
Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
- Student Loan Marketing Association (SLMA)
Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)
- Financing Corporation (FICO)
Debt obligations
- Resolution Funding Corporation (REFCORP)
Debt obligations

4. Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank (including the Fiscal Agent and any affiliate) the short-term obligations of which are rated "A-1" or better by Standard & Poor's.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks (including the Fiscal Agent and any affiliate) which have capital and surplus of at least \$5 million.

6. Commercial paper (having original maturities of not more than 270 days rated "A-1+" by Standard & Poor's and "Prime-1" by Moody's).

7. Money market funds rated "AAm" or "AAm-G" by Standard & Poor's, or better (including those of the Fiscal Agent or its affiliates).

8. "State Obligations," which means:

A. Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by Standard & Poor's, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

B. Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A-1+" by Standard & Poor's and "Prime-1" by Moody's.

C. Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated “AA” or better by Standard & Poor’s and “Aa” or better by Moody’s.

9. Pre-refunded municipal obligations rated “AAA” by S & P and “Aaa” by Moody’s meeting the following requirements:

A. the municipal obligations are (1) not subject to redemption prior to maturity or (2) the Fiscal Agent for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

B. the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

C. the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

D. the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or Fiscal Agent in trust for owners of the municipal obligations;

E. no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

F. the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the Fiscal Agent or escrow agent.

10. Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A” by Standard & Poor’s and Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A” by Standard & Poor’s and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated “A” or better by Standard & Poor’s and Moody’s, provided that:

a. The market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Fiscal Agent to the provider of the repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at one current market price plus accrued interest;

b. The Fiscal Agent or a third party acting solely as agent therefor or for the District (the “Holder of the Collateral”) has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books);

c. The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first

priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

d. The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or Standard & Poor's is withdrawn or suspended or falls below "A-" by Standard & Poor's or "A3" by Moody's, as appropriate, the provider must, at the direction of the District or the Fiscal Agent, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the District or Fiscal Agent.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by Standard & Poor's and Moody's, respectively.

11. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by Standard & Poor's and "Aa" by Moody's; provided that, by the terms of the investment agreement:

(1) interest payments are to be made to the Fiscal Agent at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Acquisition and Construction Fund, construction draws) on the Bonds;

(2) the invested funds are available for withdrawal to make payments or transfers required under the Indenture, without penalty or premium, at any time upon not more than seven days' prior notice; the District and the Fiscal Agent hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(3) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof, or, in the case of a bank, that the obligation of the bank to make payments under the agreement ranks *pari passu* with the obligations of the bank to its other depositors and its other unsecured and unsubordinated creditors;

(4) the District and the Fiscal Agent receives the opinion of domestic counsel (which opinion shall be addressed to the District and the Fiscal Agent) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the District;

(5) the investment agreement shall provide that if during its term

(a) the provider's rating by either Standard & Poor's or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Fiscal Agent or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Standard & Poor's and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment; and

(b) the provider's rating by either Standard & Poor's or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the District or the Fiscal Agent, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the District or Fiscal Agent; and

(6) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(7) the investment agreement must provide that if during its term

(a) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the District or the Fiscal Agent, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Fiscal Agent, as appropriate, and

(b) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Fiscal Agent, as appropriate.

12. The State of California Local Agency Investment Fund; provided that the Fiscal Agent may restrict investments in such Fund to the extent necessary to keep monies available for the purposes of the Indenture.

13. Any other investment which the City is permitted by law to make.

"Authorized Representative of the District" means the City Manager, the Assistant City Manager or the Finance Director or any other person or persons designated by the City Council of the City and authorized to act on behalf of the City or the District by a written certificate signed on behalf of the City by the Mayor of the City and containing the specimen signature of each such person.

"Average Annual Debt Service" means the average amount of Annual Debt Service determined as of the Delivery Date.

"Bond Counsel" means an attorney at law or a firm of attorneys selected by the City or the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

"Bond Payment Fund" means the fund by that name established pursuant to the Indenture.

"Bond Register" means the books which the Fiscal Agent shall keep or cause to be kept on which the registration and transfer of the Bonds shall 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. 3 (Seabridge at Mandalay Bay) 2005 Special Tax Bonds and any Parity Bonds issued pursuant to the Indenture.

“Bond Year” means the twelve month period commencing on September 2 of each year and ending on September 1 of the following year, except that the first Bond Year shall begin on the Delivery Date and end on the first September 1 which is not more than 12 months after the Delivery Date.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the city where the corporate trust office of the Fiscal Agent is located, are not required or authorized to remain closed.

“Certificate of an Authorized Representative” means a written certificate or warrant request executed by an Authorized Representative of the District.

“City” means the City of Oxnard.

“City Facilities” means those portions of the Project which, upon completion and/or acquisition thereof, will be owned by or for the benefit of the City.

“City Facilities Account” means the Account by that name created in the Acquisition and Construction Fund.

“Code” means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

“Costs of Issuance” means the costs and expenses incurred in connection with the formation of the District and the issuance and sale of the Bonds, including the acceptance and initial annual fees and expenses of the Fiscal Agent, legal fees and expenses, costs of printing the Bonds and the preliminary and final official statements for the Bonds, fees of financial consultants and all other related fees and expenses, as set forth in a Certificate of an Authorized Representative of the City.

“Costs of Issuance Fund” means the fund by that name established pursuant to the Indenture.

“Delivery Date” means the date on which the Bonds were issued and delivered to the initial purchasers thereof.

“Depository” shall mean The Depository Trust Company, New York, New York, and its successors and assigns as securities depository for the Certificates, or any other securities depository acting as Depository under the Indenture.

“Developed Property” shall have the meaning ascribed thereto in the RMA.

“Direct Debt for Developed Property” means the largest principal amount of Bonds (including Parity Bonds then proposed to be issued) for which the sum of the Administrative Expenses (as estimated by the District) and the Annual Debt Service in each future Bond Year does not exceed 90.91% of the aggregate amount of the Maximum Special Tax applicable in the Fiscal Year that begins in each such Bond Year to Developed Property that is not then delinquent in the payment of any ad valorem taxes or any Special Taxes.

“Direct Debt for Undeveloped Property” means the sum of all Outstanding Bonds and Parity Bonds then proposed to be issued minus the Direct Debt for Developed Property.

“District” means Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard established pursuant to the Act and the Resolution of Formation.

“Federal Securities” means any of the following: (a) non-callable direct obligations of the United States of America (“Treasures”), (b) evidence of ownership of proportionate interests in future interest and principal payments on Treasures held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasures are not available to any person claiming through the custodian or to whom the custodian may be obligated, and (c) pre-refunded municipal obligations rated “AAA” and “Aaa” by Standard & Poor’s and Moody’s, respectively (or any combination thereof).

“Fiscal Agent” means Wells Fargo Bank, National Association, a national banking corporation duly organized and existing under the laws of the United States of America, at its principal corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in the Indenture and any successor thereto.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next following June 30.

“Gross Taxes” means the amount of all Special Taxes received by the District, together with the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture for the delinquency of such Special Taxes that remain after the payment of all costs related to such foreclosure actions which were not paid from the Administrative Expense Account.

“Independent Financial 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, 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, in 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.

“Indenture” means the Indenture, together with any Supplemental Indenture approved pursuant to the Indenture.

“Interest Payment Date” means each March 1 and September 1, commencing March 1, 2006; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the Business Day next preceding such date.

“Investment Agreement” means one or more agreements for the investment of funds of the District complying with the criteria therefor as set forth in Subsection (11) of the definition of Authorized Investments.

“Letter of Credit” means any letter of credit delivered to the City or the Fiscal Agent pursuant to the terms of the Acquisition Agreement naming the Fiscal Agent as the beneficiary.

“Letter of Credit Fund” means the fund by that name established pursuant to the Indenture.

“Maximum Annual Debt Service” means the maximum amount of Annual Debt Service for any Bond Year.

“Maximum Special Tax” shall have the meaning ascribed thereto in the RMA.

“Moody’s” means Moody’s Investors Service, its successors and assigns.

“Net Taxes” means Gross Taxes minus amounts set aside to pay Administrative Expenses.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

“Ordinance” means Ordinance No. 2676 adopted by the legislative body of the District on December 14, 2004 providing for the levying of the Special Tax.

“Outstanding” or “Outstanding Bonds” means all Bonds theretofore issued by the District, except:

(1) Bonds theretofore cancelled or surrendered for cancellation in accordance with the Indenture;

(2) Bonds for payment or redemption of which monies shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or any applicable Supplemental Indenture; and

(3) Bonds which have been surrendered to the Fiscal Agent for transfer or exchange or for which a replacement has been issued pursuant to the Indenture.

“Overlapping Debt” means, for Developed Property or for Undeveloped Property, as the case may be, the sum of (a) the aggregate amount of all unpaid assessments which are a lien on such property and which are pledged to secure the repayment of bonds, plus (b) a portion of the principal amount of any outstanding bonds of community facilities districts (other than the District) which are payable at least partially from special taxes to be levied on such property (the “Other CFD Bonds”) determined by multiplying the aggregate principal amount of the Other CFD Bonds by a fraction the numerator of which is the total amount of the maximum special taxes that may then be levied for the Other CFD Bonds on such property and the denominator of which is the total amount of the maximum special taxes that may then be levied for the Other CFD Bonds on all other parcels of property which are subject to the levy of such taxes.

“Parcel” shall have the meaning ascribed thereto in the RMA.

“Parity Bonds” means all bonds, notes or other evidences of indebtedness issued subsequent to the issuance of the 2005 Bonds that are payable from Net Taxes on a parity with the 2005 Bonds.

“Participants” shall mean those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as securities depository.

“Person” means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

“Prepayments” means any amounts paid by the District to the Fiscal Agent and designated by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the Revised Rate and Method of Apportionment of Special Taxes attached to the Ordinance.

“Principal Office of the Fiscal Agent” means the office of the Fiscal Agent located in Los Angeles, California, or such other office or offices as the Fiscal Agent may designate from time to time, or the office of any successor Fiscal Agent where it principally conducts its business of serving as Fiscal Agent under indentures pursuant to which municipal or governmental obligations are issued.

“Project” means those public facilities described in the Resolution of Formation which are to be acquired or constructed within and outside of the District, including all engineering, planning and design services and other incidental expenses related to such facilities and other facilities, if any, authorized by the qualified electors within the District from time to time.

“Project Costs” means the amounts necessary to finance the Project, to create and replenish any necessary reserve funds, to pay the initial and annual costs associated with the Bonds, including, but not limited to, credit enhancement (except the Letter of Credit), Fiscal Agent and other fees and expenses relating to the issuance of the Bonds and the formation of the District, and to pay any other “incidental expenses” of the District, as such term is defined in the Act.

“Rating Agency” means Moody’s or Standard & Poor’s, or both, as the context requires.

“Rebate Fund” means the fund by that name established pursuant to the Indenture.

“Rebate Regulations” means any final, temporary or proposed Regulations promulgated under Section 148(f) of the Code.

“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

“Redemption Fund” means the fund by that name established pursuant to the Indenture.

“Regulations” means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

“Representation Letter” shall mean the Blanket Letter of Representations from the District and the Paying Agent to the Depository.

“Reserve Fund” means the fund by that name established pursuant to the Indenture.

“Reserve Requirement” means that amount as of any date of calculation equal to the lesser of (i) 10% of the initial principal amount of the Bonds, (ii) Maximum Annual Debt Service; and (iii) 125% of Average Annual Debt Service.

“Resolution of Formation” means Resolution No. 12,737 adopted by the City Council of the City on November 23, 2004, pursuant to which the City formed the District.

“RMA” means the Rate and Method of Apportionment of Special Taxes approved by the qualified electors of the District at an election held on November 23, 2004, a copy of which is attached to the Indenture as Exhibit B.

“School District” means the Oxnard School District.

“School District Facilities” means those portions of the Project which, upon completion and/or acquisition thereof, will be owned by or for the benefit of the School District.

“School District Facilities Account” means the Account by that name created in the Acquisition and Construction Fund.

“School District Option Agreement” means the Mitigation and Option Agreement entered into as of July 19, 2002 by and between the School District and OLY Mandalay Bay General Partnership, as recorded with the County Recorder of the County of Ventura on November 18, 2002 (Document No. 2002 0287755 00).

“School District Option Site” means the real property described in Exhibit B to the School District Option Agreement.

“Series” means one or more Bonds issued at the same time, or sharing some other common term or characteristics, and designated as a separate series in the Supplemental Indenture pursuant to which they were issued.

“Sinking Fund Payment” means the annual payment to be deposited in the Bond Payment Fund to redeem a portion of the Term Bonds in accordance with the schedule set forth in the Indenture or a schedule in a Supplemental Indenture providing for the issuance of Parity Bonds.

“Six-Month Period” means the period of time beginning on the Delivery Date of each issue of Bonds, as applicable, and ending six consecutive months thereafter, and each six-month period thereafter until the latest maturity date of the Bonds (and any obligations that refund an issue of the Bonds).

“Special Tax Fund” means the fund by that name established pursuant to the Indenture.

“Special Taxes” means the taxes authorized to be levied by the District in accordance with the RMA, as the RMA may be amended from time to time (if and to the extent such amendment is consistent with the covenant with respect to amendments set forth in the Indenture).

“Standard & Poor’s” means Standard & Poor’s Ratings Group, a division of McGraw-Hill, its successors and assigns.

“Supplemental Indenture” means any supplemental indenture amending or supplementing the Indenture.

“Surplus Fund” means the fund by that name established pursuant to the Indenture.

“Tax Certificate” means the certificate by that name to be executed by the District on a Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“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 the Bonds maturing on September 1, 2022, September 1, 2025, September 1, 2028 and September 1, 2035 and any maturities of Parity Bonds designated as such in a Supplemental Indenture.

“Treasurer” means the Treasurer of the City acting as the Treasurer of the District.

“Undeveloped Property” shall have the meaning ascribed thereto in the RMA.

“Underwriter” means E. J. De La Rosa & Co., Inc.

“Value” means, with respect to any Parcel of Developed Property or Undeveloped Property, as the case may be, either (a) the fair market value, as of the date of value specified in the appraisal provided for below, of such Parcel, including the value of any then existing improvements thereon, as estimated by an appraiser, who shall be a State of California Certified General Real Estate Appraiser selected and employed by the District, in an appraisal which specifies a date of value that is less than 90 days preceding the date as of which such value is being applied by the District and which uses a methodology of valuation that is consistent

with the City's policy for appraisals, provided that a mass appraisal methodology may be applied when valuing Developed Property, or (b) the full cash value of such Parcel, including the value of any improvements thereon, as set forth on the last equalized assessment roll of the County Assessor of the County of Ventura.

PARITY BONDS

The Community Facilities District may issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expense Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the 2005 Bonds and any other Parity Bonds theretofore issued under the Indenture or under any Supplemental Indenture for any purposes authorized under the Act. Parity Bonds may be issued subject to the following conditions:

The Community Facilities District shall be in compliance with all covenants set forth in the Indenture and any Supplemental Indenture then in effect and a certificate of the Community Facilities District to that effect shall have been filed with the Fiscal Agent; provided, however, that Parity Bonds may be issued notwithstanding that the Community Facilities District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the Community Facilities District will be in compliance with all such covenants.

The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly adopted by the Community Facilities District which shall specify the following:

The purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited, including payment of all costs and the funding of all reserves incidental to or connected with such issuance;

The authorized principal amount of such Parity Bonds;

The date and the maturity date or dates of such Parity Bonds; provided that (i) each maturity date shall fall on a September 1, and (ii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

The description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

The denominations and method of numbering of such Parity Bonds;

The amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds and the redemption provisions for such Parity Bonds;

The amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account of the Special Tax Fund to increase the amount therein to the Reserve Requirement;

The form of such Parity Bonds; and

Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

The Fiscal Agent shall have received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds to the Fiscal Agent (unless the Fiscal Agent shall be directed by the Community Facilities District to accept any of such documents bearing a prior date):

A certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

A written request of the Community Facilities District as to the delivery of such Parity Bonds;

An opinion of Bond Counsel to the effect that (a) the Community Facilities District has the right and power under the Act to adopt the Indenture and the Supplemental Indentures relating to such Parity Bonds, and the Indenture and all such Supplemental Indentures have been duly and lawfully adopted by the Community Facilities District, are in full force and effect and are valid and binding upon the Community Facilities District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (b) the Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (c) such Parity Bonds are valid and binding limited obligations of the Community Facilities District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of the Indenture and all Supplemental Indentures thereto and entitled to the benefits of the Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the Community Facilities District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

A certificate of the Community Facilities District containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture;

A certificate or certificates from the Special Tax Administrator and/or one or more Independent Financial Consultants which, when taken together, certify that:

(A) The Maximum Special Taxes that may be levied in each Fiscal Year on property that is not then delinquent in the payment of any ad valorem taxes or any Special Taxes is not less than the sum of the Administrative Expense Cap plus 110% of the Annual Debt Service in the Bond Year that begins in such Fiscal Year;

(B) The Value of Developed Property is not less than three (3) times the sum of Direct Debt for Developed Property plus Overlapping Debt for Developed Property;

(C) The Value of Undeveloped Property is not less than three (3) times the sum of Direct Debt for Undeveloped Property plus Overlapping Debt for Undeveloped Property;

(D) The Maximum Special Taxes applicable to Parcels that are then delinquent in the payment of any ad valorem taxes or any Special Taxes shall not exceed 10 percent of the aggregate amount of the Maximum Special Tax then applicable to the Taxable Property; and

(E) No Parcel that is owned in whole or in part by the Developer or an Affiliate of the Developer shall be delinquent in the payment of any ad valorem taxes or any Special Taxes.

For purposes of the foregoing certificate, all calculations shall consider the Parity Bonds proposed to be issued to be Outstanding.

A certificate signed by a duly authorized representative of the School District to the effect that the School District has not acquired the School District Option Site and its option to do so pursuant to the School District Option Agreement has been terminated or has expired or, subsequent to October 19, 2009, other evidence to the same effect which is acceptable in form and substance to the Community Facilities District.

Such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

The requirements for the certificates of the Special Tax Administrator and a duly authorized representative of the School District above shall not apply to Parity Bonds issued for the purpose of refunding Outstanding Bonds if the Community Facilities District shall have received a certificate from an Independent Financial Consultant to the effect that Annual Debt Service after the issuance of such Parity Bonds will be no larger than Annual Debt Service would have been prior to the issuance of such Parity Bonds in each Fiscal Year in which Bonds or Parity Bonds (other than the refunding Parity Bonds) will remain Outstanding.

CREATION OF FUNDS AND APPLICATION OF PROCEEDS AND LETTER OF CREDIT

Creation of Funds; Application of Proceeds and Letter of Credit. There is created and established and shall be maintained by the District the following fund and account:

- (1) The Community Facilities District No. 3 (Seabridge at Mandalay Bay) Special Tax Fund (the "Special Tax Fund"), in which there shall be established and created an Administrative Expense Account.

There is created and established and shall be maintained by the Fiscal Agent the following funds and accounts:

- (1) The Community Facilities District No. 3 (Seabridge at Mandalay Bay) Bond Payment Fund (the "Bond Payment Fund");
- (2) The Community Facilities District No. 3 (Seabridge at Mandalay Bay) Letter of Credit Fund (the "Letter of Credit Fund");
- (3) The Community Facilities District No. 3 (Seabridge at Mandalay Bay) Reserve Fund (the "Reserve Fund");
- (4) The Community Facilities District No. 3 (Seabridge at Mandalay Bay) Redemption Fund (the "Redemption Fund");
- (5) The Community Facilities District No. 3 (Seabridge at Mandalay Bay) Rebate Fund (the "Rebate Fund"), in which there shall be established a Rebate Account for the 2005 Bonds;
- (6) The Community Facilities District No. 3 (Seabridge at Mandalay Bay) Costs of Issuance Fund for the 2005 Bonds (the "Costs of Issuance Fund");
- (7) The Community Facilities District No. 3 (Seabridge at Mandalay Bay) Acquisition and Construction Fund for the 2005 Bonds (the "Acquisition and Construction Fund"), in which

there shall be established the City Facilities Account and the School District Facilities Account; and

- (8) The Community Facilities District No. 3 (Seabridge at Mandalay Bay) Surplus Fund (the "Surplus Fund").

The amounts on deposit in the foregoing funds, accounts and subaccounts shall be held by the Fiscal Agent and the Fiscal Agent shall be invested and disbursed to such funds, accounts and subaccounts in accordance with the provisions of the Indenture and shall disburse investment earnings thereon in accordance with the provisions of the Indenture.

The Fiscal Agent may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

Special Tax Fund and Administrative Expense Account of the Special Tax Fund. The District shall deposit all Special Taxes received, including any penalties and interest received on the foreclosure of any delinquent properties, in the Special Tax Fund. From money in the Special Tax Fund, the District shall deposit in the Administrative Expense Account of the Special Tax Fund from time to time amounts necessary to make timely payment of Administrative Expenses. The Treasurer shall disburse money from the Administrative Expense Account to pay Administrative Expenses as directed by the Finance Director or his or her designee. Except for amounts required to be transferred to the Letter of Credit Fund, as described below, money remaining in the Special Tax Fund after the deposit of money in the Administrative Expense Account shall be held in said fund until the Business Day prior to each Interest Payment Date. On the Business Day prior to each Interest Payment Date, the Treasurer shall transfer to the Fiscal Agent: (i) for deposit in the Bond Payment Fund, the amount necessary to pay interest, principal, Sinking Fund Payments, if any, on the Bonds on said Interest Payment Date and (ii) for deposit in the Redemption Fund, the amount, if any, necessary to pay the redemption price of any Bonds called for extraordinary redemption on said Interest Payment Date. After making such transfers, the Treasurer shall transfer to the Fiscal Agent: (i) for deposit in the Reserve Fund, the amount, if any, necessary to cause the balance on deposit therein to equal the Reserve Requirement and (ii) for deposit in the Rebate Fund, the amount, if any, required to pay rebate payments to the federal government. Notwithstanding the foregoing, delinquent Special Taxes (net of Administrative Expenses paid from the Administrative Expense Account) for which proceeds of a draw on the Letter of Credit were deposited in the Special Tax Fund shall be transferred by the Treasurer to the Fiscal Agent for deposit in the Letter of Credit Fund. Moneys in the Special Tax Fund may be invested as authorized by the Treasurer.

Costs of Issuance Fund. The moneys in the Costs of Issuance Fund shall be applied exclusively to pay the Costs of Issuance in accordance with the Acquisition Agreement. Amounts for Costs of Issuance shall be disbursed by the Fiscal Agent from the Costs of Issuance Fund as specified in a Request for Disbursement of Costs of Issuance and Costs of Issuance, substantially in the form of Exhibit B attached hereto, which must be submitted in connection with each requested disbursement.

Upon receipt of a Certificate of an Authorized Representative stating that all or a specified portion of the amount remaining in the Costs of Issuance Fund is no longer needed to pay Costs of Issuance, the Fiscal Agent shall transfer all or such specified portion, as applicable, of the moneys remaining on deposit in the Costs of Issuance Fund to the City Facilities Account of the Acquisition and Construction Fund.

Acquisition and Construction Fund. The moneys in the City Facilities Account of the Acquisition and Construction Fund shall be applied exclusively to pay the Project Costs of the City Facilities in accordance with the Acquisition and Construction Agreement. Amounts for such Project Costs shall be disbursed by the Fiscal Agent from the Acquisition and Construction Fund as specified in a Request for Disbursement of Costs of Issuance and Project Costs, substantially in the form of Exhibit C attached to the Indenture, which must be submitted in connection with each requested disbursement.

The moneys in the School District Account of the Acquisition and Construction Fund shall be applied exclusively to pay the Project Costs of the School District Facilities in accordance with the Acquisition and Construction Agreement. Amounts for such Project Costs shall be disbursed by the Fiscal Agent from the Acquisition and Construction Fund as specified in a Request for Disbursement of Costs of Issuance and Project Costs, substantially in the form of Exhibit D attached to the Indenture, which must be submitted in connection with each requested disbursement.

Upon receipt of a Certificate of an Authorized Representative stating that all or a specified portion of the amount remaining in an Account of the Acquisition and Construction Fund is no longer needed to pay Project Costs, the Fiscal Agent shall transfer all or such specified portion, as applicable, of such amount to the other Account in the Acquisition and Construction Account, to the Bond Payment Fund or to the Surplus Fund, as directed in the Certificate, provided that in connection with any direction to transfer amounts to the Surplus Fund there shall have been delivered to the Fiscal Agent with such Certificate an opinion of Bond Counsel to the effect that such transfer to the Surplus Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds which were issued on a tax-exempt basis for federal income tax purposes.

Deposits to and Disbursements from Bond Payment Fund. Except as set forth above, the Fiscal Agent shall, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Bond Payment Fund to be held in trust for the Owners. The Fiscal Agent shall apply the Special Taxes on deposit in the Bond Payment Fund to pay the interest, principal, Sinking Fund Payments premiums, if any, on each Interest Payment Date.

At maturity of all of the Bonds and, after all principal and interest then due on the Bonds then Outstanding has been paid or provided for and any amounts owed to the Fiscal Agent have been paid in full, moneys in the Bond Payment Fund shall be transferred to the District and may be used by the District for any lawful purpose.

Letter of Credit and Letter of Credit Fund. The Letter of Credit, which shall name the Fiscal Agent as the beneficiary, shall be held by the Fiscal Agent in trust for the Owners of the Bonds. In the event that the Fiscal Agent receives a Certificate of an Authorized Representative stating that an event has occurred which requires a draw under the Letter of Credit, the Fiscal Agent shall draw on the Letter of Credit in the amount set forth in the Certificate and shall deposit the proceeds of such draw in the Bond Payment Fund.

In the event that the Fiscal Agent receives a Certificate of an Authorized Representative stating that the conditions to the reduction of the amount of the Letter of Credit contained in the Acquisition Agreement have been satisfied and the amount to which the amount of the Letter of Credit may be reduced, the Fiscal Agent shall return the Letter of Credit to the Issuer thereof upon such receipt by the Fiscal Agent of a new Letter of Credit in the reduced principal amount.

In the event that the Fiscal Agent receives a Certificate of an Authorized Representative stating that the conditions to the release of the Letter of Credit contained in the Acquisition Agreement have been satisfied, the Fiscal Agent shall release the Letter of Credit to the provider of the Letter of Credit and upon such release neither the Fiscal Agent nor the Owners of the Bonds shall have any further right, title and interest in the Letter of Credit.

Any provision of the Indenture to the contrary notwithstanding, in the event that the District collects delinquent Special Taxes from any parcel whose delinquency caused a draw on the Letter of Credit which has not been reimbursed, such Special Taxes shall be transferred to the Fiscal Agent for deposit in the Letter of Credit Fund, and the Fiscal Agent shall disburse to the provider of the Letter of Credit from such Special Taxes the amount specified in a Certificate of an Authorized Representative.

Redemption Fund. Prepayments deposited to the Redemption Fund shall be applied on the redemption date established for the use of such Prepayments to the payment of the principal of, premium, and interest on the Bonds to be redeemed with such Prepayments, as directed by the District.

Moneys set aside in the Redemption Fund shall be used solely for the purpose of redeeming Bonds and shall be applied on or after the redemption date to the payment of principal of and interest and premium, if any, on the Bonds to be redeemed upon presentation and surrender of such Bonds; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Fund may be used to purchase Outstanding Bonds in the manner provided in the Indenture. Purchases of Outstanding Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to the Indenture. Any accrued interest payable upon the purchase of Bonds may be paid from the amount reserved in the Bond Payment Fund for the payment of interest on the next following Interest Payment Date.

Reserve Fund. There shall be maintained in the Reserve Fund an amount equal to the Reserve Requirement. The amounts in the Reserve Fund shall be applied as follows:

Moneys in the Reserve Fund shall be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds when due in the event that the moneys in the Bond Payment Fund (including proceeds of a draw on the Letter of Credit) are insufficient therefor and for the purpose of making any required transfer to the Rebate Fund upon receipt of a Certificate of an Authorized Representative. If the amounts in the Bond Payment Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on when due, or amounts in the Bond Payment Fund are insufficient to make transfers to the Rebate Fund when required, the Fiscal Agent shall withdraw from the Reserve Fund for deposit in the Bond Payment Fund or the Rebate Fund, as applicable, moneys necessary for such purposes.

The Fiscal Agent shall transfer to the Reserve Fund from available moneys in the Bond Payment Fund, or from any other legally available funds which the District elects to apply to such purpose, the amount needed to restore the amount of such Reserve Fund to the Reserve Requirement under the circumstances described in the Indenture. If amounts in the Bond Payment Fund together with any other amounts transferred to replenish the Reserve Fund are inadequate to restore the Reserve Fund to the Reserve Requirement, then the District shall include the amount necessary fully to restore the Reserve Fund to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates.

In connection with an optional or extraordinary redemption of Bonds or a partial defeasance of Bonds, amounts in the Reserve Fund may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Fund following such redemption or partial defeasance equals the Reserve Requirement. The District shall set forth in a Certificate of an Authorized Representative the amount in the Reserve Fund to be transferred to the Redemption Fund on a redemption date or to be transferred to partially defease Bonds, and the Fiscal Agent shall make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

Moneys in the Reserve Fund in excess of the Reserve Requirement not transferred in accordance with the provisions described above shall be withdrawn from the Reserve Fund on the fifth Business Day before each March 1 and September 1 and shall be transferred to the Bond Payment Fund. To the extent that the Reserve Fund is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds, amounts in the Reserve Fund may be applied to pay the principal of and interest due on the Bonds, as applicable, in the final Bond Year. Any remaining balance therein shall be transferred to the District.

Rebate Fund. The Fiscal Agent shall establish and maintain a fund separate from any other fund established and maintained under the Indenture designated as the Rebate Fund and shall establish a separate

Rebate Account therein for the 2005 Bonds and for each subsequent Series of Bonds. All money at any time deposited in the Rebate Account of the Rebate Fund shall be held by the Fiscal Agent in trust, for payment to the United States Treasury. A separate subaccount of the Rebate Account and the Alternate Penalty Account shall be established for the Bonds the interest on which is excluded from gross income for federal income tax purposes. All amounts on deposit in the Rebate Fund with respect to the Bonds shall be governed by the Indenture and the Tax Certificate, unless the District obtains an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest payments on the Bonds will not be adversely affected if such requirements are not satisfied.

Surplus Fund. After transferring to the Fiscal Agent the amounts required to be so transferred for the purposes described above, the Treasurer may, from time to time, transfer additional amounts from the Special Tax Fund to the Fiscal Agent. After making the transfers described above, as soon as practicable after each September 1, and in any event prior to each October 1, the Fiscal Agent shall transfer all remaining amounts in the Bond Payment Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Bond Payment Fund because the District has included such amounts as being available in the Bond Payment Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to the Indenture. Moneys deposited in the Surplus Fund will be transferred by the Fiscal Agent at the direction of an Authorized Representative of the District (i) to the Bond Payment Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds when due in the event that moneys in the Bond Payment Fund and the Reserve Fund are insufficient therefor, (ii) to the Reserve Fund in order to replenish the Reserve Fund to the Reserve Requirement, (iii) to the District for deposit to the Administrative Expense Account to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Account are insufficient to pay Administrative Expenses, (iv) to the Acquisition and Construction Fund to pay Project Costs, or (v) to the District to pay for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds, the District will notify the Fiscal Agent in a Certificate of an Authorized Representative and the Fiscal Agent will segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund shall be invested at the written direction of the Treasurer in Authorized Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds which were issued on a tax-exempt basis for federal income tax purposes.

Investments. Moneys held in any of the funds and accounts under the Indenture shall be invested at the written direction of the Treasurer in accordance with the limitations set forth below only in Authorized Investments which shall be deemed at all times to be a part of such Funds and Accounts. Any loss resulting from such Authorized Investments shall be credited or charged to the Fund or Account from which such investment was made, and any investment earnings on a Fund or Account shall be applied as follows: (i) investment earnings on all amounts deposited in the Bond Payment Fund, the Redemption Fund, the Acquisition and Construction Fund, the Surplus Fund, the Letter of Credit Fund, and the Rebate Fund and any account therein shall be deposited in those respective Funds and Accounts, and (ii) investment earnings on all amounts deposited in the Reserve Fund shall be applied as set forth above. Moneys in the funds and accounts held under the Indenture may be invested by the Fiscal Agent as directed in writing by the Treasurer, from time to time, in Authorized Investments subject to the following restrictions:

Moneys in the Costs of Issuance Fund and the Acquisition and Construction Fund shall be invested in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are

available without penalty, as close as practicable to the date the District estimates the moneys represented by the particular investment will be needed for withdrawal from the Costs of Issuance Fund and the Acquisition and Construction Fund. Notwithstanding anything in the Indenture to the contrary, amounts remaining in the Costs of Issuance Fund and the Acquisition and Construction Fund three years after the Delivery Date for the Bonds shall be invested by the District only in Authorized Investments the interest on which is excluded from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds, unless in the opinion of Bond Counsel such restriction is not necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes.

Moneys in the Bond Payment Fund and the Redemption Fund shall be invested only in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds as the same become due.

Moneys in the Reserve Fund may be invested only in Authorized Investments which, taken together, have a weighted average maturity not in excess of five years; provided that such amounts may be invested in an Investment Agreement to the later of the final maturity of the Bonds so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with the Indenture; and provided that no such Authorized Investment of amounts in the Reserve Fund allocable to the Bonds shall mature later than the respective final maturity date of the Bonds.

Moneys in the Rebate Fund shall be invested only in Authorized Investments of the type described in clause (1) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government pursuant to the Indenture or in Authorized Investments of the type described in clause (7) of the definition thereof.

In the absence of written investment directions from the District, the Fiscal Agent shall invest solely in Authorized Investments specified in clause (7) of the definition thereof.

The Fiscal Agent shall sell, or present for redemption, any Authorized Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such funds and accounts or from such funds and accounts. For the purpose of determining at any given time the balance in any such funds and accounts, any such investments constituting a part of such funds and accounts shall be valued at their cost, except that amounts in the Reserve Fund shall be valued at the market value thereof at least semiannually on or before each Interest Payment Date. In making any valuations under the Indenture, the Fiscal Agent may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything in the Indenture to the contrary, the Fiscal Agent shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of the Indenture.

The Fiscal Agent may act as principal or agent in the making or disposing of any investment. The Fiscal Agent may sell at the best market price obtainable, or present for redemption, any Authorized Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Authorized Investment is credited, and, subject to the provisions of the Indenture, the Fiscal Agent shall not be liable or responsible for any loss resulting from such investment. For investment purposes, the Fiscal Agent may commingle the funds and accounts established under the Indenture, but shall account for each separately.

The District acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted

by law. The Fiscal Agent will furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Fiscal Agent under the Indenture.

COVENANTS AND WARRANTY

Warranty. The District shall preserve and protect the security pledged under the Indenture to the Bonds against all claims and demands of all persons.

Covenants. So long as any of the Bonds issued under the Indenture are Outstanding and unpaid, the District makes the following covenants with the Bondowners under the provisions of the Act and the Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund and the Bond Payment fund:

Punctual Payment; Against Encumbrances. The District covenants that it will receive all Special Taxes in trust for the Owners and will instruct the Treasurer of the City to deposit all Special Taxes in the Special Tax Fund immediately upon their apportionment to the District, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by the Indenture. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond issued under the Indenture, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and in accordance with the Indenture to the extent that Net Taxes and other amounts pledged under the Indenture are available therefor, and that the payments into the Funds and Accounts created under the Indenture will be made, all in strict conformity with the terms of the Bonds, and the Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and of the Bonds issued under the Indenture.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Taxes except as provided in the Indenture, and will not issue any obligation or security having a lien or charge upon the Net Taxes superior to or on a parity with the Bonds. Nothing in the Indenture shall prevent the District from issuing or incurring indebtedness which is payable from a pledge of Net Taxes which is subordinate in all respects to the pledge of Net Taxes to repay the Bonds.

Levy of Special Tax. Beginning in Fiscal Year 2006-07 and so long as any Bonds issued under the Indenture are Outstanding, the legislative body of the District covenants to levy the Special Tax in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and in the Bond Payment Fund and available for such purpose, to pay (1) the principal of and interest on the Bonds when due, (2) the Administrative Expenses, and (3) any amounts required to replenish the Reserve Fund of the Bond Payment Fund to the Reserve Requirement (the "Special Tax Requirement"). The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds are Outstanding.

Commence Foreclosure Proceedings. The District covenants for the benefit of the Owners of the Bonds that it (i) will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$5,000 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due and (ii) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount on deposit in the Reserve Fund is at less than the Reserve Requirement, and (iii) will diligently pursue such foreclosure proceedings until the delinquent

Special Taxes are paid; provided that, notwithstanding the foregoing, the District may elect to defer foreclosure proceedings on any parcel so long as the amount in the Reserve Fund of the Bond Payment Fund is at least equal to the Reserve Requirement. The District may, but shall not be obligated to, advance funds from any source of legally available funds other than transfers from the Special Tax Fund, in order to maintain the Reserve Fund of the Bond Payment Fund at the Reserve Requirement.

The District covenants that it will deposit the net proceeds (remaining after the payment of Administrative Expenses relating to the foreclosure proceeding) of any foreclosure in the Bond Payment Fund and the Fiscal Agent shall apply such net proceeds to make current payments of principal and interest on the Bonds, to bring the amount on deposit in the Reserve Fund up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds.

Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Taxes or other funds in the Bond Payment Fund (other than the Administrative Expense Account therein), or which might impair the security of the Bonds or then Outstanding; provided that nothing in the Indenture contained shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.

Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, 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 records 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 10% of the principal amount of the Bonds then Outstanding or their representatives authorized in writing.

Federal Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds issued on a tax-exempt basis for federal income tax purposes will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or of any other monies or property which would cause the Bonds issued on a tax-exempt basis for federal income tax purposes to be “private activity bonds” within the meaning of Section 141 of the Code;

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds issued on a tax-exempt basis for federal income tax purposes to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or take or omit to take any action that would cause the Bonds issued on a tax-exempt basis for federal income tax purposes to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(4) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code;

(5) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds issued on a tax-exempt basis for federal income tax purposes to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to

maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds; and

(6) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed on the Delivery Date by the District in connection with the Bonds and will comply with the covenants and requirements stated therein and incorporated by reference in the Indenture.

(7) Other Tax Exempt Issues. The District will not use proceeds of other tax exempt securities to redeem any Bonds without first obtaining the written opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds issued on a tax-exempt basis.

Reduction of Maximum Special Taxes. The District finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities Districts in Southern California have from time to time been at levels requiring the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the District determines that a reduction in the maximum Special Tax rates authorized to be levied on parcels in the District below the levels described under this caption would interfere with the timely retirement of the Bonds. The District determines it to be necessary in order to preserve the security for the Bonds to covenant, and, to the maximum extent that the law permits it to do so, the District does covenant, that it shall not initiate proceedings to reduce the maximum Special Tax rates for the District, unless, in connection therewith, (i) the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in the District as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property (as defined in the Rate and Method of Apportionment of Special Taxes then in effect in the District) in each Bond Year for any Bonds Outstanding will equal at least 110% of the sum of the estimated Administrative Expenses and Annual Debt Service in each Bond Year on all Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds, and (iii) the District is not delinquent in the payment of the principal of or interest on the Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultants shall compute the Administrative Expenses for the current Fiscal Year and escalate that amount by two percent (2%) in each subsequent Fiscal Year.

Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the minimum or the maximum Special Tax below the levels specified above or to limit the power of the District to levy the Special Taxes for the purposes set forth above, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

Limitation on Right to Tender Bonds. The District covenants that it will not adopt any policy pursuant to Section 53341.1 of the Act permitting the tender of Bonds in full payment or partial payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds when due.

Letter of Credit. The District covenants to deliver any Letter of Credit received by it pursuant to the terms of the Acquisition Agreement to the Fiscal Agent and if an event occurs which permits a draw on the Letter of Credit to deliver a Certificate of an Authorized Representative to the Fiscal Agent. Notwithstanding the foregoing, the District and the Fiscal Agent each has the right to amend the provisions of the Acquisition Agreement relating to the Letter of Credit in any manner, including authorizing its release by the Fiscal Agent, without the consent of the Bondowners, and neither the District nor the District shall be liable to any person or entity, including Bondowners, for any such amendment.

Continuing Disclosure. The District covenants to comply with the terms of that certain Continuing Disclosure Certificate executed by the District with respect to the Bonds to assist the Underwriter in complying with Rule 15(c)2-12 adopted by the Securities and Exchange Commission.

Further Assurances. The District shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Resolution.

AMENDMENTS TO INDENTURE

Supplemental Indentures or Orders Not Requiring Bondowner Consent. The District may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Indentures in order to provide for the issuance of Parity Bonds and for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions in the Indenture which may be inconsistent with any other provision in the Indenture, or to make any other provision with respect to matters or questions arising under the Indenture or in any additional resolution or order, provided that such action is not materially adverse to 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 or which further secure Bond payments;

(c) to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds then Outstanding; or

(d) to modify, alter or amend the rate and method of apportionment of the Special Taxes in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than 110% of the principal and interest due in each corresponding future Bond Year with respect to the Bonds Outstanding as of the date of such amendment; or

(e) to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Bondowners.

Supplemental Indentures or Orders Requiring Bondowner Consent. Exclusive of the Supplemental Indentures described above, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding shall have the right to consent to and approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District 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; provided, however, that nothing in the Indenture shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond, (b) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, (c) a preference or priority of any Bond over any other Bond, 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.

If at any time the District shall desire to adopt a Supplemental Indenture which shall require the consent of the Bondowners, the District shall so notify the Fiscal Agent and shall deliver to the Fiscal Agent a

copy of the proposed Supplemental Indenture. The Fiscal Agent shall, at the expense of the District, cause notice of the proposed Supplemental Indenture 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 Fiscal Agent 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 a majority in aggregate principal amount of the Bonds Outstanding. Whenever at any time within one year after the date of the first mailing of such notice, the Fiscal Agent shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Fiscal Agent, such proposed Supplemental Indenture, when duly adopted by the District, shall thereafter become a part of the proceedings for the issuance of the Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds have consented to the adoption of any Supplemental Indenture, Bonds which are 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 adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds in instances where such consent is required, the Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the District and all Owners of Outstanding Bonds shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments.

Notation of Bonds; Delivery of Amended Bonds. After the effective date of any action taken as provided above, the District may determine that the Bonds or may bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Outstanding Bond at such effective date and presentation of his Bond for the purpose at the office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, a suitable notation as to such action shall be made on such Bonds. If the District shall so determine, new Bonds so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond at such effective date such new Bonds shall be exchanged at the office of the Fiscal Agent or at such additional offices as the Fiscal Agent may select and designate for that purpose, without cost to each Owner of Outstanding Bonds, upon surrender of such Outstanding Bonds.

FISCAL AGENT

Fiscal Agent. Wells Fargo Bank, National Association shall be the Fiscal Agent for the Bonds unless and until another Fiscal Agent is appointed by the District under the Indenture. The District may, at any time, appoint a successor Fiscal Agent satisfying the requirements of the Indenture for the purpose of receiving all money which the District is required to deposit with the Fiscal Agent under the Indenture and to allocate, use and apply the same as provided in the Indenture.

The Fiscal Agent is authorized to and shall mail by first class mail, postage prepaid, or wire transfer, interest payments to the Bondowners, to select Bonds for redemption, and to maintain the Bond Register. The Fiscal 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, to provide for the cancellation of Bonds all as provided in the Indenture, and to provide for the authentication of Bonds, and shall perform all other duties assigned to or

imposed on it as provided in the Indenture. The Fiscal Agent shall keep accurate records of all funds administered by it and all Bonds paid, discharged and cancelled by it.

The Fiscal Agent is authorized to redeem the Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Fiscal Agent shall cancel all Bonds upon payment thereof.

The District shall from time to time, subject to any agreement between the District and the Fiscal Agent then in force, pay to the Fiscal Agent compensation for its services, reimburse the Fiscal Agent for all its advances and expenditures, including, but not limited to, advances to and fees and expenses of independent accountants or counsel employed by it in the exercise and performance of its powers and duties under the Indenture, and indemnify and save the Fiscal Agent, its officers, directors, employees and agents, harmless against costs, claims, expenses and liabilities, including, without limitation, fees and expenses of its attorneys, not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties under the Indenture. The foregoing obligation of the District to indemnify the Fiscal Agent shall survive the removal or resignation of the Fiscal Agent or the discharge of the Bonds.

Removal of Fiscal Agent. The District may at any time at its sole discretion remove the Fiscal Agent initially appointed, and any successor thereto, by delivering to the Fiscal Agent a written notice of its decision to remove the Fiscal Agent and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000, and subject to supervision or examination by federal or state authority. Any removal shall become effective only upon acceptance of appointment by the successor Fiscal Agent. If any bank or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent and notice being sent by the successor Fiscal Agent to the Bondowners of the successor Fiscal Agent's identity and address.

Resignation of Fiscal Agent. The Fiscal Agent may at any time resign by giving written notice to the District and by giving to the Owners notice sixty days prior to the date designated of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the office of the Fiscal Agent. Upon receiving such notice of resignation, the District shall promptly appoint a successor Fiscal Agent satisfying the criteria in the Indenture by an instrument in writing. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent.

Liability of Fiscal Agent. The recitals of fact and all promises, covenants and agreements contained in the Indenture and in the Bonds shall be taken as statements, promises, covenants and agreements of the District, and the Fiscal Agent assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of the Indenture, the Bonds, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations specifically set forth in the Indenture, in the Bonds, or in the certificate of authentication assigned to or imposed upon the Fiscal Agent. The Fiscal Agent shall be under no responsibility or duty with respect to the issuance of the Bonds or for value. The Fiscal Agent shall not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct.

The Fiscal Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete

authorization and protection in respect of any action taken or suffered under the Indenture in good faith and in accordance therewith.

The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under the Indenture the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be in the Indenture specifically prescribed) may, in the absence of bad faith on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a written certificate of the District, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of the Indenture upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it under the Indenture, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. No provision in the Indenture shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of its rights or powers.

The Fiscal Agent shall not be deemed to have knowledge of any default or event of default until an officer at the Fiscal Agent's corporate trust office responsible for the administration of its duties under the Indenture shall have actual knowledge thereof or the Fiscal Agent shall have received written notice thereof at its corporate trust office.

EVENTS OF DEFAULT; REMEDIES

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 or from mandatory redemption;

(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 the Indenture or in the Bonds contained, and the continuation of such default for a period of thirty (30) days after the District shall have been given notice in writing of such default by the Owners, provided that if within 30 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.

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 the Indenture;

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

(c) Upon the happening of an event of default, 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, 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 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 the 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 the Indenture 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 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 under the Indenture 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.

In case the moneys held by the Fiscal Agent after an event of default consisting of a failure to pay principal of or interest on the Bonds shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then all available amounts shall be applied to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

DEFEASANCE

Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in the Indenture or any Supplement Indenture, then the Owner of such Bond shall cease to be entitled to the pledge of Net Taxes and other amounts pledged under the Indenture to the repayment of such Bond, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond under the Indenture and any Supplement shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds, the Fiscal Agent shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and, after payment of any amounts due the Fiscal Agent under the Indenture, the Fiscal Agent shall pay over or deliver to the District's general fund all money or securities held by it pursuant to the Indenture which are not required for the payment of the interest due on and the principal of such Bonds.

Any Outstanding Bond shall be deemed to have been paid within the meaning expressed above if such Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond, as and when the same become due and payable;

(b) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund, (exclusive of the Administration Expense Account) and in the Bond Payment Fund and available under the terms of the Indenture to pay such Bond, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond, as and when the same shall become due and payable; or

(c) by depositing with the Fiscal Agent, or another escrow bank appointed by the District, in trust, direct, noncallable Federal Securities in which the District may lawfully invest its money, in such amount as an Independent Financial Consultant shall determine will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund, (exclusive of the Administration Expense Account) and the Bond Payment Fund and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond, as and when the same shall become due and payable;

then, notwithstanding that any Outstanding Bond shall not have been surrendered for payment, all obligations of the District under the Indenture and any Supplement with respect to such Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owners of any such Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District referred to in the Indenture. In connection with a defeasance under (b) or (c) above, there shall be provided to the District a certificate of a certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Fiscal Agent or the escrow bank to pay and discharge the principal of and interest on any Outstanding Bond to be defeased, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds being defeased have been legally defeased in accordance with the Indenture and that such defeasance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. Upon a defeasance, the Fiscal Agent shall release the rights of the Owners of such Bonds which have been defeased under the Indenture and execute and deliver to the District all such instruments provided to it as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance under the Indenture of all Outstanding Bonds, the Fiscal Agent shall pay over or deliver to the District any funds after payment of all fees and expenses of the Fiscal Agent held by the Fiscal Agent at the time of a defeasance, which are not required for the purpose of paying and discharging the principal of or interest on the Bonds when due. The Fiscal Agent shall, at the written direction of the District, mail, first class, postage prepaid, a notice to the Bondowners whose Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

MISCELLANEOUS

Cancellation of Bonds. All Bonds surrendered to the Fiscal Agent for payment upon maturity or for redemption shall be upon payment therefor, and any Bond purchased by the District as authorized in the Indenture and delivered to the Fiscal Agent for such purpose shall be, cancelled forthwith and shall not be reissued. The Fiscal Agent shall destroy such Bonds, as provided by law, and, upon request of the District, furnish to the District a certificate of such destruction.

Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor 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 the 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 the Indenture (except as otherwise provided in the Indenture), 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 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 to be paid. Neither the District nor the Fiscal Agent shall be affected by any notice to the contrary.

Nothing contained in the Indenture shall be construed as limiting the Fiscal Agent or the District to such proof, it being intended that the Fiscal Agent or the District may accept any other evidence of the matters stated in the Indenture which the Fiscal Agent or the District 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 Fiscal Agent or the District in pursuance of such request or consent.

Unclaimed Moneys. Anything in the Indenture to the contrary notwithstanding, any money held by the Fiscal Agent, including money held by the Fiscal Agent in trust for the payment and discharge of any of the Outstanding Bonds, which remain unclaimed for two years after the date when such Outstanding Bonds have become due and payable, if such money was held by the Fiscal Agent at such date, or for two years after the date of deposit of such money if deposited with the Fiscal Agent after the date when such Outstanding Bonds become due and payable, shall be repaid by the Fiscal Agent to the District, as its absolute property and free from trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Outstanding Bonds; provided, however, that, before being required to make any such payment to the District, the Fiscal Agent at the written request of the District shall, at the expense of the District, cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds at their addresses as they appear on the registration books of the Fiscal Agent a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

Provisions Constitute Contract. The provisions of the Indenture shall constitute a contract between the District and the Bondowners and the provisions of the Indenture shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners or the Fiscal Agent, then the District, the Fiscal Agent 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 the Indenture shall be irrevocable, but shall be subject to modifications to the extent and in the manner provided in the Indenture, but to no greater extent and in no other manner.

Future Contracts. Nothing contained in the Indenture shall be deemed to restrict or prohibit the District from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Taxes which is subordinate to the pledge under the Indenture, or which is payable from the general fund of the District or from taxes or any source other than the Net Taxes and other amounts pledged under the Indenture.

APPENDIX B

Appraisal of:

***COMMUNITY FACILITIES DISTRICT NO. 3
SEABRIDGE AT MANDALAY BAY
OXNARD, CALIFORNIA***

Prepared for:

**Mr. Michael More
Financial Services Manager
CITY OF OXNARD
300 West Third Street, Suite 302
Oxnard, California 93030**

Prepared by:

***PARKCENTER REALTY ADVISORS
801 North Parkcenter Drive, Suite 210
Santa Ana, California 92705***

PRA File No. 2005-38-1

Date of Value

August 1, 2005

Date of Report

August 22, 2005

PARKCENTER REALTY ADVISORS
Appraisers and Consultants

801 North Parkcenter Drive, Suite 210
Santa Ana, California 92705
714.547.1733
Fax 714.972.1492

August 22, 2005

CITY OF OXNARD

300 West Third Street, Suite 302
Oxnard, California 93030

Attention: Mr. Michael More
Financial Services Manager

Reference: Appraisal of
Community Facilities District No. 3
Seabridge at Mandalay Bay
Oxnard, California

PRA File No. 2005-38-1

Gentlemen:

At your request, I have personally examined and appraised the above referenced property, comprising approximately 130.05 acres of partially improved land that encompasses a majority of the 135.3 acres currently being improved for development as the Seabridge at Mandalay Bay residential project. The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject land, reflecting the property's "as is" condition on August 1, 2005, as enhanced by infrastructure improvements to be financed by Community Facilities District (CFD) No. 3 in the city of Oxnard.

Following is a self-contained report, which sets forth the findings of my complete appraisal, including the matters, data, conclusions and limiting conditions upon which the opinions rendered are predicated.

Respectfully submitted,

PARKCENTER REALTY ADVISORS

By:


Christopher N. Hardy
Senior Vice President
Certified General Real Estate Appraiser
State of California No. AG003369

CRN is a member of the National Association of Realtors (NAR) and the International Association of Certified General Appraisers (IACGA).

CNH.pmd

CITY OF OXNARD
Mr. Michael More, Financial Services Manager

August 22, 2005
Page ii



Executive Summary**Client:**

City of Oxnard

Project:

Community Facilities District No. 3 (CFD-3)

Property Location:

South side of Wooley Road and north side of Hemlock Street, extending west of Victoria Avenue, Oxnard, California

Purpose and Intended Use of the Appraisal:

The purpose of the appraisal is to estimate the fee simple interest in the subject land parcels in their "as is" condition, as enhanced by infrastructure improvements to be financed by Community Facilities District No. 3 (CFD-3). The appraisal will be used to identify the level of security associated with Community Facilities District Bonds to pay for a portion of infrastructure and other required improvements.

Intended Users:

City of Oxnard, its authorized agents, bond underwriter, legal counsel and investors.

Appraiser:

Christopher N. Hardy, MAI

Rights Appraised:

Fee Simple Interest

Assessor Parcel Numbers:

Ventura County, 188-0-110-495, 505 and 145

Date of Value:

August 1, 2005

Date of Inspection:

July 8, 2005

Owner of Record:

D.R. Horton Los Angeles Holding Co., Inc.

Land Area:

The Seabridge Mandalay Bay project comprises a gross land area of 135.3 acres. Division of land uses upon build-out according to Tentative Tract No. 5266 is:

Single-Family Residential	33.6 acres
Attached Residential	1.7 acres
Visitor-Serving Commercial/Residential	20.2 acres
Mixed-Use	14.7 acres
Open Water	32.3 acres
Public Parks & Recreation	16.5 acres
Private Recreation	0.8 acres
Wooley Road	2.8 acres
Internal Circulation & Utilities	12.7 acres
Total	135.3 acres

Land subject to the appraisal report and serving as security for Community Facilities District No. 3 is described as all of the Seabridge Mandalay Bay project area except for land encumbered by a purchase option on behalf of the Oxnard Unified School District for potential use as a school site.

Seabridge Mandalay Bay Project	135.30 acres
OSD Option Land	5.25 acres
Land Subject to Appraisal	130.05 acres

Zoning (Mixed):

R-W-1	(single-family water-oriented)
R-3-C	(coastal medium-density multi-family)
C-V-C	(coastal visitor-serving commercial)
C-N-C	(coastal neighborhood commercial)

Specific Plan:

Mandalay Bay (Phase IV)

Highest & Best Use:

Mixed residential and coastal visitor-serving commercial development consistent with Mandalay Bay Specific Plan and Tentative Tract No. 5266.

Summary of Aggregate Retail Value Opinions:

SFR Lots (6,000 SF - Docks)	\$55,809,600
SFR Lots (5,040 SF - Docks)	18,727,500
SFR Lots (5,040 SF - No Docks)	12,103,150
SFR Lots (4,080 SF - No Docks)	49,642,250
Multi-Family Cluster Units-Mixed Use Land	32,216,520
Multi-Family Flats/Townhouse Land	11,975,600
Mixed Use/Attached Residential Land	18,337,550
Commercial Land	10,093,000
Total Aggregate Retail Value	\$208,905,170

Estimated Market Value:Assuming Bulk Sale at August 1, 2005 **\$130,000,000****Allocation of Bulk Sale Value:**

D.R. Horton Ownership	\$123,500,000
Pending Commercial Land Sale at SWC Wooley Road & Victoria Avenue	\$6,500,000

Market Exposure Time:

Six Months or Less

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EXHIBIT F - Discounted Cash Flow Analysis
EXHIBIT G - Professional Qualifications

INTRODUCTION AND NATURE OF ASSIGNMENT

Location And Brief Property Description

Seabridge at Mandalay Bay is a proposed 135.3-acre community located near the Coast in Oxnard, California. The project is unique in that it is one of the few approved water-oriented expansion projects in Southern California. This proposed expansion of the inland waterfront off the existing Mandalay Bay project in Oxnard Harbor will create a variety of waterfront living and recreation opportunities, including single-family residences with canal frontage and boat slips; a mix of multi-family housing types; a public recreational bay; and a boardwalk promenade with a neighborhood retail component, all linked by a series of jogging paths, parks and view corridors.

The property is part of a 220-acre Specific Plan identified as Mandalay Bay-Phase IV. The subject Seabridge at Mandalay Bay property is situated at the easterly section of Mandalay Bay-Phase IV. Tentative Tract Map No. 5266 and a host of other development entitlements have been processed for the project. Seabridge will offer a diverse mix of housing types and lot sizes, including canal frontage estate lots with private boat docks (5,040 to 6,000 square feet); detached home sites without canal frontage (4,080 to 5,040 square feet); multi-family stacked units; multi-family cluster units; and stacked flat condominiums. Breakdown of the Final Development Plan density classification for the subject property follows.

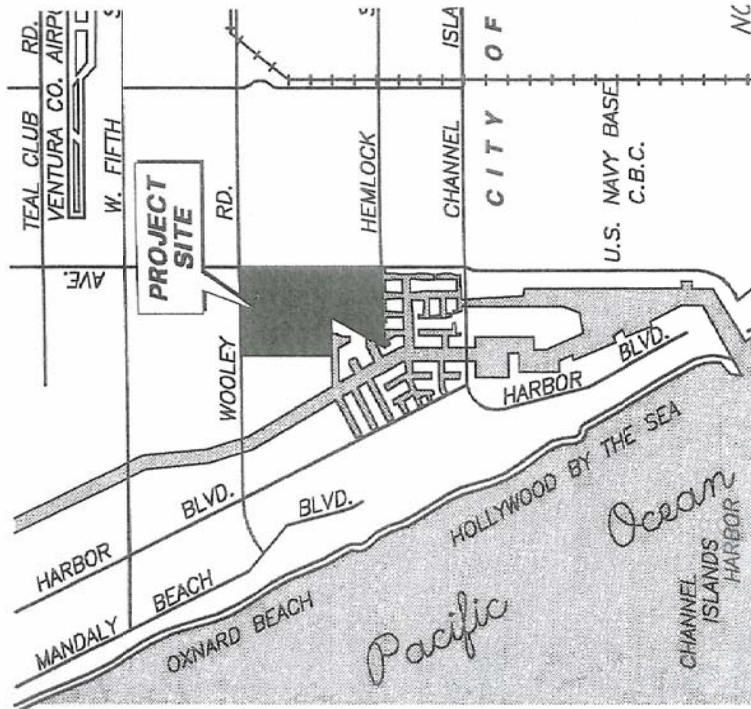
Land Use	Acres	% of Site	No. of Units
Single-Family Residential	33.6	24.7%	276
Attached Residential	1.7	1.3%	42
Visitor-Serving Commercial & Residential	20.2	15.0%	121
Mixed-Use	14.7	10.7%	269
Open Water	32.3	23.9%	--
Public Parks & Recreation	16.5	12.0%	--
Private Recreation	0.8	0.06%	--
Wooley Road	2.8	2.2%	--
Internal Circulation & Utilities	12.7	9.4%	--
Seabridge at Mandalay Bay	135.3	100%	708

Currently, the land is in the process of being graded and improved in order to extend the waterways, provide public and private access roads, and enhance and extend utility services throughout the property. A portion of these infrastructure improvements will be financed through Community Facilities District No. 3, Seabridge-Mandalay Bay (CFD No.3). A sale agreement has been reached with a commercial builder for development of the two commercial sites in Seabridge-Mandalay Bay. Closing of the first phase of the commercial land sale transaction is scheduled in September 2005, pending final tract map approval and completion of basic infrastructure improvements.

Legal Description

Lots 1 to 290 of Tentative Tract Map No. 5266, being a subdivision of the following: portions of Lots 52, 66, 67, 73 and 74 of Patterson Ranch Subdivision, in the City of Oxnard, County of Ventura, State of California, per the Map recorded in Book 8 at Page 1 of Miscellaneous Records, in the Office of the County Recorder of said County.

PROJECT SITE



Current Ownership and Three-Year Property History

The Seabridge Mandalay Bay property referenced was purchased on April 2, 2004 from Oly Mandalay Bay General Partnership by D.R. Horton Los Angeles Holding Co., Inc. The purchase price was \$95,000,000 cash for 135.3 gross acres of land. The purchase transaction was negotiated in November 2003 and closed upon receipt of the Coastal Development Permit. The purchase price equates to \$702,143 per acre for the 135.3-acre gross site area. At time of purchase, the property was in condition of raw land with development entitlements in place.

Since purchase of the property, the owner has processed minor adjustments to the development plan for the property, and has commenced grading and other site improvements, including construction of seawall footings necessary for extension of the Mandalay Bay waterways. As of the date of value, an additional amount of \$22,081,661 has been spent in development of the property.

Appraisal Process/Report Format

This report represents a complete appraisal presented in a self-contained format. It is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP. It contains full discussion of the data, reasoning and analyses that were used to develop the opinions of value. This appraisal complies with California Debt and Investment Advisory Commission Appraisal Guidelines.

Purpose, Intended Use, Intended Users, And Scope Of The Appraisal

The purpose of this appraisal is to estimate the market value of the fee simple interest in land parcels comprising the Seabridge at Mandalay Bay project, reflecting the property's "as is" condition as enhanced by infrastructure improvements to be financed by Community Facilities District (CFD) No. 3, Seabridge-Mandalay Bay in the city of Oxnard.

The intended use of the report is to provide security for, and assist officials at the City of Oxnard, their authorized agents, bond underwriter, and legal counsel, with respect to the marketing of community facility district bonds to investors.

The intended users of the report are the employees of the City of Oxnard, their authorized agents, affiliates, designees and assignees, rating agencies, prospective bond holders, and bond holders. No other party shall have any right to rely on any service provided by Parkcenter Realty Advisors without prior written consent.

The scope of this appraisal involved an inspection of the subject property and a search of public records for sales of vacant residential and commercial land parcels. Residential land data investigated included bulk sales of lots to merchant builders from Oxnard and other nearby areas of Ventura County. Verification of the property transfers was made with buyers, sellers, brokers, and others familiar with the local residential real estate market. A survey was also conducted of home sales within Coastal and Harbor neighborhoods as to pricing and absorption of product. Analysis of the property was made under assumed conditions at the time of sale to merchant builders or other developers of the land parcels, reflecting its enhancement by infrastructure improvements to be financed by Community Facilities District No. 3. This was accomplished through Sales Comparison to individual finished residential lots and bulk sales of lots in "blue top" condition. Commercial land sales data in Oxnard was gathered and used in the comparative valuation of the commercial element of Seabridge at Mandalay Bay. The analysis performed recognizes estimated costs to transform the land to saleable condition,

<p>timing required to improve and sell the lots, and profit required to attract investment to the land development project, a methodology known as Discounted Cash Flow or Subdivision Analysis. The results of these studies and analyses provide an opinion of value of the "as is" condition of the real property being appraised, as enhanced by infrastructure improvements to be financed by CFD No. 3 Seabridge-Mandalay Bay. Market value estimates are provided for both the Retail Value of land parcels in condition at time of projected sale to builders, and of the Bulk Sale Value for the land in its current condition as of the date of value.</p> <p>Property Rights Appraised</p> <p>The property rights appraised in this report are those of the fee simple interest, subject to special tax and special assessment liens, in the property described herein as:</p> <p>"absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."</p> <p>Source: Appraisal Institute - The Dictionary of Real Estate Appraisal, Fourth Edition</p> <p>Date Of Report</p> <p>This report is dated August 22, 2005.</p> <p>Date Of Value</p> <p>The value estimate rendered assumes market conditions as of August 1, 2005. The property was inspected on July 8, 2005.</p> <p>Definition Of Market Value</p> <p>Market Value means, "the most probable price in cash or in terms equivalent to cash for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."</p> <p>Source: Appraisal Standards For Land-Secured Financing May 1994; Revised - July 2004</p> <p>Definition Of Retail Value</p> <p>Retail Value is, "an estimate of what an end user would pay for a finished property under the conditions requisite to a fair sale." The Aggregate Retail Value is, "the sum total of the retail values estimated for each parcel."</p> <p>Definition Of Bulk Sale Value</p> <p>Bulk Sale Value is, "the most probable price, in a sale of <i>all</i> parcels within a tract or development project, to a single purchaser or sales to multiple buyers, over a reasonable absorption period discounted to present value, as of a specified date, in cash, or in terms equivalent to cash, for which the property rights should sell after reasonable exposure, in a competitive market under all conditions requisite to a fair sale, with buyer and seller each</p>	<p align="center">-4-</p> <p align="right"><i>Real Estate Appraisers & Consultants</i></p>
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acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue stress.”

Definition Of Blue Top Lot

Blue Top Lots are, “padded lots certified as being within 1/10th of a foot of the finished pad elevation. It describes an intermediate state of development between a mass graded site and a finished lot that includes cut, but unpaved interior streets, completed off tract improvements including primary access roads and utilities brought to the perimeter of the parcel.”

Definition Of Finished Lot

Finished Lots are defined as, “those that are ready to build upon, that is, graded to finish pad elevation with all streets, utilities, community walls, retaining walls and common area improvements (if any) completed. It also includes payment of all fees due up to the time a building permit is issued, excluding the building permit itself. These fees may be for mass transportation, regional transportation, schools, fire safety, water, sewer or other capital improvements.”

Condition Of Employment

This appraisal was performed in accordance with authorization from the City of Oxnard per Agreement For Consulting Services No. 3586-05-FN. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan.

Underlying Assumptions And Limiting Conditions

Consulting reports provided for my review in performance of this assignment include:

Document	Source	Date
CFD Report, CFD#3	David Taussig & Assoc.	November 9, 2004
CFD Report, CFD#4	David Taussig & Assoc.	November 9, 2004
Pricing & Absorption Analysis	Meyers Group	August 2004
Price Point Study	Empire Economics, Inc.	September 27, 2004
Market Absorption Study	Empire Economics	August 12, 2005 (Revised)

This appraisal is subject to additional assumptions and limiting conditions, which include:

- that the proposed project will be completed in accordance with the development concept as related to the appraisers and detailed herein and is consistent with appropriate approvals and zoning;
- that the construction costs furnished by the developer and others, as utilized in the analyses, are accurate and a reasonable indication of the ultimate cost to complete all phases of the Seabridge at Mandalay Bay development;
- that the subject acreage possesses the necessary water and sewage disposal capacities, as well as utilities to service the proposed development;

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- that there are no geological constraints and the soils are of adequate load-bearing capacity to support the proposed residential development, as well as future improvements. Furthermore, that all recommendations, grading and soil preparation be completed as set forth in soils reports and geologic studies prepared on the subject acreage as required by all appropriate agencies; and
- that Community Facilities District funding for a portion of the land development work will be made available as detailed in this report.

OVERVIEW OF MARKET AREA

Ventura County

The Greater Los Angeles area is generally comprised of Los Angeles, Orange, Riverside, San Bernardino and Ventura Counties. Ventura County lies approximately 65 miles northwest of the Los Angeles Civic Center, and is bordered by the following jurisdictions.

Los Angeles County	on the east
Santa Barbara County	on the west
San Luis Obispo County	on the northwest
Kern County	on the north
Pacific Ocean	on the south

Ventura County enjoys a Coastal location having a pleasant Mediterranean climate with moderate temperatures and typical annual rainfall of 15 inches along the Coast and 30 inches in the mountainous regions. Primary access to the County is provided by U.S. Highway 101, which extends from the Los Angeles area on the east to Santa Barbara and beyond on the west and north. State Highway 1 extends through Coastal portions of the County, intersecting U.S. Highway 101 in the Oxnard area. Secondary freeways include State Highways 23, 118 and 126.

LOCATION MAP - OXNARD



Covering an area of 1,873 square miles, Ventura County contains a wide range of geographic amenities which include attractive Coastal areas with well established recreational and commercial harbors; the Oxnard Plain which has some of the most fertile farm land in the world; and the scenic mountainous regions of the Los Padres National Forest.

Historic population growth within Ventura County has been consistent with the performance of the other counties that comprise the Los Angeles Metropolitan area. As a whole, population within the Los Angeles Basin grew by approximately 44% between 1980 and 2000, and Ventura County held steady at 4.6% of the total regional population. The following chart summarizes population figures of the five counties that comprise the Los Angeles Metropolitan area, obtained from information published in "California Cities, Towns & Counties" and the State of California Department of Finance Demographic Research Unit.

County	Population Summary (000s)									
	1970		1980		1990		2000		2005	
	Total	%	Total	%	Total	%	Total	%	Total	%
Ventura	376.4	3.8	529.2	4.6	669.0	4.6	759.4	4.6	813.0	4.5
Los Angeles	7,031.1	70.5	7,477.5	65.0	8,863.2	61.0	9,693.1	58.4	10,226.5	57.1
Orange	1,420.4	14.2	1,932.7	16.8	2,410.6	16.6	2,867.7	17.2	3,056.9	17.1
Riverside	459.1	4.6	663.2	5.8	1,170.4	8.1	1,557.8	9.4	1,877.0	10.5
San Bernardino	684.1	6.9	895.0	7.8	1,418.4	9.7	1,726.8	10.4	1,946.2	10.8
Total	9,972.1	100.0	11,497.6	100.0	14,531.6	100.0	16,604.8	100.0	17,916.6	100.0

Ventura County is comprised of ten incorporated cities and areas of unincorporated territory. A summary of population trends for the communities within Ventura County is detailed as follows.

Community	Ventura County Population									
	1970	1980	1990	2000	2005	Annual Chg. 1990-00		Change 2000-05		
Camarillo	19,219	37,797	52,303	57,300	62,739	0.9%	0.9%	1.9%		
Fillmore	6,285	9,602	11,992	13,850	15,222	1.6%	2.0%	2.7%		
Moorpark	--	--	25,494	31,700	35,908	2.4%	2.4%	0.6%		
Ojai	5,591	6,816	7,613	7,925	8,153	0.4%	0.4%	0.6%		
Oxnard	71,225	108,195	142,216	172,600	188,849	2.1%	2.1%	1.9%		
Port Hueneme	14,295	17,803	20,319	22,150	22,445	9.0%	9.0%	0.3%		
Ventura	55,797	74,393	92,575	101,800	106,096	1.0%	1.0%	0.8%		
Santa Paula	18,001	20,552	25,062	29,150	29,281	1.6%	1.6%	0.09%		
Simi Valley	56,464	77,500	100,217	111,600	121,427	1.1%	1.1%	1.8%		
Thousand Oaks	36,344	77,072	104,352	117,300	127,112	1.2%	1.2%	1.7%		
Unincorporated	93,209	99,444	86,873	93,900	95,820	0.8%	0.8%	0.4%		
Ventura County	376,430	529,174	669,016	759,400	813,052	1.4%	1.4%	1.4%		

Ventura County experienced strong population gains between 1970 and 1980, averaging roughly 4% per year. More recently, since 2000, its average growth rate was about 1.4% per year, a result of the controlled growth policies of several communities. Much of the population growth has occurred in the southern portion of the County, in the communities of Simi Valley, Thousand Oaks, Oxnard and Camarillo. This has resulted from in-migration from Los Angeles County areas on the east, with many of the new residents maintaining employment in Los Angeles County.

Demographic data reveals the median age of Ventura County residents at 34.2 years. Moreover, median household income in the County has consistently exceeded national and state levels. In 2005, it is estimated to be at \$79,300 compared to a median family income level of \$64,300 for the state of California. The County is home to several exclusive residential

neighborhoods, including Lake Sherwood and North Ranch in Thousand Oaks, and Spanish Hills in Camarillo. Along the Coast, expensive beachfront and marina-oriented homes are found in the Oxnard Shores and Mandalay Bay neighborhoods near Channel Islands Harbor in Oxnard.

Ventura County, as a whole, enjoys a strong economic base with a large and diverse labor pool for industries that include agriculture, biotechnology, telecommunications, advanced technologies, manufacturing, tourism, military testing and development. Also playing a significant role in the local economy is Port Hueneme, the State's only deep water port between Los Angeles and San Francisco; the Naval Air Station at Point Mugu; and the Naval Construction Battalion Center in Port Hueneme.

Wage and salary employment for Ventura County, as reported in the June 2005 Employment Development Department Labor Market Bulletin, is summarized as follows.

Industry	Employment By Category		% of Total	Change from May 2004
	May 2005	May 2004		
Agriculture	27,500	8.7		-6.2%
Mining	700	0.2		0.0%
Construction	18,300	5.8		9.6%
Manufacturing	38,100	12.1		-1.6%
Transportation & Public Utilities	5,700	1.8		-1.7%
Wholesale Trade	11,700	3.7		-2.5%
Retail Trade	35,100	11.1		0.9%
Information	6,800	2.2		-2.9%
Finance Insurance & Real Estate	23,600	7.5		-2.5%
Services	105,200	33.3		3.8%
Government	42,900	13.6		-1.4%
Total	315,600	100.0		1.0%

During the December 1998 to December 2001, employment in Ventura County increased by some 9,705 jobs per year, for a growth rate of some 3.49% per year, on average. Since January 2002, there has been a reduction in the rate of job growth for Ventura County, to some 2,323 jobs per year, for a growth rate of 0.77% per year on average. Over the past 12 months, Ventura County employment, including farm jobs, has been on approximately this same steady pace, increasing by about 3,000 jobs, or 1% of the workforce. Strongest growth has been in construction and services. For the most part, Ventura County's economy, due to its fairly diverse base, is doing better than the State of California as a whole. As of May 2005, the unemployment rate of 4% for Ventura County was about 20% lower than respective rates of 5% for the State of California and 4.9% for the nation. The County, although benefiting from the spillover growth from Los Angeles County, has developed its own economic base within the Southern California economy.

Real estate development in the County is quite diverse, ranging from small rural developments in the northern and western sections of the County, to urban type commercial development in the Conejo Valley, Simi Valley and Oxnard Plain. Countywide development consists of older Downtown districts, newly created retail areas and shopping centers ranging from small convenience centers to regional malls, which include The Oaks Mall in Thousand Oaks; Centerpoint Mall and The Esplanade in Oxnard; and Buenaventura Plaza in Ventura.

Residential development in the County has historically been affected by growth control initiatives, as 9 of the 10 incorporated cities in the County restrict annual building permits. Oxnard is one of the cities that does not have any growth restrictions. The most active development areas in the County are Oxnard, Camarillo, Thousand Oaks and Simi Valley. Since 2000, Ventura County businesses have created 17,100 new non-farm jobs. During that same time, the new housing stock has increased by about 15,600 new homes. Thus, the housing

gap is not as pronounced as in other Southern California counties. However, adding to the strain on the local housing market is a growing number of workers from the Santa Barbara area who are house hunting in Ventura County. While detached house prices in Ventura County are on the rise, hitting a median sales price of \$667,130 in May 2005 (up 8.5% over the previous May), detached housing costs in Santa Barbara are even higher. In May 2005, the median sale price of a home in Santa Barbara County was \$746,950, with a median of \$1,247,500 in the Santa Barbara South Coast submarket. Statewide, among the ten cities with highest May 2005 median detached home prices was Santa Barbara, at a figure of \$1,188,000. While the housing affordability index now stands at 13% in Ventura County, the squeeze between rising prices and household incomes is even more evident in the Santa Barbara area where affordability fell to 6% in May 2005.

Ventura County has been a steadily-growing metropolitan area, although not to the extent of the rapidly expanding southern inland counties of Riverside and San Bernardino. The economy exhibited strong levels of employment growth during 1997 to 2001, but since 2002, the rate of employment growth has been minimal. On the other hand, the level of single-family and multiple-family housing growth has been favorable since 1994, and as a result, the level of activity in the retail sector has been very strong. Several major freeways provide access to all parts of Southern California from Ventura, with the Ventura Freeway (U.S. Highway 101) representing the major link to the Los Angeles Basin and points north. Growth control policies will almost certainly play a significant role in limiting future expansion. A majority of incorporated cities in the County have enacted some form of growth limitation measures.

City of Oxnard

The City of Oxnard is located in Western Ventura County, midway between Santa Barbara and Los Angeles. It is one of several communities in the fertile Oxnard Plain, a scenic region with a booming economy. Oxnard was incorporated in 1903 and officially named after the Oxnard brothers who established the American Beet Sugar Company between 1887-1889. The city grew steadily into what is now a population of 188,849, representing 23% of the population within Ventura County. In fact, Oxnard is the largest of the ten incorporated cities in Ventura County. Recent Census figures show that the population of Oxnard grew by nearly 20% from 1990 to 2000, which actually represents a slowdown from the 30% growth experienced over the previous 10 years. The fastest growing ethnic group is the Latino population, which grew by 46% from 1990 to 2000 and now represents 66% of the population in Oxnard.

The city's beginning was primarily in agriculture due to the fortuitous combination of moist Coastal air and reliable sunshine resulting in highly productive conditions. Crop options include strawberries, tomatoes, lettuce, peppers, broccoli and cauliflower. While agriculture still represents an important sector of the local economy, Oxnard has been very successful over the years in attracting new businesses and industries, thus, broadening the economic base. To this end, the Greater Oxnard Economic Development Corporation was established in 1994 to work individually with companies to support their growth plans through assistance in the permit process; connections to sources of appropriate and affordable financing; assistance in developing training programs; and generally providing a one-stop source of information and problem solving for business growth. Recently, firms that deal in manufacturing, distribution, offices and other endeavors have relocated or expanded to Oxnard from cities such as Thousand Oaks, Moorpark, Santa Monica, Westlake Village, Ventura, Somis and Newbury Park. The overwhelming majority of these businesses are in Oxnard's two industrial parks; the 1,400-acre Pacific Commerce Center, and the 200-acre Channel Islands Business Center. One of the factors that allows Oxnard to accommodate business growth and relocation is that it had more non-farm land available for commercial and manufacturing uses than other cities in Ventura County before passage of S.O.A.R. (Save Open-space and Agricultural Resources), an

initiative that preserves farmland and open space. Although fewer than 200 acres are available for immediate development between Oxnard's two primary business center developments, an additional 400 acres, currently being used for agriculture and not affected by S.O.A.R. restrictions, are available for future industrial growth. The Greater Oxnard Economic Development Corporation reports that 800 to 1,000 new jobs were created in Oxnard in 2000 as a result of relocation of about two-dozen "extremely diverse" commercial businesses.

Oxnard is home of Port Hueneme, the only deep-water harbor between Los Angeles and the San Francisco Bay area. As the U.S. Port of Entry for California's Central Coast region, it serves international businesses and ocean carriers from both the Pacific Rim and Europe. The Port of Hueneme ranks among the top seaports in California for general cargo throughput. The niche markets that Hueneme serves include: the import and export of automobiles; heavy agricultural equipment and industrial vehicles; fresh fruit, fresh produce, forest products, and project cargo. The Port of Hueneme is the top seaport in the United States for citrus export and ranks among the top ten ports in the country for automobile and banana imports. Its unique positioning near the Santa Barbara Channel has also made the Port of Hueneme the primary support facility for the offshore oil industry in California's Central Coast area.

The city of Oxnard is one of two in Ventura County that does not have a growth control ordinance. Impact is that the growth in number of housing units in Oxnard has occurred at about twice the pace of average annual growth for that of the county overall.

Growth in Housing Stock				
Housing Units	Oxnard	Growth	Ventura County	% Growth
2001	46,200	--	254,600	--
2002	47,200	2.2%	258,800	1.6%
2003	47,800	1.3%	261,900	1.2%
2004	48,800	2.1%	264,600	1.0%
2005 (forecast)	49,800	2.3%	267,700	1.2%

During the past five years, the average annual compound rate of growth in the median price for all housing units in Oxnard is 14.7%. This includes new and existing, single family and multiple family units.

Year	Median Home Price Oxnard	% Growth
2001	\$233,900	--
2002	\$277,100	18.5%
2003	\$345,800	24.8%
2004	\$412,600	19.3%
2005 (forecast)	\$464,000	12.5%

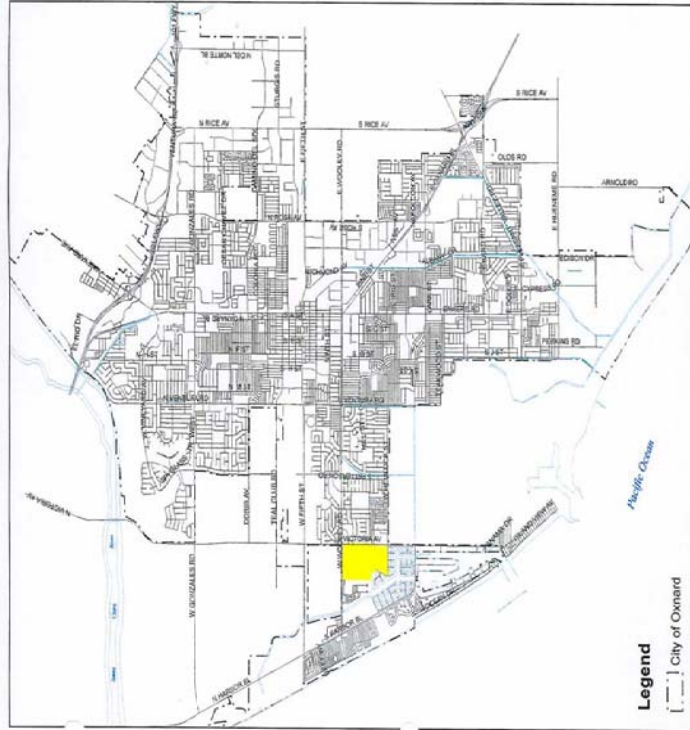
Major projects completed in the city of Oxnard in the last few years include a 72,000-square foot, state-of-the-art library; and a newly renovated 1,600-seat auditorium, Heritage Square, a unique collection of restored vintage structures anchoring a revitalized downtown area; the new 261-bed St. John's Regional Medical Center; and an integrated auto mall/power retail/factory outlet center. Furthermore, the city features several beaches, resort facilities, and the 2,600-slip, Channel Islands Harbor, helping to attract and sustain a healthy tourist industry.

The Ventura Freeway (US Highway 101) and Pacific Coast Highway (State Route 1) provide access through the city. The 216-acre Oxnard Airport is currently operated as a commuter service airport. The Oxnard Transportation Terminal, located at Fourth and Meta Streets, is a modern rail station providing connections to local and distant transit service. Amtrak and

Metrolink provide passenger and commuter rail service; with Southern Pacific Railroad and Ventura County Railway providing freight service.

The city of Oxnard has seen tremendous growth in its residential sector and corresponding commercial and industrial growth. Given the natural boundaries of the Pacific Ocean to the west and Santa Monica Mountains to the south, future growth is expected to parallel the more recent past and reflect only moderate increases. The city's growing economic base should ensure vitality over the long term.

CITY MAP



NEIGHBORHOOD DATA

Location and Development Overview

The subject Seabridge at Mandalay Bay property is located in the Channel Islands neighborhood in West/Coastal Oxnard. The neighborhood has established a reputation for luxury detached and attached housing, which can be attributed to its proximity to the coastline, as well as its ocean accessibility via Channel Islands Boulevard. General location of the subject property is on the south side of Wooley Road, extending west of Victoria Avenue. The recently developed Westport Mandalay Bay property, a similar inland waterway residential community, adjoins the property to the west. Further west, a mixture of detached homes, duplexes and oceanfront luxury residences exist west of Harbor Boulevard in the Oxnard Shores neighborhood. To the south are found detached residences, attached townhouses, and stacked condominiums, all with private boat docks and within the original section of Mandalay Bay. The subject project represents an extension of this housing concept, which, aside from the oceanfront lots in Oxnard Shores, represents the highest priced housing product in Oxnard. North of the subject property is vacant land devoted to agricultural usage. East, across Victoria Avenue, is an older residential neighborhood comprising a mixture of apartments and townhouses.

Outlined in red on the following map is the boundary of the Mandalay Bay-Phase IV Specific Plan, with the subject highlighted in yellow. Identity of other properties referenced in this report and their proximity to the subject property is summarized below and plotted on the following map.

(1) Westport (Tract 5196).....	adjacent west
(2) Harbour Pointe.....	adjacent southwest
(3) Mandalay Bay.....	south and southwest
(4) Agricultural Land.....	across Wooley Road
(5) North Shore Project (proposed).....	0.7 miles northwest
(6) Oxnard Shores.....	0.5 miles west
(7) Oxnard Airport.....	1 mile northeast
(8) Channel Islands Harbor.....	1 mile south
(9) Port of Hueneme.....	2.8 miles southeast

Further description and specific characteristics of significant properties, or pending projects in the immediate area, are further discussed. Selective neighborhood photographs are presented in Exhibit A.

Westport at Mandalay Bay

Adjacent west and also part of the Mandalay Bay-Phase IV Specific Plan is a 58.3-acre inland waterway residential project known as Westport at Mandalay Bay. The project is a smaller version of Seabridge, involving prior extension of the Channel Islands Harbor canal waterways to create additional water-oriented residential neighborhoods. The Westport project comprises a total of 306 residential units, providing a mixture of detached homes, townhouse condominiums, duplexes, and stacked flat condominium units over parking and commercial development. Of the 96 single-family homes in Westport, 82 have private boat docks. The last phase of these homes featuring 5,000 square foot lots have recently sold at prices ranging from \$1,260,000 to \$1,400,000, reflecting unit values of \$379 to \$387 per square foot. The only product still available as initial developer sales is the 88-unit Whitesails condominium project, which is currently in construction as stacked flat units in a three story podium building with channel frontage orientation. Pre-sales of the first phase units released on July 16, 2005 reflected pricing of \$510,990 to \$713,990, and values of \$315 to \$403 per square foot.

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<div data-bbox="250 470 269 617" data-label="Caption"> <p>LOCATION MAP</p> </div> <div data-bbox="292 163 1295 919" data-label="Image"> </div>

<p>Harbour Pointe Condominiums</p> <p>The first portion of the Mandalay Bay-Phase IV Specific Plan to be developed is located just west of the proposed Seabridge project. The Harbour Pointe project includes 129 condominium units within a gated community. Stacked flat units are situated within three-story buildings with waterfront, boat dock and view amenities. Units were built between 1988 and 1992 and range in size from about 1,937 to 2,164 square feet. Penthouse units are 2,663 square feet in size. Recent resale prices during 2004 and 2005 for other than penthouse units have ranged from \$670,000 to \$805,000. The unit value exhibited by these sales is from \$310 to \$396 per square foot. One of the Penthouse units sold in April 2005 for a price of \$1,200,000, or nearly \$451 per square foot. Except for age, these condominium units are considered to be relevant market indicators for proposed stacked flat condominium units at Seabridge. Over the past two years, average prices for Harbour Pointe condos have realized an annual appreciation rate of about 23% per year.</p>	<p>Mandalay Bay Townhouses and Leeward Estates</p> <p>The original Mandalay Bay development, comprising townhouses and Leeward Estates detached homes, is located bordering south and southwest from the subject Seabridge project. In terms of Coastal proximity and harbor/canal features, homes in the original Mandalay Bay project are considered to represent first generation residential product similar to the product being proposed at Seabridge. The primary difference is that the original Mandalay Bay homes were built some time ago, primarily during 1971 to 1978. Within the Leeward Estates neighborhoods, individual development of custom homes on vacant lots continues on the few remaining vacant lots. Lot sizes are generally from 4,000 to 5,000 square feet, and private boat docks are featured. Neighborhoods designated for townhouses have all been developed. Over the past two years, the average price of a Leeward Estate home has increased from \$1,408,000 in 2004 to \$1,510,875 in 2005, year to date. Value units for the most recent sales are from \$432 to \$804 per square foot, and average \$573 per square foot. Similarly, recorded sales of Mandalay Bay townhouses averaged \$965,000 per unit in 2004, increasing to an average for sales to date in 2005 to a figure of \$1,073,563. Value units for the most recent townhome sales range from \$427 to \$712 per square foot, and average \$564 per square foot.</p>	<p>Proposed North Shore Project</p> <p>This proposed development of 292 homes on about 90 acres of land at the northeast corner of 5th Street and Harbor Boulevard is proceeding after being delayed by environmental, legal and financial troubles. Following Coastal Commission approval, revisions to the coastal permit and tentative tract map are being processed through the City of Oxnard. The project still requires approval of the Coastal Development Permit and site environmental remediation. The proposed residential product is not expected to enter the market until the first quarter 2008. The proposed project would have no canal influence, aside from its proximity along the east side of the Reliant Energy Canal. Within the community, however, there would be no canal extension or private boat docks. Lot sizes for the proposed detached homes range are 4,015 to 6,000 square feet. Proposed product is characterized as detached, two-story homes with either 3 or 4 bedrooms and up to 4.5 baths. Home sizes are projected to range from 2,161 square feet to 4,288 square feet. Current average price levels envisioned by the developer, Trimark Pacific, are from \$701,000 to \$1,309,000, or about \$305 to \$324 per square foot. Features of this project as well as the likely timing of construction are sufficiently different from the Seabridge project that competition is unlikely.</p>
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<p>Oxnard Shores</p> <p>This ocean-oriented enclave of custom home lots, detached homes and townhouses is situated directly west across Harbor Boulevard from Mandalay Bay-Phase IV Specific Plan. The neighborhood reflects a wide variety of ages and condition of homes, and has oceanfront proximity. Because of ocean proximity, home and lot sales within this neighborhood are not thought to be directly comparable to the subject Seabridge product.</p>	<p>Channel Islands Harbor</p> <p>Channel Islands Harbor, situated south of Channel Islands Boulevard, lies approximately one mile south of the Seabridge Mandalay Bay property. The Harbor, owned by the County of Ventura, is the gateway to the Channel Islands Marine Sanctuary and National Park located just off the Coast. The Harbor area offers shopping, dining, boating, sport fishing, island excursions, lodging, a maritime museum, and a weekly farmers market. It also features pleasure boat marinas with over 2,600 boat slips, as well as customary support facilities.</p> <p>Of interest in comparison to the Seabridge project is the Fisherman's Wharf commercial area at the corner of Channel Islands Boulevard and Victoria Avenue. Within this visitor-oriented commercial area are shops and offices, as well as public walkways along the wharf providing access to boat slips and launch ramps, and water taxis. A somewhat similar concept is proposed for the commercial use designated area within Seabridge at Mandalay Bay. The main channel of Channel Islands Harbor connects to the canals extending into Mandalay Bay and eventually into the Seabridge project.</p>	<p>Oxnard Airport</p> <p>The 216-acre Oxnard Airport located approximately one mile northeast of the subject property is currently operated as a commuter airport. American Eagle and United Express offer passenger service via a 10,000 square foot, passenger terminal. General aviation needs are met by 56,100 square feet of hangar space with the capacity to store 100 aircraft, and tie-down area for 140 aircraft. The east-west runway ends east of Victoria Avenue, and the subject property is not impacted by aircraft overflight.</p>
Oxnard Shores	Channel Islands Harbor	Oxnard Airport
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<p>Other Commercial/Shopping Facilities</p> <p>Closest commercial and shopping facilities are within the Oliveira Plaza at the northeast corner of Channel Islands Boulevard and Victoria Avenue, approximately one mile southeast of the subject site. This neighborhood shopping center is anchored by a Vons market and Rite-Aid drug store. Also present are Bank of America, Wells Fargo Bank, and Cal Fed Bank financial centers; a veterinary hospital; several restaurants; and a host of service commercial shops. Further east along the north side of Channel Islands Boulevard, Mandalay Village Marketplace offers additional and alternative neighborhood shopping opportunities with retailers such as Ralphs market, Longs drugstore, Petco, Washington Mutual Bank, and more restaurants, offices and commercial shops. Recently, a small convenience center at the northwest corner of Harbor Boulevard and Wooley Road has been renovated. Tenants include a liquor store, dry cleaners, bakery, laundromat, small restaurants, and small apparel stores. Closer to the subject site, the Channel Islands Shopping Center at the northeast corner of Victoria Avenue and Hemlock Street is proposed to undergo a major redevelopment which may include conversion to multi-family residential housing.</p>
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St. John's Regional Medical Center

St. John's Regional Medical Center was constructed and opened in 1992 on a site located approximately five miles northeast of the subject property. The 261-bed, acute-care facility provides a full array of health programs and services and an excellent staff. Distinguished centers include HeartOne for cardiac care, the Cancer Center of Ventura County, and The Parkinson's Center at St. John's. In 1993, St. John's Regional Medical Center and Pleasant Valley Hospital merged to form the largest acute-care health organization in Ventura County, and in 1997 joined Catholic Healthcare West as part of Catholic Healthcare West Central Coast.

Significance Of Immediate Surroundings

While the state of the general housing market in Oxnard and Ventura is of interest in the appraisal of the subject property, the primary focus is on conditions and property pricing levels within the immediate Mandalay Bay neighborhood. This is the only district that offers similar Coastal and Harbor orientation, as well as opportunities for private boat docks. Thus, new home and resale home activity for both detached and townhouse products are felt to be of importance in comparison to the subject property because similar economics, pricing and buyer profiles apply. In contrast, these same conditions and motivation factors are not directly provided through comparison to tract activity throughout inland areas of Oxnard and Ventura, although such data are also of interest.

With respect to comparison of vacant residential lots in the Leeward Estates or Mandalay Beach neighborhoods, it is recognized that most sales involve single lots for the purpose of construction of custom homes. This differs from the situation presented earlier for the Westport Mandalay project and for the subject Seabridge project. At Westport, the land development program was geared toward bulk lot sales to merchant builders for construction of production homes. As of the date of value, the subject land is nearing approval of final tract maps, and with continuing progress being made on site grading and infrastructure improvements, will be in condition shortly to offer saleable lots to merchant builders. Even though the owner of the Seabridge project intends to build-out the finished homes rather than offer lots for sale to merchant builders, relevant analysis may be made of the bulk market value for the subject land as of the date of value through comparison to bulk lot sales involving residential land in the Mandalay Bay neighborhood, Oxnard in general, and in nearby locations in Ventura County.

The subject is considered to be well located from the standpoint of health-related services, commercial and shopping opportunities, recreational activities and transportation routes that are typically of importance to potential homebuyers.

AERIAL PHOTO



<p><u>PERTINENT SITE INFORMATION</u></p> <p>Location Southwest corner of Wooley Road and Victoria Avenue, Oxnard, California.</p> <p>Area 135.30 gross acres, Seabridge at Mandalay Bay 130.05 gross acres, net of potential Oxnard School District site</p> <p>Existing Condition Grading and site improvement work has been in process on the site for approximately 12 months. All the top soil removal and transfer has been completed. Work continues on completion of offsite improvements, grading and improvement of development areas to certified pad condition, and channel/waterway improvements.</p> <p>Topography The natural topography of the site is characterized by gentle, south-to-west sloping terrain. Grading in progress and other site work to be conducted will be performed to allow adequate drainage throughout the project area.</p> <p>Soils As a condition of project approval, the owner has implemented a prime agricultural soil transfer, which will offset the loss of the site's previous agricultural usage by maintaining agricultural production at another site within the Oxnard Plain.</p> <p>Of significance with respect to soil issues, the banks of excavated channels would be subject to hydraulic forces and scour if not properly protected. Such a situation would create erosive or unstable conditions that could undermine adjacent development areas and create a potentially hazardous condition. It is assumed that all conclusions and recommendations contained in the project geotechnical engineering report, as well as mitigation listed in the Supplemental Draft EIR, will be implemented in construction to reduce potential impacts to levels considered less than significant.</p> <p>Seismology The subject site contains no known active or potentially active faults, nor is it within an Alquist-Priolo Fault Rupture Hazard Zone. Therefore, the potential for ground rupture is considered to be low. Nevertheless, the Seabridge at Mandalay Bay property is located within the seismically active Southern California region. Due to the high groundwater table beneath the project site, there is potential for liquefaction during a design level earthquake. It is assumed that by incorporating recommendations of the geotechnical engineering study and complying with the Uniform Building Code and City of Oxnard standards, project impacts related to ground shaking would be less than significant. The subject site is also within the tsunami (seismically-induced sea waves) hazard zone defined by the City of Oxnard and</p>	<p>Parkcenter Realty Advisors -18- Real Estate Appraisers & Consultants</p>
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<p>County of Ventura. The zone consists of all lands within one mile of the Coast with an elevation lower than 20 feet mean sea level.</p> <p>Environmental The proposed development required the preparation of a Supplemental Environmental Impact Report (SEIR). In accordance with the California Environmental Quality Act, the SEIR (EIR #02-2) was circulated for public review, and was certified by the Planning Commission on August 8, 2002.</p> <p>Utilities Water Twelve-inch water mains are located in Victoria Avenue and Harbor Boulevard. As part of the Westport Mandalay Bay project, a minimum 12-inch diameter water line was installed in Wooley Road from Harbor Boulevard to Victoria Avenue. Water demand factors for the proposed Seabridge project have been addressed in the City's <i>Urban Water Management Plan</i> and <i>Water System Master Plan</i>. The project site contains existing wells with agricultural and industrial groundwater extraction allocations from the Fox Canyon Groundwater Management Agency (FCGMA). The FCGMA regulates withdrawals from the Oxnard Aquifer System to ensure a safe sustainable water yield is provided. These allocations will be transferred to the City, allowing the City to pump this amount of groundwater from City wells to serve the project. These new supplies will be adequate to provide the amount of water needed for the proposed project that will not be provided by the groundwater allocations associated with the project site itself and other projected growth throughout the City over the next 20 years. In certification of the final environmental impact report, the City concluded that no significant impacts to the City's water supply or distribution network will result from the project.</p> <p>Sewer There are existing City sewer lines to be connected in Hemlock and Victoria Avenue. Wooley Road has a force main. Much of the work for a parallel gravity flow line to connect at Victoria was completed in development of the Westport Mandalay Bay project, and was designed to provide capacity for all properties fronting on Wooley Road, between the Reliant Energy Canal and Victoria Avenue, including the output from the existing sewer pump station on the west side of the Reliant Energy Canal. The Seabridge on-site collection and conveyance system and sewage lift stations have been designed in compliance with City of Oxnard standards to handle the expected sewage generation of the project. Sewage flows from the proposed project would be conveyed through the AT & AN Trunk Sewer system to the Oxnard Waste Water Treatment Plant. This plant has the existing and planned capacity to treat the additional wastewater that would be generated by the Seabridge project. The City concluded in certification of the final environmental impact report that no significant impact on wastewater treatment capacity will result from the project build-out. Further, it is acknowledged and agreed as part of the Development Agreement for Seabridge at Mandalay Bay that the City has and will have sufficient capacity for sewer collection, sewer treatment and sanitation service, and water treatment, distribution and service to accommodate the project, as each final map is recorded.</p>	<p>Parkcenter Realty Advisors -19- Real Estate Appraisers & Consultants</p>
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<p>Electricity</p> <p>Electrical power service is provided by Southern California Edison Company. Existing power poles to service the site are located along Wooley Road and Victoria Avenue. The developer will place all overhead utility lines on or adjacent to the project underground in accordance with City ordinances.</p> <p>Gas</p> <p>Gas service is provided by Southern California Gas Company and currently exists in Victoria Avenue and Hemlock Street. Extension of gas service to the site will occur as part of the site improvement work.</p> <p>Telephone</p> <p>General Telephone Company of California (Verizon) provides telephone service to the site. It will be extended throughout the project neighborhoods and no extraordinary costs associated with the provision of telephone service to the project are anticipated.</p> <p>Cable Television</p> <p>Cable service is provided by Adelphia, and is available for extension throughout the project.</p>	<p>Site Drainage</p> <p>As conditions of Tentative Subdivision Map approval, surface drainage will not be allowed over the seawall or riprap. All drainage, including single lot drainage, shall be directed towards the street or other suitable point of discharge. Storm drain lines shall enter the channel underwater or as otherwise approved. The drainage system is designed to provide water quality treatment of all storm flows, prior to release into the harbor, and the project is subject to mitigation measures contained in FEIR 81-2 for the Mandalay Bay Phase IV Specific Plan. A Public Boat Dock Plan has been prepared which contains prohibitions on boat maintenance, dumping of bilge or fish waste into water ways, and other management measures.</p> <p>The site is neither within a 100-year flood hazard zone nor within an area containing deficient flood control facilities. The drainage plan prepared for the site has been designed to the standards of the City of Oxnard. The system is able to contain a design year storm event without causing flooding either on or off-site. In certifying the final environmental impact report for the project, the City concluded that the proposed drainage system has adequate capacity for on- and off-site runoff; no significant impacts to drainage conditions in the area will result from the project.</p>	<p>Streets</p> <p>Wooley Road is an east-west arterial that borders north of the project. It currently provides one lane of travel in each direction. The street is paved with asphalt and has intermittent concrete and asphalt curb along the subject frontage. Project conditions require the upgrade of Wooley Road. The new Wooley Road will be expanded to a 110-foot right-of-way featuring a 14-foot landscaped median separation between two lanes of opposing traffic in each direction. Separating the Wooley Road right-of-way from the Seabridge frontage road will be a meandering trail and linear park with screened berm, similar to the improvements made through the adjacent Westport project. There will be two major access drives into the site from Wooley Road, and one limited access drive for the corner commercial site. The project will require modification of the traffic signal at Wooley Road and Victoria Avenue. A 200-foot</p>
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setback from the north line of Wooley Road will be provided as an agricultural buffer to mitigate the impact of continued farming use along the north side of Wooley Road.

Victoria Avenue is a four-lane arterial street that borders the site on the east and will also be improved to provide primary ingress and egress points to the Seabridge at Mandalay Bay project. The street will be reconfigured slightly to provide left turn and right turn lanes and pockets. Installation of new traffic signals on Victoria Avenue at Ketch Avenue and Leeward Way has been partially completed. These will be points of primary access to the property, with other non-signalized points of access to Victoria Avenue provided as well.

Hemlock Street is a two-lane local access street that defines the southerly boundary of the project. Improvements will also be made to this road as part of the project, including modification of the traffic signal at the corner of Victoria Avenue and Hemlock Street. The Hemlock Street right-of-way will be expanded to 63 feet to include a 40-foot-wide road and broad parkway and sidewalk along the subject frontage.

Internal circulation will be through a series of privately maintained primary corridor and residential streets within each tract. Vehicular bridges will provide access to both Main Island and Harbor Island residential neighborhoods, and Main Island will also feature a pedestrian/emergency vehicle bridge.

Property Photographs

Please refer to Exhibit B in the Addendum of this report for photographs depicting the condition of the site and progress of grading as of the date of inspection.

ASSESSED VALUATION AND TAXES

The subject property is identified by the Ventura County Assessor's Office as Parcel Numbers 188-0-110-145, 495 and 505. Total assessments and real estate taxes for fiscal year 2004/2005 are summarized below.

Parcel #	Land	Improvements	Property Taxes	Tax Rate	Area
188-0-110-145	\$480,311	\$0	\$5,868.20	03078	
188-0-110-495	638,224	0	7,742.28	03078	
188-0-110-505	20,856,469	101,212	254,842.08	03078	
	\$21,975,004	\$101,212	\$268,452.56		

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SITE PLAN



SEABRIDGE
— Coastal Visitors Service

SEABRIDGE AT MANDALAY BAY PROJECT

Zoning

Zoning is in compliance with the Mandalay Bay Specific Plan and Oxnard Coastal Land Use Plan, which designate the property as part of a Planned Unit Development to provide a mix of residential, commercial and visitor serving recreational uses. Details of applicable zoning follow.

R-W-1

The designation is for single-family residences with minimum lot width of 40 feet. Maximum building height is limited to two stories, not to exceed 28 feet. Within the subject Seabridge project, three lot sizes will be featured; 4,000 square feet, 5,000 square feet and 6,000 square feet. All will comply with setback standards; 15 feet for front yards; 4 to 5 feet for side yards; 12 feet for rear lots on a waterway and 20 feet for rear lots that do not abut a waterway. Specific limitations and requirements of single-family residential lots are that each dwelling shall provide a minimum of two spaces within a garage for each dwelling unit; no continuous garage footing shall be more than two cars wide; and, no exterior decks are permitted above the height of the second floor.

R-2-C

This zone designates multi-family residences, specifically duplex units. Minimum lot area is 3,500 square feet with 50-foot minimum lot width. Building heights are limited to a maximum of two stories, not to exceed 25 feet. Setback requirements are 15 feet for front yards, 5 feet for side yards and 25 feet for rear yards. Garage requirements are for a minimum of two garage spaces for each dwelling unit. No more than six dwelling units may be attached in any building cluster.

R-3-C

The designation is for multi-family residences-townhouses. Minimum lot area is 2,400 square feet per dwelling unit, with 60-foot minimum lot width. Maximum building height is three stories, not to exceed 35 feet. Setback requirements are 20 feet for front yards, 25 feet for rear yards, and either 5 feet or 10 feet for side yards depending on whether the structure is two or three stories in height. Parking garage and clustering requirements are similar to those for duplexes.

C-V-C

This mixed-use designation permits a combination of multi-family residential and commercial uses. Commercial uses permitted within the zone are consistent with the CNC (Coastal Neighborhood Commercial) and CVC (Coastal Visitor-Serving Commercial) zones. Maximum building height is three stories, or 35 feet. Minimum dwelling sizes are 700 square feet for one-bedroom units, and 900 square feet for two or more bedroom units.

Potential School Site

As part of a Mitigation and Option Agreement with the Oxnard School District, the owner of the Seabridge at Mandalay Bay land has granted to the School District the exclusive option to purchase Lots 283 and 284 of the Seabridge land. Particulars are as follows.

Land Area	
Lot 284.....	2.40 acres
Lot 283.....	2.85 acres
Total	5.25 acres
Potential Development Rights	
Residential Units.....	87
Mixed-Use Commercial Space.....	10,000 sq.ft.

For purposes of this appraisal, the option land parcel is not considered to be security for the bond financing issued for improvements in Community Facilities No. 3. For purposes of allocation of the Seabridge site acquisition cost, and site grading and improvement costs to date, the Oxnard School District option land parcel (5.25 acres) is noted to comprise 3.88% of the total gross acreage of Seabridge at Mandalay Bay.

Land Use Entitlement Status

Approved entitlements for the Seabridge project include Tentative Tract No. 5266, a Development Agreement with the City of Oxnard, and other jurisdictional permits required of the California Coastal Commission, Army Corps of Engineers, California Department of Fish and Game, California Regional Water Quality Control Board, and County of Ventura, which allowed for the start of site development while final tract maps are being processed. The breakdown of land uses for the property per Tentative Tract No. 5266 follows.

Land Use	Acres	%	DU/Ac	Units	%
Single-Family Residential	33.6	24.8	8.2	276	39.0
Attached Residential	1.7	1.3	24.7	42	5.9
Visitor-Serving Commercial/Residential	20.2	14.9	6.0	121	17.1
Mixed-Use	14.7	10.9	18.3	269	38.0
Open Water	32.3	23.9	--	--	--
Public Parks & Recreation	16.5	12.2	--	--	--
Private Recreation	0.8	0.5	--	--	--
Wooley Road	2.8	2.1	--	--	--
Internal Circulation & Utilities	12.7	9.4	--	--	--
Total	135.3	100.0	--	708	100.0

Land subject to this appraisal does not include the property under option for purchase by the Oxnard School District. The breakdown of land uses for the appraised property follows.

Land Use	Acres	%	DU/Ac	Units	%
Single-Family Residential	33.6	25.8	8.2	276	45.3
Attached Residential	1.7	1.3	24.7	42	6.9
Visitor-Serving Commercial/Residential	20.2	15.5	5.4	110	18.0
Mixed-Use	9.45	7.3	18.3	182	29.8
Open Water	32.3	24.8	--	--	--
Public Parks & Recreation	16.5	12.7	--	--	--
Private Recreation	0.8	0.6	--	--	--
Wooley Road	2.8	2.2	--	--	--
Internal Circulation & Utilities	12.7	9.8	--	--	--
Total	130.05	100.0	--	610	100.0

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Character of Proposed Development

The theme for Seabridge at Mandalay Bay is reflected in the need to bridge the inland waterway channels to access two residential islands comprising the central west portion of the project. Main Island (north island) will feature a vehicular bridge linked to the main entry from Wooley Road, and crossing the north channel onto the island. A pedestrian bridge crossing Marina Channel North will be provided for public foot traffic access as well as emergency vehicle use. The southerly island at Seabridge will be an easterly extension of the existing Harbor Island at Mandalay Bay. This island will be created by extension of the Hemlock Channel on the south of Harbor Island, and extension east of Marina Channel East which will serve to separate Main Island from Harbor Island. Two vehicular bridges will be provided to Harbor Island, one linking to the signalized entrance from Victoria Avenue at Ketch Avenue, and the other extending north from Hemlock Street over Hemlock Channel. In general, detached homes will be concentrated on the west portion of the project, on the two islands and along the north side of Hemlock Street bordering the Hemlock Channel. Attached and clustered housing and commercial uses will be concentrated along the north and east mainland areas of the project bordering Victoria Avenue and Wooley Road. The project will feature a community recreational complex just to the north of the pedestrian bridge and fronting on Marina Channel North on Main Island. A neighborhood commercial shopping center is planned for the southwest corner of Wooley Road and Victoria Avenue, and is proposed to have a supermarket anchor tenant. Toward the south end of the project, accessed via Victoria Avenue and opening to the public promenade along the Marina Channel waterfront, will be additional specialty commercial space. Public access will be provided throughout the development. Special public features include promenade walkways and plazas along the waterfront providing walking access to the 8.2-acre Recreational Bay to the north and the channel and bay marinas to the south. A total of 241 boat dock spaces will be available for public use. Please refer to Exhibit C of this report for artist renderings of the public promenade areas.

Specific uses, characteristics and initial design criteria for development of the various neighborhoods in Seabridge at Mandalay Bay are identified below and illustrated on the previous site map. Descriptions presented and number of units cited does not include the land under option as a potential school site.

Product 50 - Detached Homes on 6,000 Square Foot Lots

A total of 84 lots of approximately 6,000 square feet in size will be available for development of waterfront, detached homes. Location is along Hemlock Channel, both on the mainland and Harbor Island; along Marina Channel South and Marina Channel East frontage on Harbor Island; and along the Marina Channel East and corner Main Channel frontage of Main Island. Homes to be built on these lots will have private boat docks. Homes will feature the following preliminary design criteria.

Plan	Sq.Ft.	# Bdrms	# Baths
50-1	3,129	3	3.5
50-2	3,392	4	4
50-3	3,748	4	4
Weighted Average	3,451		

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Product 45 - Detached Homes on 5,000 Square Foot Lots

A total of 59 lots of approximately 5,000 square feet in size will be available for development of detached homes. Thirty of the lots will have water frontage. Location of the waterfront lots is along Main Channel and North Channel frontage of Main Island. The non waterfront lots are located at the south interior of Main Island. Waterfront homes will have private boat docks. Homes will feature the following preliminary design criteria.

Plan	Sq.Ft.	# Bdrms	# Baths
45-1	2,983	3	3
45-2	3,060	3	3
45-3	3,495	4	3
Weighted Average	3,193		

Product 40 - Detached Homes on 4,000 Square Foot Lots

A total of 133 lots of approximately 4,000 square feet in size will be available for development of detached homes. None of these lots will have canal frontage or private boat docks. Location of the lots is at the interior of both Main Island and Harbor Island. Homes will feature the following preliminary design criteria.

Plan	Sq.Ft.	# Bdrms	# Baths
40-1	2,653	3	2.5
40-2	2,850	3	2.5
40-3	2,868	4	3.5
Weighted Average	2,796		

Product 42 - Marina Flats/Stacked Units

One hundred sixty-eight stacked flat units will be featured in four clusters of buildings with 42 units each. Units will be in three and four-story podium buildings built over parking. Locations are scattered throughout the project. Two of the clusters will be mainland side, north and south of the pedestrian bridge approach to Main Island. A third cluster will be across the footbridge on Main Island, while the fourth cluster will be west of the neighborhood commercial center with view south across Recreation Bay. Units will feature the following preliminary design criteria.

Plan	Sq.Ft.	# Bdrms	# Baths
42-F1	1,720	2	2
42-F2	2,015	2	2
42-F3	1,773	2	2
42-F4	1,992	3	2
Weighted Average	1,801		

Product 14 - Townhomes and Flats

Fifty-six townhouse units will be featured in 2 clusters of 14-plex buildings. Construction will be slab on grade. Location is fronting Victoria Avenue, just north of the signalized entry to the project at Ketch Avenue. Homes will feature the following preliminary design criteria.

Plan	Sq.Ft.	# Bdrms	# Baths
14-0	1,117	2	2
14-1	1,157	2	2
14-2	1,280	2	2
14-3	1,315	2	2.5
14-4	1,400	2	2.25
14-5	1,430	3	2.5
14-6	1,459	3	2.5
Weighted Average	1,308		

Products 1 & 2 - Marina Flats/Condos & Live/Work Units

According to current planning, 110 condominium units will be built in two podium buildings of either two or three stories over ground level commercial and live/work space. All space in the buildings will be condominiums, with the live/work space included in ownership of the upper floor residential unit. Location of the buildings is at the south end of the project on the mainland. Condominiums will feature the following preliminary design criteria.

Plan	Sq.Ft.	# Bdrms	# Baths
LW1	1,289	1	2
LW1-2	1,399	1	2
LW1T	1,770	1	2
LW1C	1,466	1	2
LW1C1	1,474	1	2
F1	911	1	1
LF1	1,342	1	2
F2	1,289	2	2
F2-1	1,432	2	2
F2-2	1,399	2	2
F2C/C-1	1,466	2	2
LF2	1,689	2	2
LF2-1	1,832	2	2
LF2-2	1,630	2	2
LF2C/C-1	1,866	2	2
Weighted Average	1,440		

Commercial Space - Visitor-Serving and Mixed-Use

Seabridge at Mandalay Bay (excluding the potential school site) is proposed to include 158,157 square feet of commercial space. The space will be offered within the proposed neighborhood shopping center at the corner of Wooley Road and Victoria Avenue, and in the Marina Village at the basin where Marina Channels East, North and South meet. Following is a summary of the division of proposed commercial space.

Location	Land Use	Commercial Sq.Ft.
Neighborhood Center	Visitor Commercial	88,157
Marina Village	Visitor Commercial	70,000
Total		158,157

Waterways/Canals

Development of Seabridge will require extension of the existing Mandalay Bay canals to the east from their current termination points serving the Harbor Island and Westport projects. Construction of the channels, seawalls, and riprap slope protection will be the responsibility of the developer. All waterways within the project will be dedicated in fee simple to the City of Oxnard. Dedication will extend from the face of the seawall and shall include all riprap slopes.

Boat Dock Easements

Ownership of the boat dock easements adjoining 114 single-family lot will be permanently tied to the adjoining lot. Boat dock easements cannot be sold or transferred separately from the adjoining single-family lot. Public boat slips will be available for both short-term visitor use and monthly rental. The appraisal includes only the private boat docks adjoining Product 45 and 50 waterfront lots. No analysis or valuation has been made of additional rights to 119 private boat docks or public marinas as permitted with approval of Tentative Tract Map No. 52666.

Project Phasing

Project phasing as depicted on Tentative Tract No. 52666 and in the Development Agreement identifies construction of land improvements and division of lots into eight map phases and three construction phases. Following is a summary of phasing identification. Estimates of construction scheduling and product delivery are summarized in the following chart.

	Construction Phase I				Construction Phase II		Construction Phase III		Total
	Map Phase 4	Map Phase 3	Map Phase 1&2	Map Phase 5	Map Phase 6	Map Phase 7&8	Map Phase 9	Map Phase 10	
Target Completion Date	8/1/05	9/15/05	11/15/05	12/15/05	1/1/06	6/15/06			
Land Development Costs	\$7,058,323	\$4,146,937	\$38,641,002	\$25,046,558	\$5,652,628	\$19,286,553			\$99,832,001
Original Budget									
Land Product Completion									
Product 50	--	--	12	11	--	61			84
Product 45	--	--	30	--	--	--			30
Product 45 - No Docks	--	--	--	29	--	--			29
Product 40	--	--	86	--	--	47			133
Product 42	--	42	--	84	--	--			168
Product 14	56	--	--	--	--	--			56
Product 1&2	--	--	--	--	110	--			110
Total Product	98	42	128	124	110	108			610

Other milestone dates in project development phasing include channel flooding on May 15, 2006 and channel completion September 15, 2006.

Community Facilities District

The developer has formed Community Facilities District (CFD) No. 3, Seabridge at Mandalay Bay, that will fund a portion of the regional and backbone infrastructure improvements. Of the total 130.05 gross acres of the project, approximately 64.95 acres is to be developed into uses subject to a Mello-Roos special tax levy. At build-out, assuming Oxnard School District exercises its option to purchase land for a school site, it is expected that CFD No. 3 will consist of approximately 610 residential units and 158,157 square feet of non-residential property. Estimated costs for the proposed public improvements authorized for funding are summarized

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in Table 1. Based on the maximum authorization bonded indebtedness of \$31,530,000, not all of the fees and facilities indicated in the table will be funded by CFD No. 3.

Table 1 - Without School Site

Description	Estimated Cost
Oxnard School District Mitigation Fees	
City Fees	
Sewer Connection	\$1,509,984
Water Connection & Meter	570,948
Storm Drain	756,206
Traffic Impact	791,596
Growth Capital	1,043,922
Trash	1,174,961
Fire Sprinkler	98,306
	242,190
Subtotal City Fees	\$6,188,112
City Facilities	
Wooley Road Improvements	\$1,807,820
Victoria Avenue Traffic Signals	488,750
Harbor Island Lane Improvement	1,043,392
Hemlock Street Improvements	152,895
Park Improvements	6,500,841
Channel Improvements	23,667,699
Subtotal City Facilities	\$33,667,396
Subtotal City Fees and Facilities	\$39,849,509
Total Fees and Facilities Amount⁽¹⁾	\$54,916,525
⁽¹⁾ Totals may not sum due to rounding.	

Estimated total bonded indebtedness for CFD No. 3 is \$31,530,000. It is anticipated that CFD No. 3 will sell the first bond issue, with a term not to exceed 33 years, in the Fall of 2005.

CFD No. 4, encompassing the same land area at Seabridge Mandalay Bay, has also been formed to fund all or some of the maintenance services relating to the waterways within and adjoining CFD No. 3 and the harbor. These services include police protection services, including, but not limited to, enforcement of codes relating to the waterways within and adjoining CFD No. 4 and the harbor; maintenance of parks, parkways and open spaces, channels, flood and storm protection facilities, public boat docks, dredging and remediation costs, including but not limited to waterways within and adjoining CFD No. 4 and the harbor; and storm drain filtration maintenance. Projected annual cost of such services is estimated as follows.

Stormwater Management System	\$52,500
Waterways	283,040
Landscaping & Park Supervisor Fees	543,166
MOU County	412,979
Dredging & Remediation Costs	212,758
Total Annual Services Cost	\$1,504,443

Impact of CFD Special Taxes

Special taxes will be levied on each parcel of taxable property within the CFD to pay for the construction, acquisition and rehabilitation of public facilities, to pay for authorized services or to repay bonded indebtedness or other related expenses incurred by CFD Nos. 3 and 4. The special taxes will be levied for a period not to exceed 40 years, commencing in fiscal year 2004-2005. The maximum special tax for undeveloped property, taxable property owner association property, and taxable public property shall be \$41,663 per acre in fiscal year 2005-2006. On each July 1, commencing on July 1, 2005, the assigned special tax for either

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improved or undeveloped property is increased by an amount equal to 2% of the amount in effect for the previous fiscal year.

Table 2 below summarizes the estimated special taxes from CFD No. 3 and CFD No. 4, Seabridge at Mandalay Bay, identified by product type. These annual special tax estimates are based on the estimated average unit values resulting from an economic market study performed by Empire Economics. For each category of product proposed for development at Seabridge, Mandalay Bay, the total effective tax rate including special taxes, does not exceed 2% of the estimated average unit market value.

Table 2

Property Type	Estimated Home \$	Tax Rate 1.1761% & Other	Proposed Annual Tax	Proposed CFD No. 3 Annual Tax	Proposed CFD No. 4 Special Tax	Total Annual Tax/Unit	Total Tax Rate
SFA <1,000	\$403,573	\$4,807	\$1,513	\$1,067	\$7,387	\$7,387	1.8303%
SFA (1,000 - 1,399)	\$396,800	\$4,727	\$1,794	\$1,257	\$7,778	\$7,778	1.9602%
SFA (1,400 - 1,799)	\$445,900	\$5,305	\$2,100	\$1,466	\$8,871	\$8,871	1.9804%
SFA >=1,800	\$545,000	\$6,471	\$2,603	\$1,806	\$10,880	\$10,880	1.9963%
SFD <2,700	\$692,200	\$8,902	\$3,322	\$2,295	\$13,819	\$13,819	1.9964%
SFD (2,700 - 3,099)	\$757,500	\$8,971	\$3,641	\$2,511	\$15,123	\$15,123	1.9964%
SFD >=3,100	\$866,100	\$10,247	\$4,172	\$2,871	\$17,290	\$17,290	1.9815%
SFDW <3,100	\$888,000	\$10,505	\$4,200	\$2,891	\$17,596	\$17,596	1.9815%
SFDW (3,100-3,499)	\$956,000	\$11,304	\$4,475	\$3,077	\$18,856	\$18,856	1.9724%
SFDW >=3,500	\$979,000	\$11,574	\$4,874	\$3,348	\$19,796	\$19,796	2.0221%

Site Development

As of the date of inspection, July 8, 2005, site development in the form of grading and infrastructure has been underway for about 1 year. The soil transfer of topsoil affected by the former farming operation has been completed, involving removal of soil across the entire site to a depth of about 2 feet. The entire site is in the process of being mass graded and initial channel excavation is underway to permit the start of seawall construction.

The northeast portion of the site has been graded to certified pad condition. This area includes the location of the proposed neighborhood shopping center at the southwest corner of Wooley Road and Victoria Avenue proceeding south to include the back of the supermarket site, the neighborhood park site, and the site of the amphitheater fronting on recreation bay. The townhouse site to the south is also nearly complete in terms of mass grading to certified pad condition. The bottom of the garage pad for the Marina Flats building adjoining the foot bridge approach to Main Island is already at finish grade. Lots in this area of the project are in condition to begin building. The process of finalizing tract maps and reviewing building permits is underway and should be completed before year-end. Two more multi-family residential pads are expected to be mass graded and ready to build by mid-August, and the entire Main Island is expected to be ready for building by November 2005. No major grading has been conducted on the Oxnard School District option parcel, aside from clearing and soil transfer. This area is being used as a dirt drying and staging area for the other site grading work.

Offsite improvement work along Victoria Avenue is basically in place except for sidewalks, landscaping and entry drives and turn-in lanes. Some of the traffic signal work at Leeward Way and Ketch Avenue has also been completed. Much work remains to be done to improvements on Wooley Road, and work has yet to begin on improvements to Hemlock Street.

Estimated Development Costs

Development Plan for the 130.05-acre Seabridge at Mandalay Bay project, which is the subject of this appraisal, calls for improving the land in preparation for build-out by the owner, D.R.

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Horton. It is assumed that D.R. Horton will not build-out the neighborhood center and Marina Village commercial land parcels, both of which are under contract of sale to a commercial developer, or the Oxnard School District option parcel, which is assumed will be purchased for a school site.

Budget cost estimates for master land development and in-tract site finishing costs have been provided by D.R. Horton, master land developer of the project. In the discounted cash flow analysis, presented later in this report, these cost estimates have been deducted from the finished lot retail value estimates to arrive at the estimated net lot sale revenue for the project to be discounted to a present value of the land in "as is" condition.

Reported site development costs spent through June 30, 2005 total \$18,112,360. It is estimated that additional site development costs of \$3,969,301 were incurred by August 1. This results in total estimated development costs as of the date of value in the amount of \$22,081,661. Projected additional land development costs to complete the project are \$76,830,071. These costs are projected to be incurred over the ensuing 18 months following the effective date of valuation, under the assumption that development costs will be phased to coincide with the projected lot absorption schedule. In total, estimated hard land development costs for the Seabridge at Mandalay Bay project, including site finish work and fees, are in the amount of \$97,238,775. The Community Facilities District being formed is estimated to provide reimbursement of approximately \$26,050,000 to the master land developer, or about 27% of these improvement costs. A summary of the site development costs is presented in the following Table 3.

Table 3

Seabridge Cost Analysis - Land Development Cost Summary

	Original Budget	Revised Budget	Spent Thru 6/30/2005	Remainder	Add'l Cost to 7/31/2005	Remainder
Bonds/Fees/Permits	32,944,654	31,071,428 (1)	3,731,256	27,340,172		
Bridge & Clubhouse	3,300,000	3,300,000	0	3,300,000		
Consultants	3,860,000	3,860,000	1,712,324	2,147,676		
Site Prep/Grading	34,149,897	34,149,897	10,544,756	23,605,141		
Sewer	873,095	873,095	17,200	855,895		
Storm Drain	2,195,995	2,195,995	50,116	2,145,879		
Water	775,404	775,404	18,510	756,894		
Streets & Walks	5,577,663	5,577,663	444,861	5,132,802		
Dry Utilities	2,783,705	2,783,705	670,018	2,113,687		
Landscaping/Maintenance	4,590,487	4,590,487	182,455	4,408,032		
Erosion Control	654,600	654,600	0	654,600		
Walls & Fences	1,403,915	1,403,915	0	1,403,915		
Docks	3,000,000	2,280,000 (2)	0	2,280,000		
Reimbursements (3)	(1,319,080)	(1,319,080)	(932,093)	(386,987)		
Contingency	5,041,666	5,041,666	0	5,041,666		
Total Hard Costs	99,832,001	97,238,775	16,439,403	80,799,372	3,969,301	76,830,071
Land Acquisition Costs	0	0	49,080			
Title/Escrow/Closing	0	0	453,138			
G & A Allowance (4)	0	6,327,437	0			
Capitalized Indirect Costs	0	0	292,487			
Salaries-Production	0	0	355,126			
Other Indirect Costs	0	0	107,607			
Total G & A	0	0	755,220			
Sales & Marketing (4)	0	6,327,437	80,794			
Miscellaneous	0	0	66,272			
Property Taxes	0	0	268,453			
Total Soft Costs	0	12,654,874	1,672,957			
Total Costs	99,832,001	109,893,649	18,112,360			
Footnotes:						
(1) Excludes OSD option parcel lots & 11 lot reduction to Prod 1 & 2						
(2) 114 docks @ \$20,000/dock						
(3) Does not include CFD reimbursement						
(4) Estimated @ 3% of gross sales						
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For the purpose of analysis of the estimated land improvement costs for the subject Seabridge project, comparison is drawn to the historic budgeted land development costs for the neighboring Westport at Mandalay Bay project at the time of its development in 2002. A 21% cost appreciation factor has been applied to the November 2002 cost figures for the Westport development to adjust the costs to present market conditions, recognizing significant increases in construction material costs over the past three years. The following comparison indicates very similar unit costs for land development, which would be expected due to the similarity of the projects. Overall, the close comparison indicates that the estimated land development costs for the subject property are reasonable, in my opinion.

Table 4
Land Development Cost Comparison

	Westport	Seabridge
Gross Acres	58.3	130.05
# Units	306	610
Residential Density	5.25 du/ac	4.698 du/ac
Date	November 2002	August 2005
Land Development Costs	\$40,281,977	\$97,238,775
Cost Increase Factor	x 1.21	--
Adjusted Comparative Cost	\$48,741,192	\$97,238,775
Per Gross Acre	\$836,041	\$747,703
Per Residential Unit	\$159,285	\$159,408

RESIDENTIAL MARKET OVERVIEW

Market Study - Meyers Group

The Meyers Group prepared a market analysis of the Seabridge at Mandalay Bay site and proposed product for the purpose of making initial recommendations and estimates of product pricing and absorption. The report, prepared for D.R. Horton, is dated August 2004. The report addresses the maximum number and type of residential units permitted on the site by Tract No. 5266, which includes a potential for 87 units to be built on the Oxnard School District option site if the purchase option is not exercised. Specific tasks of the market analysis included:

1. A review of the subject site to assess site characteristics such as location, topography, views, access, visibility, nearby retail and services, and surrounding land uses.
2. A determination of the supply market area for the subject site.
3. An analysis of the competitive housing market (new and resale housing) which includes the identification of general market characteristics and trends.
4. Development of conclusions and recommendations relative to market positioning, unit and lot pricing and likely project absorption pace.

I have reviewed the Exhibit Package and conclusions from the market study analysis and find the analysis to be well supported and consistent with my own knowledge of the market. Presented on the following page as Table 5 is The Meyers Group pricing recommendation for the proposed housing product to be offered at Seabridge at Mandalay Bay. It is noted that the August 2004 analysis is based on market data gathered in July 2004, and may not be reflective of current market conditions as of the date of value. No further or more current analysis has been performed by The Meyers Group for the purpose of updating the competitive market pricing recommendations.

Table 5
Recommended Development Program & Projected Premium Analysis
D.R. Horton @ Seabridge, City of Oxnard - July 2004

Product Type	Lot Size/ Prod. Desc.	Total Units	Unit Size (Sq. Ft.)			Base Price			Value Ratio	Avg. Premium	Value Ratio (Base + Prem)
			Min.	Max.	Avg.	Min.	Max.	Avg.			
Products 1&2	Flats/Condos & Live/Work	121	717	2,360	1,064	\$321,700	\$565,800	\$373,150	\$351	\$18,257	\$368
14&17-Plex	Multi-Family Cluster	101	1,102	1,541	1,303	\$396,800	\$462,400	\$426,807	\$327	\$13,776	\$338
Product 42	Multi-Family Stacked	210	1,700	2,000	1,786	\$500,000	\$545,000	\$512,857	\$287	\$50,358	\$315
Product 40		133	2,510	2,945	2,694	\$692,200	\$757,5000	\$719,816	\$267	\$17,752	\$274
Product 45 (Off Water)		29	2,955	3,415	3,163	\$797,100	\$866,100	\$828,238	\$262	\$20,969	\$269
Product 45 (On Water)		30	2,955	3,415	3,157	\$1,069,900	\$1,138,900	\$1,100,250	\$348	\$20,969	\$355
Product 50		84	2,997	3,752	3,422	\$1,126,000	\$1,239,000	\$1,189,496	\$348	\$9,771	\$350
Totals/Averages		708	1,857	2,499	2,073	\$601,500	\$697,347	\$633,670	\$309	\$21,693	\$324

Note: 114 boat docks are included in the P45 On Water and P50 base pricing.
Prices assume a \$300 monthly Homeowners Association fee and a 2.0% total tax rate.

Boat Dock Premiums

30 foot finger	25	\$40,000
35 foot finger	27	\$45,000
35 foot parallel	3	\$50,000
42 foot parallel	8	\$65,000
45 foot finger	18	\$75,000
45 foot parallel	35	\$80,000
50 foot parallel	3	\$100,000
Total / Averages	119	\$61,639

Premium Assessment

Product Type	Total Units	Avg. Base \$	3.0%	3.0%	3.0%	8.0%	25.0%	15.0%	20.0%	-1.0%	-1.5%	Prem. Rev.	Total Revenue
			Green Belt	Oversized Lot	Corner/ Privacy	Park Views	Channel Frontage	2 nd Floor Waterfront	3 rd Floor Waterfront	Adj. to Elec.	Outside Gate		
Products 1&2	121	\$373,150	--	--	--	8	8	12	8	12	--	\$2,209,046	\$47,360,146
14&17-Plex	101	\$426,807	21	--	--	6	5	6	--	--	--	\$1,391,391	\$44,498,891
Product 42	210	\$512,857	24	--	--	30	14	40	40	--	--	\$10,575,114	\$118,275,114
Product 40	133	\$719,816	14	14	20	8	--	8	--	--	--	\$2,360,996	\$98,096,496
Product 45 (All)	59	\$966,549	21	9	10	1	--	--	--	--	--	\$1,237,183	\$58,263,583
Product 50	84	\$1,189,496	9	8	11	6	--	--	--	--	42	\$820,753	\$100,738,453
Totals	708		89	31	41	59	27	66	48	12	42	\$18,594,483	\$467,232,683

Source: Meyers Real Estate Information, Inc.

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<p>Market Absorption Study - Empire Economics</p> <p>Empire Economics has performed a study of the regional and local housing market on behalf of the City of Oxnard for the purpose of forming absorption and pricing estimates for the housing product proposed for Seabridge at Mandalay Bay. I have reviewed this study, revised as of August 12, 2005, and have concluded that the reasoning and conclusions presented in this report are sound and generally support my own independent analysis of the market. Therefore, I have considered and incorporated the Empire Economics absorption schedules as part of the Discounted Cash Flow Analysis which is the primary methodology utilized in estimating the present value of the property that is to be developed in CFD Nos. 3 and 4.</p> <p>Following are highlights from the report's observations and conclusions that are of particular relevance to my appraisal.</p> <p>a) CFD Nos. 3 and 4 (Seabridge), considering its coastal location, provides housing opportunities for two types of purchasers. The first type is "permanent residents" who purchase a home in the area for use as their primary residence. The other type is "resort residents" who buy a home as a secondary residence for recreational purposes, and have their primary residence elsewhere. Indications from recent sales at Westport at Mandalay Bay suggest that about 60% of the purchasers of attached homes and about 50% of the purchasers of detached homes have been resort or second home buyers.</p> <p>b) Within the market area of CFD No. 3 & 4, comparison of projected capture rates for employment and housing growth reveal that the capture rate for housing is slightly higher than for employment, 1.88% vs. 1.65%. So, the CFD No. 3 & 4 market area is considered to have a slight comparative advantage as a residential center, and, as such, it attracts some households from other employment centers in nearby adjoining market areas.</p> <p>c) Similar to Ventura County and Southern California as a whole, the CFD No. 3 & 4 market area has recently experienced robust levels of activity, as reflected by new record levels of prices and also the level of sales. Yet, in spite of the record high "real" price levels when analyzed on the basis of value ratios (prices per square foot), Ventura County households have recently experienced moderate increases in the level of monthly housing payments. The level of their 2004 monthly housing payment in real dollars is some -1.7% below the prior peak level that occurred in 1989.</p> <p>d) Traditionally, the most significant factor underlying changes in housing prices/sales is the rate of employment growth. Specifically, employment growth is regarded as being a "fundamental" factor because the creation of job growth drives the demand for housing.</p> <p>e) Since early 2002, the primary fundamental factor, employment growth, has experienced only minimal growth. In Ventura County, the 52% increase in housing prices during 2002-2004 were not supported by employment growth and higher household incomes but instead by lower mortgage rates, adjustable rate mortgages and creative financing. Thus, there has been a structural shift in the forces driving housing price appreciation, from employment growth to financial factors. Specifically, these financial factors include first, fixed mortgage rates declining to historic lows; then the shift to adjustable rate mortgages; and, most recently, the use of "creative mortgage structures.</p> <p>f) Based on expected actions of the Federal Reserve Board, the rates for adjustable mortgages are expected to rise during 2005 and, additionally, due to the federal and trade deficits, fixed rate mortgage rates are also expected to rise during 2005 as well.</p>	<p>Parkcenter Realty Advisors</p> <p>-35-</p> <p>Real Estate Appraisers & Consultants</p>
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<p>g) With respect to impact of the perceived "housing bubble", households that are regarded as being the highest risk have the following characteristics: purchased a home in the past two years, a low down payment, and adjustable rate mortgage, a creative loan structure and an equity line used towards a down payment or other investment. Such households are considered to be at risk of a price bubble because they purchased at a relatively high price, have minimal amounts of equity, and will likely be subject to escalating monthly payments.</p> <p>With respect to the trend in housing prices, the Empire Economics analysis concluded that the recent rates of housing price appreciation will need to come to terms with the weak underlying fundamental factor, low levels of employment growth. Scenario A is that local economies will enter a recovery phase by generating employment growth and providing support for recent rates of housing appreciation, and allow the market to return to equilibrium, even if mortgage rates rise modestly. Scenario B is that local economies will experience only minimal amounts of employment growth in the near future, delaying a recovery phase. Under this scenario, without substantial employment growth, the rate of housing appreciation could stabilize, and there may even be a potential for actual declines in housing prices, if mortgage rates should rise substantially. The most probable scenario for Ventura County is for the rate of housing price appreciation to moderate during 2005, as compared to relatively strong rates that were experienced during 2001-2004.</p> <p>Recommendations With Respect to Unit Pricing</p> <p>Empire Economics performed a Price Point Study in September 2004 for use in the Rate & Method for setting of Special Taxes. This study followed a similar study and recommended price points performed by The Meyers Group, previously referenced. Empire Economics noted that the proposed units at Seabridge at Mandalay Bay are expected to have special features for which purchasers are expected to pay premiums, such as: green belt, oversized lot, corner/privacy, park views, channel frontage, channel frontage on 2-sides, 2nd or 3rd-floor waterfront view, and outside gate. Unlike the Meyers Group study, however, the Empire Economics market pricing estimates addressed residential unit base prices. Potential premiums for the listed features were not considered in the Rate and Method for setting Special Taxes due to the volatility that such premiums have in the marketplace, as a result of changes in economic and real estate conditions. Base price estimates from the Meyers Group study of August 2004 are summarized below.</p> <ul style="list-style-type: none"> Multi-Family Flats/Condos 121 flats/condos that are expected to be priced from \$321,700 to \$565,800 for some 717 to 2,360 square feet of living area, for a value ratio (price/living area) of \$351. Multi-Family Cluster 101 multi-family units that are expected to be priced from \$396,800 to \$462,400 for some 1,102 to 1,528 square feet of living area, for a value ratio of \$321. Multi-Family Stacked 210 multi-family stacked units priced from \$500,000 to \$545,000 for some 1,720 to 2,015 square feet of living area, for a value ratio of \$281. Single-Family Detached on 4,080 Square Foot Lots 133 single-family homes on lots of 4,080 square feet priced from \$692,200 to \$757,500 for some 2,653 to 2,868 square feet of living area, for a value ratio of \$253. 	<p>Parkcenter Realty Advisors</p> <p>-36-</p> <p>Real Estate Appraisers & Consultants</p>
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<ul style="list-style-type: none"> Single-Family Detached on 5,040 Square Foot Lots 29 single-family homes on lots of 5,040 square feet priced from \$797,100 to \$866,100 for some 2,983 to 3,495 square feet of living area, for a value ratio of \$258. Single-Family Detached on 5,040 Square Foot Lots (Docks/Slips) 30 single-family homes on lots of 5,040 square feet priced from \$1,069,900 to \$1,138,900 for some 2,983 to 3,495 square feet of living area (these homes all have docks/slips), for a value ratio of \$343. Single-Family Detached on 6,000 Square Foot Lots (Docks/Slips) 84 single-family homes on lots of 6,000 square feet priced from \$1,126,000 to \$1,239,000 for some 3,129 to 3,748 square feet of living area (all of these have docks/slips), for a value ratio of \$339. <p>In general, Empire Economics concluded that the base price recommendations from the Meyers Group study for the proposed product at Seabridge are regarded as being competitive in the marketplace, except for the following.</p> <ul style="list-style-type: none"> Single-Family Detached on 5,040 Square Foot Lots (Docks/Slips Product) based upon the competitive market analysis, and excluding premiums for docks/slips, Empires' recommended prices for setting the Special Taxes in the Rate & Method are from \$872,000 to \$928,200, a reduction of some -18.5%. Single-Family detached on 6,000 Square Foot Lots (Docks/Slips) based upon the competitive market analysis, and excluding premiums for docks/slips, Empires' recommended prices for setting the Special Taxes in the Rate & Method are from \$917,700 to \$1,009,800, a reduction of some -18.5%. <p>In the June 27, 2005 Market Absorption Study, revised August 12, 2005, Empire Economics presented estimated absorption schedules assuming maximum build-out of 610 residential units for Seabridge, according to Tract No. 5266. A summary of the absorption estimates by category of use follows.</p> <ul style="list-style-type: none"> Multi-Family Flats/Condos 110 flats/condos that are expected to be priced from \$321,700 to \$565,800 for some 717 to 2,360 square feet of living area, for a value ratio (price/living area) of \$351. These are expected to be absorbed at a rate of 30 homes in 2006, 60 homes in 2007, and the remaining 20 homes in 2008. Multi-Family Cluster 56 multi-family units that are expected to be priced from \$396,800 to \$462,400 for some 1,102 to 1,528 square feet of living area, for a value ratio of \$321. These are expected to be absorbed at a rate of 25 homes in 2006, and the remaining 31 homes in 2007. Multi-Family Stacked 168 multi-family stacked units priced from \$500,000 to \$545,000 for some 1,720 to 2,015 square feet of living area, for a value ratio of \$281. These are expected to be absorbed at a rate of 23 homes in 2006, 45 homes in 2007, 50 homes per year in 2008, and the remaining 50 homes in 2009. Single-Family Detached on 4,080 Square Foot Lots 133 single-family homes on lots of 4,080 square feet priced from \$692,200 to \$757,500 for some 2,653 to 2,868 square feet of living area, for a value ratio of \$253. These are expected to be absorbed at a rate of 20 homes in 2006, 40 homes per year during 2007 and 2008, and the remaining 33 homes in 2009. 	<p>Parkcenter Realty Advisors</p>	<p>-37-</p>	<p>Real Estate Appraisers & Consultants</p>
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<ul style="list-style-type: none"> Single-Family Detached on 5,040 Square Foot Lots 29 single-family homes on lots of 5,040 square feet priced from \$797,100 to \$866,100 for some 2,983 to 3,495 square feet of living area, for a value ratio of \$258. These are expected to be absorbed at a rate of 5 homes in 2006, 10 homes in 2007, another 10 homes in 2008, and the remaining 4 homes in 2009. Single-Family Detached on 5,040 Square Foot Lots (Docks/Slips) 30 single-family homes on lots of 5,040 square feet priced from \$1,069,900 to \$1,138,900 for some 2,983 to 3,495 square feet of living area (these homes all have docks/slips), for a value ratio of \$343. These are expected to be absorbed at a rate of 6 homes 2006, 12 homes during 2007, and the remaining 12 homes in 2008. Single-Family Detached on 6,000 Square Foot Lots (Docks/Slips) 84 single-family homes on lots of 6,000 square feet priced from \$1,126,000 to \$1,239,000 for some 3,129 to 3,748 square feet of living area (all of these have docks/slips), for a value ratio of \$339. These are expected to be absorbed at a rate of 12 homes in 2006, 20 homes per year during 2007 to 2009, and the remaining 12 homes in 2010. <p>So, the 610 attached and detached homes in CFD Nos. 3 and 4 are expected to be absorbed during the mid-2006 to early-2010 time period at a rate of some 218 homes per year when all the projects are on the marketplace. The absorption rate starts at 121 in 2006 as the projects enter the marketplace, 218 homes in 2007 when all of the projects are on the marketplace, and then declines thereafter as the projects are closed out, to 152 homes in 2008, to 107 homes in 2009 and the remaining 12 homes in 2010.</p> <p>A summary presented on the following page as Table 6 depicts the pricing and absorption estimates made by Empire Economics for the proposed housing product at Seabridge at Mandalay Bay. These estimates take into consideration the impact of projected special district taxes on the subject homes, as a result of the CFD No. 3 & 4 Seabridge at Mandalay Bay bonded indebtedness.</p>	<p>Parkcenter Realty Advisors</p>	<p>-38-</p>	<p>Real Estate Appraisers & Consultants</p>
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Table 6
City of Oxnard - CFD Nos. 3 & 4 Seabridge At Mandalay Bay
Estimated Absorption Schedule
Empire Economics - June 27, 2005, Revised August 12, 2005

Product Type	Multi-Family			Product Characteristics				Totals	Cumulative	Commercial/Retail
	Flats/ Condos	Cluster	Stacked	Detached 4080	Detached 5040	Detached 5040 Docks/Slips	Detached 6000 Docks/Slips			
Development Status										
Potential Units - Maximum	121	101	210	133	29	30	84	708		189,279
Occupied	0	0	0	0	0	0	0	0		0
Forthcoming	121	101	210	133	29	30	84	708		189,279
Share - Forthcoming	17.1%	14.3%	29.7%	18.8%	4.1%	4.2%	11.9%	100.0%		
Base Prices - Builder										
Lower	\$321,700	\$396,800	\$500,000	\$692,200	\$797,100	\$1,069,900	\$1,126,000	\$601,500		
Average	\$373,150	\$416,564	\$506,000	\$706,771	\$823,479	\$1,097,950	\$1,169,231	\$625,027		
Upper	\$565,800	\$462,400	\$545,000	\$757,500	\$886,100	\$1,138,900	\$1,239,000	\$698,166		
Base Prices - Empire Economics										
Lower	Same	Same	Same	Same	Same	\$872,000	\$917,700			
Average	Same	Same	Same	Same	Same	\$896,513	\$969,450			
Upper	Same	Same	Same	Same	Same	\$928,000	\$1,009,800			
Living Area - Builder										
Lower	717	1,102	1,720	2,653	2,983	2,983	3,129	1,908		
Average	1,064	1,299	1,803	2,796	3,186	3,199	3,451	2,103		
Upper	2,360	1,528	2,015	2,868	3,495	3,495	3,748	2,494		
Value Ratio - Builder										
	\$351	\$321	\$281	\$253	\$258	\$343	\$339	\$297		
Commence Closings	July - 2006	July - 2006	July - 2006	June - 2006	June - 2006	June - 2006	June - 2006	June - 2006		
2005	0	0	0	0	0	0	0	0	0	0
2006	30	25	23	20	5	6	12	121	121	0
2007	60	31	45	40	10	12	20	218	399	50,000
2008	20	0	50	40	10	12	20	152	491	50,000
2009	0	0	50	33	4	0	20	107	598	50,000
2010	0	0	0	0	0	0	12	12	610	10,000
Totals	110	56	168	133	29	30	84	610		160,000

Adjustment to Estimated Retail Pricing & Absorption - Seabridge at Mandalay Bay Product

Following are key observations regarding the product pricing recommendations for the Seabridge homes utilized in setting the rate and method for collection of Special Taxes for Community Facilities District 3 & 4.

- Product pricing recommendations by The Meyers Group were made in August 2004, based on market survey data performed in June 2004.
- In its Price Point Study dated September 27, 2004, reiterated in the updated Market Absorption Study dated June 27, 2005, and revised as of August 12, 2005, Empire Economics concluded that the recommended base prices from the August 2004 Meyers Group pricing analysis were competitive in the marketplace, except for the product identified as detached homes with boat docks. Empire Economics recommended base pricing some 18.5% lower than the Meyers Group base pricing estimates for these homes.
- In forming their pricing estimates for the detached homes with boat docks that are proposed for Seabridge, Empire Economics specifically excluded from their analysis comparison to the Sea Side at Westport Mandalay Bay project. The homes had just entered the market in July 2004. Base pricing was reported to include options and upgrades and were concluded to not be sufficiently proven in the marketplace.

I have performed my own analysis of trends in the subject market area for the purpose of estimating average prices for the homes proposed for Seabridge at Mandalay Bay. This analysis is deemed necessary considering market pricing advances that have occurred since August 2004, the time of the prior market pricing study performed by The Meyers Group; the difference in pricing estimates formed by Empire Economics for the waterfront home lots with private boat docks; and the additional sales history available with respect to homes and condominiums in the adjacent Westport project as well as other relevant areas of Mandalay Bay. New home sales and pricing survey information for use in my analysis has been obtained from The Meyers Group and from Applied Research Services, and reflects market activity as of June 2005. In addition, particular emphasis has been placed on sales trends and product pricing trends experienced for homes in the adjoining Westport at Mandalay Bay project. This project, comprising new homes and condominiums, some with inland waterway frontage and private boat docks, is considered the closest comparison product to that proposed for Seabridge at Mandalay Bay. Product survey data for Westport is presented in Exhibit D. I have also reported and analyzed re-sales of existing waterfront homes and condominiums in older existing neighborhoods of Mandalay Bay, particularly detached homes with private boat docks in the Leeward Estates neighborhoods, stacked-flat condominium units within buildings at Harbour Pointe, and for the Mandalay Bay townhouse neighborhoods which front along the inland waterway channels. Sales analyses for these neighborhoods are presented in Exhibit E.

Included in the following summary table are highlights of the average size and recommended pricing characteristics for the proposed residential product at Seabridge, which have been compared to the recent market data cited. Average sizes for the Seabridge homes have been recomputed from figures utilized in the original Meyers Group pricing recommendations, based on the most recent product mix and floor plan sizes presented in a summary table provided by D.R. Horton dated June 13, 2005. For market comparison purposes, Seabridge price point estimates listed are those recommended in the Price Point Study performed by Empire Economics on behalf of the City of Oxnard, utilized in setting the rate and method for collection of Special Taxes for Community Facilities Districts 3 & 4. Seabridge pricing recommendations contained in the Price Point Study dated September 27, 2004, were reiterated

in the Market Absorption Study dated June 27, 2005, and revised as of August 12, 2005, also issued by Empire Economics.

Table 7
Product Pricing Comparison - June 2005 Survey

Product #	Product Type/Name	Home Sq.Ft.	Min. Lot Sq.Ft.	Base Price	Per Sq.Ft.
1 & 2	Flats/Condos	1,064	N/A	\$373,500	\$351.03
14-Plex	Townhouses/Flats	1,308	N/A	\$427,700	\$326.99
42	Marina Flats-Stacked	1,801	N/A	\$516,900	\$287.01
Plan 1	Lighthouse, Westport	1,822	N/A	\$567,990	\$311.74
Average	Whitesails, Westport	1,665	N/A	\$580,144	\$348.43
40	Detached - Off Water	2,796	4,000	\$746,500	\$266.99
Plan 4	Cielo II, Valle del Sol	2,692	4,500	\$719,990	\$267.46
Plan 1	Santa Rosa Walk, Ventura	2,693	4,400	\$727,990	\$270.33
Plan 3	Island View, Ventura	2,557	3,500	\$756,950	\$296.03
Plan 4	Island View, Ventura	2,937	3,500	\$808,950	\$275.43
Plan 6	Wingfield West, Oxnard	2,883	4,000	\$770,000	\$267.08
45	Detached-Off Water	3,186	5,000	\$834,700	\$261.99
Plan 2	Easton Crossing, Camarillo	2,956	5,500	\$745,950	\$252.35
Plan 3	Easton Crossing, Camarillo	3,212	5,500	\$753,950	\$234.73
Plan 2	Cedar Creek, Camarillo	2,988	5,500	\$799,990	\$267.73
Plan 3	Cedar Creek, Camarillo	3,111	5,500	\$829,990	\$266.79
Plan 1	Addison Lane, Camarillo	3,153	6,100	\$795,001	\$252.14
Plan 2	Addison Lane, Camarillo	3,276	6,100	\$819,869	\$250.27
Plan 3	Addison Lane, Camarillo	3,374	6,100	\$838,299	\$248.46
Plan 2	Santa Rosa Walk, Ventura	3,022	4,400	\$788,990	\$261.08
Plan 3	Santa Rosa Walk, Ventura	3,320	4,400	\$811,990	\$244.58
Plan 4	Santa Rosa Walk, Ventura	3,286	4,400	\$801,990	\$244.06
45	Detached - Boat Docks	3,199	5,000	\$908,740	\$284.07
Plan 1	Sea Side, Westport	3,254	5,500	\$1,260,000	\$387.22
Plan 2	Sea Cove, Westport	3,166	4,000	\$952,605	\$300.89
Average	Leeward Estates Resales	2,337	4,000	\$1,305,286	\$558.53
50	Detached - Boat Docks	3,451	6,000	\$977,668	\$283.30
Plan 2	Sea Side, Westport	3,453	5,500	\$1,310,000	\$379.38
Plan 3	Sea Side, Westport	3,677	5,500	\$1,400,000	\$380.75

Analysis of Product Pricing Comparison

There is no further market information available for comparison to the smaller-sized condominium and townhouse units proposed for Seabridge at Mandalay Bay as **Product 1 & 2**, and **Product 14**. Considering that there is no current indication that market conditions have softened or declined for such units since the dates of the previous price point estimates, it is my opinion that previous base price estimates referenced for these units are still applicable. However, the previous average base price for Product 1 & 2 homes, estimated at \$351.03 per square foot for the average 1,064 square foot unit, or \$373,500, is now estimated to change because of the proposed new mix in unit number and sizes. The reduction in total units from 121 to 110 and resizing of the floorplans results in an average unit size of 1,440 square feet, and average base pricing of \$340.76 per square foot. An average estimated base retail price per unit of \$476,300 results. Average base price for **Product 14** homes is estimated at \$326.99 per square foot, or \$427,700, consistent with the previous price point estimate.

Detached homes without boat docks, identified as **Product 40** and twenty-nine of the **Product 45** homes at Seabridge, have been compared to similar new housing product within the marketplace. In my opinion, current base pricing data indicate support for the previous average price points for these homes, at \$266.99 per square foot for **Product 40** and \$261.99 per square foot for **Product 45** (no boat docks). Accordingly, average base price for **Product 40** homes is estimated at \$746,500, and average base price for **Product 45** (no boat docks) is estimated at \$834,700.

With respect to **Product 42**, the proposed stacked flats in the Seabridge Marina Flats buildings, comparison may be made to the sales data for somewhat similar product at Westport Mandalay Bay. The Lighthouse townhome units opened for initial sales in July 2003. Plan 2 & 3 were sold out by the end of 2004, and the last two Plan 1 homes sold in January and February 2005. Comparison of base pricing levels for these homes in mid 2004 and for their final phase at time of sellout is set forth below.

Table 8

Lighthouse Mandalay Bay - Base Price Comparison

Plan	Sq.Ft.	Date	Sale Price	Per Sq.Ft.
Plan 1	1,822	Mid-2004	\$547,990	\$300.76
Plan 1	1,822	Feb 2005	\$567,990	\$311.74
Plan 2	2,005	Mid-2004	\$572,990	\$285.78
Plan 2	2,005	Dec-2004	\$602,990	\$300.74
Plan 3	2,189	Mid-2004	\$596,990	\$272.72
Plan 3	2,189	Dec-2004	\$639,490	\$292.14

The comparative base price for the unit most comparable to the average size **Product 42** unit at Seabridge (Plan 1) was \$311.74 per square foot at the time of sellout of the final phase some 5 months prior to the date of value. Overall, the average final phase base price for the Lighthouse Westport product was \$301.54 per square foot, for an average unit size of 2,005 square feet, slightly larger than the average size of 1,801 square feet for the proposed Marina Flats units at Seabridge.

Similarly, comparison may be made to the very recent sales at the newly opened Whitesales at Westport Mandalay Bay condominium project. Like the proposed Marina Flats units, the Whitesales units are also stacked flats. All 13 homes of the first phase that were released on July 9, 2005 have been sold. The units released were a sampling of all plan sizes and view orientation. Base prices ranged from \$510,990 to \$713,990 for units of 1,442 to 1,797 square feet. The overall average price was \$580,144 or \$348.43 per square foot for the average size unit of 1,665 square feet.

The recent sales data when compared to previous price point estimates for **Product 42** at Seabridge support an increase in the average unit base price estimate from the previously estimated average of \$287.01 per square foot, in my opinion. For purposes of appraisal analysis, I estimate a 6% increase to arrive at a current average base price estimate for the subject **Product 42** units of \$304.23 per square foot. The average estimated price per unit is computed as \$547,900.

Initial review of the market data for detached homes on lots with private boat docks suggests that for appraisal analysis price point adjustments may also be in order for **Product 45** (with boat docks) and **Product 50** at Seabridge. Comparison is made to the final phase pricing for the Sea Cove project at Westport, the very recent sales activity and final phase pricing for homes at the Sea Side Westport project, and of the pattern and pricing for resale activity involving detached homes with private boat docks in the established Leeward Estates neighborhoods of Mandalay Bay. All homes in the Sea Cove project have boat docks. These homes sold out within four months of opening of sales at base prices of \$308.18 per square foot for the 2,704 square foot Plan 1 home, and \$300.89 per square foot for the 3,166 square foot Plan 2 home. These prices were set upon opening of presales in January 2004, approximately 18 months prior to the date of value for the subject Seabridge land. A recent interview with the Sales Manager for the Sea Side homes in Westport, indicates that all homes had been sold as of early July 2005. After a very slow start to the sales program upon opening in Fall 2004, sales activity picked up in the Spring of 2005. The final 20 production homes were all sold during a six week period from the end of May to early July 2005, and the model homes all have buyers. There is also a waiting list of potential buyers in the event of cancellations. Final phase base prices for the three plans at Sea Side were:

Table 9

Seaside, Westport - Base Price Comparison

Plan	Sq.Ft.	Sale Price	Per Sq.Ft.
Plan 1	3,254	\$1,260,000	\$387.21
Plan 2	3,453	\$1,310,000	\$379.38
Plan 3	3,677	\$1,400,000	\$380.75
Average	3,461	\$1,323,333	\$382.36

Finally, note is made of the trend in sale prices for homes in the Leeward Estates neighborhoods of Mandalay Bay, summarized as part of Exhibit E. Representative sales of detached homes with private boat docks in 2004 revealed an average price of about \$1,400,000 for the average size 2,853 square foot home. Year to date in 2005, the average representative home price is about \$1,305,000 for a slightly smaller average size home of 2,337 square feet. Lot sizes for these homes are within the 4,000 to 6,000 square foot range, similar to the lot sizes proposed for the Seabridge waterfront home lots. Most of the Leeward Estate homes were built in the 1970s and 1980s, yet they represent a source of competition for the boat dock

<p>homes at Seabridge once they come on the market. As clearly pointed out in the Empire Economics price point analysis, the impact of the special taxes that will be assessed to the Seabridge homes needs to be considered in the comparative pricing estimates. The existing older homes in the Leeward Estates neighborhoods are not subject to CFD tax assessments. Comparison to the most recent price levels achieved at Sea Side, which is subject to a similar CFD tax rate as projected for the Seabridge homes, indicates that buyers are willing to pay similar prices of \$1,200,000 to \$1,400,000 for older and smaller boat dock homes. Thus, it appears that any premium that may otherwise be attributable to a newer and larger home is offset by the burden of the higher property tax levy.</p> <p>More recent and directly comparable pricing comparisons for the Seabridge product featuring detached homes with boat docks is currently available than was evident at the time of the initial Price Point Study performed by Empire Economics in September 2004, utilized in setting the rate and method for collection of Special Taxes for Community Facilities District 3 & 4. Having reviewed this data, I have formed the opinion that, for purposes of this appraisal, adjustments to the prior price point estimates on the order of +20% to +25% are supported in the current market for the average home price for Seabridge Product 45 (with boat docks) and Product 50. For Product 45, comprising average lot sizes of about 5,000 square feet, I estimate an average unit price of \$1,135,000 or about \$355 per square foot of living area. For Product 50, comprising slightly larger homes on 6,000 square foot lots, I estimate an average unit price of \$1,208,000 or about \$350 per square foot. Unlike the Empire Economics Price Point Study referenced, these pricing estimates include premiums for boat docks.</p> <p style="text-align: center;"><u>HIGHEST AND BEST USE</u></p> <p>The term <i>"highest and best use"</i> is defined as:</p> <p>"the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."</p> <p>Source: Appraisal Institute - The Dictionary of Real Estate Appraisal, Fourth Edition</p> <p>Implied in the foregoing definition is the recognition of the contribution of that specific use to the community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skills, i.e., that the use determined from said analysis represents his opinion.</p> <p>The concept of highest and best use in appraisal practice is the underlying premise upon which a value estimate is based. That determination is based on consideration of social, physical and economic forces that affect the subject property and influence value. In analyzing these forces for the purpose of determining the highest and best use for the land "as if vacant", attention has been given to the property's conformity to zoning, supply and demand patterns in the marketplace; adaptability and physical characteristics; conversion potential; and potential for economic returns.</p>	<p style="text-align: right;">Parkcenter Realty Advisors</p> <p style="text-align: right;">-44-</p> <p style="text-align: right;">Real Estate Appraisers & Consultants</p>
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<p><i>Conformity To Zoning</i></p> <p>Analysis of the individual Planning Areas of Seabridge at Mandalay Bay indicates conformity with provisions of Tentative Tract No. 5266, and other development entitlements in place to date, which specifies land uses, maximum development densities and other issues consistent with the zoning entitlements for the property.</p> <p><i>Physical Characteristics</i></p> <p>Physical constraints imposed on the property with respect to drainage, topography, provision of parkland, and public access to coastal and recreation amenities are adequately addressed, in my opinion, in the proposed site development plan and land development costs.</p> <p>The property is in the process of being graded and developed into distinctly different residential neighborhoods of varying product types and densities. The land developer has marketed two of the commercial parcels for sale to developers, and plans to build-out all of the residential product and remainder of the commercial space itself. Grading and site preparation has proceeded to a stage of certified pad condition of several of the parcels, and start of building construction is anticipated within the next several months pending final tract map approval and final review of building permits. The land is in the process of being developed according to densities, site layout and development pattern that will result in maximum water orientation while providing a lot yield that is capable of generating a favorable return to the land.</p>	<p><i>Supply and Demand</i></p> <p>Current and projected supply and demand characteristics are positive with respect to the proposed residential development. Support is taken from the Empire Economics Market Absorption Study previously referenced, as well as my own investigation and analysis of sales of recently developed homes in the adjoining Westport project, and existing properties in the Channel Islands District neighborhoods of Mandalay Bay, where similar products to those proposed for the subject land are found. In particular, the water orientation and private boat dock features are considered to be an attractive marketing advantage and represent an enhancement in value to the proposed lots.</p>	<p><i>Economic Return Potential</i></p> <p>The economic projections and analysis which follow suggest the proposed development to be economically feasible at the level of resultant "as is" market value estimate as enhanced by infrastructure improvements to be financed by Community Facilities District No. 3-Seabridge at Mandalay Bay.</p>	<p><i>Conclusion - Highest and Best Use</i></p> <p>In my opinion, the proposed plan of development for Seabridge at Mandalay Bay per Tentative Tract No. 5266 is considered to be the highest and best use of the property.</p> <p style="text-align: right;">Parkcenter Realty Advisors</p> <p style="text-align: right;">-45-</p> <p style="text-align: right;">Real Estate Appraisers & Consultants</p>
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APPRAISAL METHODOLOGY

Since the recent history of the property subject to CFD No. 3 involves a purchase of the land slightly more than one year prior to the date of value, one appraisal methodology that can be used in estimating a current market value for the land is the Cost Approach. In this analysis, the bulk sale value of the land in its current condition is estimated as the sum of the land acquisition cost, adjusted for market appreciation since the date of acquisition, and the cost of site planning and improvement work that has been performed since the acquisition. Such an analysis is presented as the first indication of current market value for the subject land as a partially improved, bulk acreage parcel.

An alternative, and preferred method of valuation, involves arriving at an estimate of present land value through a developmental analysis of the projected completion of the land development stage of the Seabridge project, including the projected sale of improved lots and pads for residential and commercial development. The valuation process starts with forming an opinion of the retail value of the land reflecting condition as buildable lots or land parcels. For the Seabridge land parcels, the assumed condition at time of projected sale is that of finished lots with payment made of all impact fees up to the point of building permits, with final tract maps ready to record. From the aggregate of these individual retail values is subtracted the costs to achieve the assumed condition at the time of sale. Such costs would include the infrastructure costs assumed to be financed by CFD No.3, as well as all other site improvement and indirect costs to reach finished site condition. The net projected sale proceeds are then discounted over the anticipated development and absorption period, resulting in an indication of present market value for the raw land parcel, in bulk, as enhanced by the infrastructure improvements to be financed by CFD No.3. This appraisal methodology is known as a Developmental Analysis because it mirrors the analysis performed by a land developer in determining the feasibility of a project. As part of the Developmental Analysis, the Sales Comparison Approach has been used as the primary methodology in estimating the retail market values of improved land in the various Seabridge neighborhoods.

COST APPROACH - SUBJECT PURCHASE

Seabridge at Mandalay Bay-Land Purchase

Upon initial inquiry of merchant builders in mid to late 2003 to gage interest in buying finished lots in the proposed Seabridge at Mandalay Bay neighborhoods, Oly Mandalay Bay received offers not for individual parcels or groups of lots, but for the entire project in bulk as it then existed. Shea Homes is reported to have entered escrow to purchase the property at a price that involved a participation agreement, but mutually agreeable details of the participation could not be reached. Toll Brothers also was interested in purchasing the entire property on a participation basis. It was at this point that D.R. Horton stepped up and agreed to buy the property on an "as is" basis with all cash payment at close of escrow. Details of the purchase transaction follow.

Subject Land Purchase

Location: West side of Victoria Avenue between Wooley Road & Hemlock Avenue, Oxnard

Property Type: Raw Land
APN: 188-0-110-145, 495, 505

Project Name: Seabridge at Mandalay Bay
Entitlements: Approved Tentative Tract Map No. 5266, Mandalay Bay Specific Plan

PROPERTY DATA

Gross Land Area: 135.3 acres
Utilities: Available, but need extension
Topography: Level
Condition at Sale: Raw Land
Proposed Use: Development of water oriented residential community
Max Units: 708
Commercial Sq.Ft. : 160,260

Closed Sale

SALE DATA
Property Rights: Fee Simple
Grantor: Oly Mandalay Bay
Grantee: D.R. Horton Los Angeles Holding Co., Inc.
Date Recorded: April 2, 2004
Sale Price: \$95,000,000
Terms: Cash
Price/Acre: \$702,143

Comments: The sale closed upon receipt of the Coastal Development Permit. All land development entitlement approvals were in place and the site was in raw land condition. Motivation of the purchase was to obtain an inventory of buildable residential lots.

Adjustment for Current Conditions

In this analysis, three issues have been addressed in analysis of the subject bulk land parcel as it relates to an indication of current market value for the property.

DEVELOPMENTAL ANALYSIS

Finished Lot Value Analysis

Merchant builders employ a nearly universal method of analysis upon which residential land purchase decisions are based. The common unit of comparison is the price per finished lot, defined earlier in this report to be a condition reflecting improvement of the land to individual lots ready to build upon. Most often, however, while this measure of value is used in reaching agreement between buyer and seller, the lots often change hands before all the finishing costs are completed, or when the lots are in "blue top" condition. This leaves the cost to finish the in-tract site improvements and payment of fees to the buyer (merchant builder), and the actual selling price of the lots is adjusted accordingly per agreement between the parties as to what the level of the remaining costs and fees are.

The finished lot cost is a unit of production to the merchant builder and, like similar units, (house construction costs, home selling prices, financing costs, marketing costs, and administrative costs) is a critical element in determining the feasibility of the project. In other words, a merchant builder will buy the lots at a price that is expected to permit a reasonable probability for making a profit upon sale of the homes to be built. Of course, in the recent market where availability of readily buildable land is short and demand for homes is high, competition affects the market for finished residential lots. In a market of accelerating land prices, builders either have to be confident of rising home prices by the time the product comes to market, or be willing to accept lower profit margins in order to justify the higher lot prices. With these factors in mind, the finished lot price unit of comparison is a reasonable reflection of the dynamic forces at work in the real estate market, and is an appropriate measure for estimating the retail value of the subject Seabridge land at the point where it is marketable to merchant builders.

Finished lot prices can differ significantly between projects that reflect different amenities and appeal to different sectors of the market, i.e., luxury Coastal-oriented homes versus modest entry-level homes. One of the difficulties in the appraisal analysis, when drawing comparisons between market sales of finished lots and the subject lots, is adjusting for the differences that are reflected in the variation among finished lot prices. Absent the ability to analyze and compare all of the pro forma cost projections and units of production that determine the feasibility and profit potential for the comparisons, as well as the subject property, a simplified method of comparison is the "finished lot price to pro forma home sale price ratio". This method of comparison recognizes a relationship between the price that a merchant builder can afford and is willing to pay for a finished lot, compared to the average anticipated selling prices of the homes to be built on those lots. The relationship is expressed as a percentage. As the data to be presented and discussed will show, the finished lot cost as a percentage of the pro forma average home selling price generally ranges in the local market from about 35% to over 50%. The comparisons and analysis to be made will discuss and support the reasons for this range in support of forming an opinion of retail value for the subject residential land, assuming condition as finished lots.

Bulk Lot Sale Comparisons

Presented on the following pages are details pertaining to bulk purchases by merchant builders of residential lots in Oxnard and nearby areas of Ventura area. Analysis of these transactions by the finished lot ratio unit of comparison is relevant and useful information to be considered in forming an opinion of market value for the subject lots, assuming finished condition.

- Allocation should be made of the land purchase price to subtract the portion attributable to the Oxnard School District land, which was part of the acquisition but is not part of the appraised land serving as security for the CFD bond financing.
- Adjustment to the allocated purchase price of CFD #3 land should be made for appreciation in value for residential land in the local market since the date of purchase.
- Adjustments should be made for the costs of project development and site improvements made since the date of acquisition.

An allocation is made to the land acquisition price for the portion of the site encumbered by the purchase option to the Oxnard School District to eliminate this portion of the site from the current value estimate for land which will serve as security for the CFD bond financing. The potential school site comprises 5.25 acres, or approximately 3.88% of the total gross site area.

A review of Oxnard median home prices (all units, new and existing) between 2003 and year-end 2005 forecast, indicates an average monthly appreciation rate in home prices of about 1.4%. In my opinion, this same rate of appreciation could be applied as an indication of the increase in residential land values over the same period. An adjustment of +22% would be indicated to the allocated purchase price for CFD #3 land. Recognizing the declining rate of appreciation during 2004 and 2005, I have rounded this estimate down to 20% for use in the following estimate of bulk sale value by the Cost Approach.

Finally, similar allocation and adjustment is made to the incurred and projected site development costs as of the date of value to eliminate the costs associated or attributed to benefiting the Oxnard School District option parcel. This estimate is not a straight percentage or pro rata allocation, however, since only a very minor portion of grading and site work has been performed on the School District option parcel. Following are costs in which the option parcel is considered to share on a proportionate basis, considering the amount and type of improvements performed as of the date of value.

Clearing & Grubbing	\$10,495
Export Material	4,396,689
Property Taxes	268,453
Acquisition/Title/Escrow Costs	502,218
Professional Services/Planning	1,712,324
Total Costs To Be Allocated	\$6,890,179
Pro Rata Allocation - Option Land	x 3.88%
Development Costs - Option Land	\$267,339

Cost Approach Summary

Purchase Price At April 2004	\$95,000,000
Less School District Option Land	
\$95,000,000 x 3.88%	(3,686,000)
Allocated Price - CFD No. 3 Land	\$91,314,000
Adjustment For Appreciation @ 20%	\$18,262,800
Development Costs To Date	
\$22,081,661 - \$267,339	21,814,322
Indicated Current Market Value	\$131,391,122
Estimated Bulk Sale Value	Say \$131,400,000

<i>Residential Land Sale No. 1</i>	
Location:	Westport at Mandalay Bay, Oxnard
Property Type:	Multiple Unit Residential Land
Legal:	Tract 5196, Phase 2
Project Name:	Lighthouse
Entitlements:	Approved Tract Map
<i>PROPERTY DATA</i>	
Gross Land Area:	6.2 acres
Utilities:	All Available
Topography:	Level
Condition at Sale:	Superpad
Lot Finishing Costs:	\$48,651/unit
Proposed Use:	Townhouse villa units
No. of Units:	88
Typical Lot Size:	N/A
Density:	14.2 lots per acre
Proposed Homes:	The seller had proposed two-story townhouse units within three-plex and four-plex buildings. Units were to range in size from 1,700 to 2,000 square feet, and average 1,853 square feet. The parcel is at the interior of the Westport project, without channel frontage or private boat docks. Pro forma sale price estimates for the homes at the time the lots were acquired averaged \$330,000.
<i>SALE DATA</i>	
Property Rights:	Closed Sale
Grantor:	Fee Simple
Grantee:	SunCal
Date Recorded:	Beazer Homes
Doc. #:	January 13, 2003
Sale Price:	N/A
Price/Lot:	\$7,158,694
Finished Lot Price:	Cash
Finished Lot Ratio:	\$81,349
	\$130,000
	39.4%
Comments:	Purchase agreement was executed on September 25, 2001 for land to be delivered as a superpad for the proposed townhouse project. The agreed finished land value was \$130,000 per unit, with a net purchase price (after site finishing costs and fees to the buyer) of \$81,349 per unit. Closing occurred in a single phase. At the time of the purchase contract, average pro forma home prices were projected at \$330,000.
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<i>Residential Land Sale No. 2</i>	
Location:	Westport at Mandalay Bay, Oxnard
Property Type:	Multiple Unit Residential Land
Legal:	Tract 5196, Phases 3 and 4
Project Name:	Villas
Entitlements:	Approved Tract Map
<i>PROPERTY DATA</i>	
Gross Land Area:	2.91 acres
Utilities:	All Available
Topography:	Level
Condition at Sale:	Superpad
Lot Finishing Costs:	\$44,412/unit
Proposed Use:	Townhouses-Duplexes
No. of Units:	34
Typical Lot Size:	3,500 square feet
Density:	11.7 units per acre
Proposed Homes:	The seller had proposed two-story duplex units ranging in size from 2,300 to 2,605 square feet, with an average living area of 2,435 square feet. The project is at the interior of the project without channel frontage or boat docks, however about 5 of the units fronting on Admiral Lane have views across a street and greenbelt directly down the mid-peninsula channel. Pro forma sale price estimates for the homes at the time of the purchase contract averaged \$450,000.
<i>SALE DATA</i>	
Property Rights:	Closed Sale
Grantor:	Fee Simple
Grantee:	SunCal
	Beazer Homes
Date Recorded:	June 25, 2003 - 21 lots
	October 28, 2003 - 13 lots
Doc. #:	N/A
Sale Price:	\$4,100,000
Terms:	Cash
Price/Unit:	\$120,588
Finished Lot Price:	\$165,000
Finished Lot Ratio:	36.7%
Comments:	Purchase agreement was executed on January 9, 2002 for land to be delivered in superpad condition for the proposed duplex townhouse project. The agreed finished land value was \$165,000 per unit, with a net purchase price (after site finishing costs and fees to the buyer) of \$44,412 per unit. Closing of the lots occurred in two phases. At the time of the purchase contract, average pro forma home prices were projected at \$450,000.
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<i>Residential Land Sale No. 3</i>	
Location:	Westport at Mandalay Bay, Oxnard
Property Type:	Single Family Residential Land
Legal:	Tract 5196, Phases 4 and 6
Project Name:	Sea Cove
Entitlements:	Approved Tract Map
<i>PROPERTY DATA</i>	
Gross Land Area:	N/A
Utilities:	All Available
Topography:	Level
Condition at Sale:	"Blue Top" lots
Lot Finishing Costs:	\$38,602
Proposed Use:	Detached homes
No. of Units:	37
Typical Lot Size:	4,000 square feet
Density:	N/A
Proposed Homes:	The seller had proposed two-story homes ranging in size from 2,752 to 3,011 square feet, with an average living area of 2,895 square feet. Lots have channel frontage and private boat docks. Pro forma sale price estimates for the homes at the time of the purchase contract averaged \$763,500.
<i>SALE DATA</i>	
Property Rights:	Closed Sale
Grantor:	Fee Simple
Grantee:	SunCal
Date Recorded:	Larvin Homes
Doc. #:	August 1, 2003 - 19 lots
Sale Price:	January 6, 2004 - 18 lots
Terms:	N/A
Price/Lot:	\$10,411,744
Finished Lot Price:	Cash
Finished Lot Ratio:	\$281,398
	\$320,000
	41.9%
Comments:	Purchase agreement was executed on September 9, 2002 for land to be delivered in "blue top" condition for the proposed waterfront home development. The agreed finished land value was \$320,000 per lot, with a net purchase price (after site finishing costs and fees to the buyer) of \$281,398 per lot. Lot closings occurred in two phases. At the time of the purchase contract, average pro forma home prices were projected at \$763,500.
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<i>Residential Land Sale No. 4</i>	
Location:	Westport at Mandalay Bay, Oxnard
Property Type:	Single Family Residential Land
Legal:	Tract 5196, Phase 3
Project Name:	Seaview
Entitlements:	Approved Tract Map
<i>PROPERTY DATA</i>	
Gross Land Area:	N/A
Utilities:	All Available
Topography:	Level
Condition at Sale:	"Blue Top" lots
Lot Finishing Costs:	\$108,146
Proposed Use:	Detached homes
No. of Lots:	14
Typical Lot Size:	5,500 square feet
Density:	N/A
Proposed Homes:	The seller had proposed two-story homes ranging in size from 3,300 to 3,709 square feet, with an average living area of 3,525 square feet. Lots have views across the Reliant Energy channel along the west side of the project, but do not have private boat docks. Pro forma sale price estimated for the homes as the time of the purchase contract averaged \$988,000.
<i>SALE DATA</i>	
Property Rights:	Closed Sale
Grantor:	Fee Simple
Grantee:	SunCal
Date Recorded:	Larvin Homes
Doc. #:	October 2, 2003 - 5 lots
Sale Price:	February 5, 2004 - 9 lots
Terms:	N/A
Price/Unit:	\$4,365,954
Finished Lot Price:	Cash
Finished Lot Ratio:	\$311,854
	\$420,000
	42.5%
Comments:	The lot sales occurred in two phases, with delivery of land in "blue top" lot condition and approved tract map. The average pro forma home price of about \$988,000 indicates a finished lot ratio of 42.5% as basis of analysis of the land acquisition. These were the largest size lots in Westport at Mandalay Bay, but location and views for the lots were inferior to the other waterfront lots, and there were no private boat docks for the homes.
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<i>Residential Land Sale No. 5</i>	
Location:	Westport at Mandalay Bay, Oxnard
Property Type:	Single Family Residential Land
Legal:	Tract 5196, Phases 5 and 6
Project Name:	Sea Side
Entitlements:	Approved Tract Map
PROPERTY DATA	
Gross Land Area:	N/A
Utilities:	All Available
Topography:	Level
Condition at Sale:	"Blue Top lots
Lot Finishing Costs:	\$40,453
Proposed Use:	Detached homes
No. of Units:	44
Typical Lot Size:	5,000 square feet
Density:	N/A
Proposed Homes:	Three floor plans were proposed with homes ranging in size from 3,243 to 3,620 square feet, with an average living area of 3,433 square feet. Average pro forma pricing for the homes was estimated to be \$1,050,000. Homes have channel locations and private boat docks.
SALE DATA	
Property Rights:	Closed Sale
Grantor:	Fee Simple
Grantee:	SunCal
Date Recorded:	Larwin Homes
Doc. #:	March 12, 2004 - 23 lots
Sale Price:	July 22, 2004 - 21 lots
Terms:	N/A
Price/Unit:	\$18,020,068
Finished Lot Price:	Cash
Finished Lot Ratio:	\$409,547
	\$450,000
	42.9%
Comments:	The lot sales occurred in two phases, with delivery of land in "blue top" condition and approved tract map. The average pro forma home price of about \$1,050,000 indicates a finished lot ratio of 42.9% as a basis of analysis of the land acquisition. These were large lots with prime channel location within the Westport project, and also featured private boat docks.
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<i>Residential Land Sale No. 6</i>	
Location:	Westport at Mandalay Bay, Oxnard
Property Type:	Multiple Unit Residential Land
Legal:	Tract 5196, Phase 1
Project Name:	Whitesails
Entitlements:	Approved Tract Map
PROPERTY DATA	
Gross Land Area:	5.29
Utilities:	All Available
Topography:	Level
Condition at Sale:	Superpad
Lot Finishing Costs:	\$30,034
Proposed Use:	Condominiums-Stacked Flats
No. of Units:	88
Typical Lot Size:	N/A
Density:	16.6 units per acre
Proposed Homes:	The condominium development features three stories of residential units built over ground level commercial space and parking. Homes range from 1,442 to 1,797 square feet in size, with an average living area of 1,650 square feet. Units are stacked flats. Pro forma average projected price for the units at the time of the purchase contract was \$450,000.
Closed Sale	
Property Rights:	Fee Simple
Grantor:	SunCal
Grantee:	John Laing Homes
Date Recorded:	March 4, 2004
Doc. #:	N/A
Sale Price:	\$6,596,996
Terms:	Cash
Price/Lot:	\$74,966
Finished Lot Price:	\$105,000
Finished Lot Ratio:	23.3%
Comments:	The sale agreement was reportedly reached in about June of 2003, at which time the average pro forma unit price was estimated as \$450,000. Some of the units will have channel frontage exposure and views, and although private boat docks are not included, opportunities will exist for leasing of public boat docks in the adjoining marina. The buyer will build the shell of the ground level commercial and office condominium space and deed back to the seller. The podium style building design with tuck-under parking and ground level commercial space adds significantly to the building construction costs. The cost factor as well as attached commercial and office usage impacted the finished lot ratio indicated for the land sale.
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<i>Residential Land Sale No. 7</i>	
Location:	Village at the Park, Camarillo
Property Type:	Single Family Residential Land
Legal:	Tract 5367-1, 2, 3
Project Name:	Easton Crossing
Entitlements:	Approved Tentative Tract Map and Allotments
<i>PROPERTY DATA</i>	
Gross Land Area:	N/A
Utilities:	All Available
Topography:	Level
Condition at Sale:	"Blue Top" lots
Lot Finishing Costs:	\$46,259
Proposed Use:	Single-Family Homes
No. of Lots:	193
Typical Lot Size:	5,500 square feet (111 lots); 6,000 square feet (82 lots)
Density:	N/A
Proposed Homes:	Two-story homes are offered in three floor plans ranging in size from 2,065 to 3,212 square feet. Average size home is about 2,750 square feet. The project is within the master planned community of Village at the Park.
<i>SALE DATA</i>	
Property Rights:	Closed Sale
Grantor:	Fee Simple
Grantee:	Western Pacific Housing
Date Recorded:	Standard Pacific Homes December 2003
Doc. #:	June 2004
Sale Price:	N/A
Terms:	Cash
Price/Lot:	\$272,539
Finished Lot Price:	\$318,798
Finished Lot Ratio:	47.9%
Comments:	The lots were acquired in two phases in December 2003 and June 2004. Average pro forma home price at the time of land acquisition was projected to be about \$665,000 per unit.
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<i>Residential Land Sale No. 8</i>	
Location:	700-791 Camarillo Springs Road, Camarillo
Property Type:	Single Family Residential Land
Legal:	Tract 5409
Project Name:	Pinnacle Courtyards
Entitlements:	Approved Final Tract Map and Allotments; Grading Permit
<i>PROPERTY DATA</i>	
Gross Land Area:	3.87 acres
Utilities:	All Available
Topography:	Level
Condition at Sale:	Raw Land
Lot Finishing Costs:	\$121,532
Proposed Use:	Single-Family Homes
No. of Lots:	35
Typical Lot Size:	4,000 square feet
Density:	9 units/acre
Proposed Homes:	Two-story homes are offered in three floor plans ranging in size from 1,616 to 2,398 square feet. Average size home is about 2,200 square feet. Ten of the lots have golf course frontage. This is a gated-community with recreation room/gym complex. Homeowners association dues are \$226 per month.
<i>SALE DATA</i>	
Property Rights:	Closed Sale
Grantor:	Fee Simple
Grantee:	Camarillo Ventures LLC
Date Recorded:	Pinnacle Camarillo Springs LLC August 31, 2004
Doc. #:	239086
Sale Price:	\$8,550,000
Terms:	Cash
Price/Lot:	\$244,286
Finished Lot Price:	\$365,818
Finished Lot Ratio:	52.3%
Comments:	The site required major offsite road and drainage improvements driving site improvement costs to \$121,532 per lot. Six of the homes are required to be sold as income restricted units. Average pro forma home price was projected to be about \$700,000 per unit. Golf course premiums are about \$50,000 per lot.
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<i>Residential Land Sale No. 9</i>	
Location:	Southwest Corner of Patterson Road and 5 th Street, Oxnard
Property Type:	Single Family Residential Land
Legal:	Tract 5354
Project Name:	Wingfield East & West
Entitlements:	Approved Tentative Tract Map
PROPERTY DATA	
Gross Land Area:	N/A
Utilities:	All Available
Topography:	Level
Condition at Sale:	Raw Land
Lot Finishing Costs:	\$76,000
Proposed Use:	Detached Homes
No. of Lots:	200
Typical Lot Size:	3,800 square feet (115 lots); 5,500 square feet (85 lots)
Density:	N/A
Proposed Homes:	Smaller lots are the site of Wingfield East homes, ranging in size from 1,787 to 1,911 square feet. Pro forma prices were projected at an average of about \$425,000. The larger lots are referenced as Wingfield West, and feature home sizes ranging from 1,923 to 2,435 square feet. Average pro forma home prices were projected at about \$475,000.
SALE DATA	
Property Rights:	Closed Sale
Grantor:	Fee Simple
Grantee:	Dynamics Corporation
Date Recorded:	Centex Homes
Doc. #:	June 10, 2003
Sale Price:	N/A
Terms:	\$28,402,000
Price/Lot:	Cash
Finished Lot Price:	\$142,010
Finished Lot Ratio:	\$218,010
Comments:	48.4%
	The project lies southerly of Fifth Street, within close proximity of Oxnard Airport. An average pro forma home price for the combined projects of about \$450,000 indicates a finished lot ratio of 48.4% for the land acquisition.
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<i>Residential Land Sale No. 10</i>	
Location:	Westerly terminus of Dunkirk Drive, south of Fifth Street, Oxnard
Property Type:	Single Family Residential Land
Legal:	Tract 5640
Project Name:	Dunkirk Drive II
Entitlements:	Approved Tentative Tract Map
PROPERTY DATA	
Gross Land Area:	7.8 acres
Utilities:	All Available
Topography:	Level
Condition at Sale:	Raw Land
Lot Finishing Costs:	\$91,000/lot
Proposed Use:	Detached Homes
No. of Lots:	41
Typical Lot Size:	5,500 square feet
Density:	5.4 units per acre
Proposed Homes:	Proposed homes are an extension of the adjoining Wingfield West product featuring a range in home sizes from 1,923 to 2,883 square feet and average living area of about 2,403 square feet.
SALE DATA	
Property Rights:	Closed Sale
Grantor:	Fee Simple
Grantee:	Fifth Street Land LLC
Date Recorded:	Centex Homes
Doc. #:	March 7, 2005
Sale Price:	55752
Terms:	Cash
Price/Lot:	\$160,000
Finished Lot Price:	\$251,000
Finished Lot Ratio:	NA
Comments:	This recent land acquisition is intended for development of a new phase of the nearby Wingfield West product. Current target average price for the homes is about \$700,000, which would indicate a finished lot ratio of 35.9%. This is a very low finished lot ratio in the current market, as evidenced by the other lot sale transactions. In particular, the finished lot ratio of 48.4% exhibited by the Centex purchase of lots two years earlier for the Wingfield product is noted. Despite numerous attempts to contact Centex Homes, no confirmation was received to verify the date on which the land price was set or the pro forma home prices anticipated at that time.
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<i>Residential Land Sale No. 11</i>	
Location:	East Side Patterson Road, South of Wooley Road, Oxnard
Property Type:	Detached Condominium Land
Legal:	APN 183-0-280-01
Project Name:	N/A
Entitlements:	Approved Tentative Tract Map
PROPERTY DATA	
Gross Land Area:	4.53 acres
Utilities:	All Available
Topography:	Level
Condition at Sale:	Raw Land
Lot Finishing Costs:	\$91,000/lot
Proposed Use:	Detached Condominiums; zero lot line homes
No. of Lots:	52
Typical Lot Size:	N/A
Density:	11.5 units per acre
Proposed Homes:	Condominium units are proposed to range in size from 1,704 to 2,033 square feet. Pro forma price projections as of the date of land purchase ranged from \$530,000 to \$565,000 for an average of about \$546,500 per unit. Five of the units are required to be affordable units for sale to moderate income families, at prices of \$230,000.
SALE DATA	
Property Rights:	Closed Sale
Grantor:	Fee Simple
Grantee:	Patterson Properties LP
Date Recorded:	Patterson Road Ventures LLC (Shea Homes)
Doc. #:	June 4, 2004
Sale Price:	156592
Terms:	\$8,480,000
Price/Lot:	Cash
Finished Lot Price:	\$163,077
Finished Lot Ratio:	\$254,077
Comments:	49% The average pro forma selling price for the condos, including the impact of lower prices for the required affordable units, was about \$517,000, resulting in an indicated finished lot ratio of 49% for this land transaction.
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<i>Residential Land Sale No. 12</i>	
Location:	507-625 East Port Hueneme Road, Port Hueneme
Property Type:	Single Family Residential Land
Legal:	APNs 207-0-201-040, 050
Project Name:	Shell Cove
Entitlements:	Approved Tentative Tract Map
PROPERTY DATA	
Gross Land Area:	1.44 acres
Utilities:	All Available
Topography:	Level
Condition at Sale:	Previously developed lot
Lot Finishing Costs:	\$67,000/lot
Proposed Use:	Detached condos
No. of Lots:	19
Typical Lot Size:	N/A
Density:	13 units per acre
Proposed Homes:	Units feature either 2-story of 3-story configuration with sizes ranging from 1,500 to nearly 1,900 square feet. The pro forma average unit selling price was projected as \$600,000.
SALE DATA	
Property Rights:	Closed Sale
Grantor:	Fee Simple
Grantee:	Gaiser-Matney Real Estate Holdings
Date Recorded:	Shell Cove LLC (JM Development)
Doc. #:	March 7, 2005
Sale Price:	55588
Terms:	\$4,000,000
Price/Lot:	Cash
Finished Lot Price:	\$210,526
Finished Lot Ratio:	\$277,526
Comments:	46.3% Although an infill project, there is considerable site improvement work to be performed, including a private road through the site and required participation in storm drain improvements. Indicated finished lot ratio for the acquisition is 46.3%.
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Residential Land Sale No. 13	
Location:	Southwest corner of Henderson Road and Satcoy Avenue, Ventura
Property Type:	Single Family Residential Land
Legal:	APN 089-0-032-095
Project Name:	Henderson Cottages
Entitlements:	Approved Tentative Tract Map and Development Allocations
PROPERTY DATA	
Gross Land Area:	6.09 acres
Utilities:	All Available
Topography:	Level
Condition at Sale:	Raw land
Lot Finishing Costs:	\$80,000/lot
Proposed Use:	Detached homes
No. of Lots:	28
Typical Lot Size:	6,000 square feet (minimum)
Density:	4.6 units per acre
Proposed Homes:	Homes will be either one or two-story, ranging in size from 1,853 to 2,828 square feet. In addition, ten of the lots are approved for granny flats, permitting an additional 518 square foot living unit over the garage.
SALE DATA	
Property Rights:	Closed Sale
Grantor:	Fee Simple
Grantee:	Mattey Group
Date Recorded:	Henderson Cottages LLC (JM Development)
Doc. #:	March 21, 2005
Sale Price:	67797
Terms:	\$7,500,000
Price/Lot:	Cash
Finished Lot Price:	\$267,857
Finished Lot Ratio:	\$347,857
	46.4%
Comments:	Offsite work required for improvement of this site included an above-ground de-silting basin, retaining wall adjoining the Caltrans overpass, and a 12-foot high sound wall. Large lots and granny flats contribute to the projected pro forma average home price of \$750,000. The indicated finished lot ratio for this transaction is 46.4%.

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Table 10

Residential Land Sales Data Finished Lot Ratio Analysis

Data No.	Product	# Lots or Units	Sale Date	Price Per Raw Lot	Finish Costs Per Lot	Finished Lot Value	Average Home Price	Finished Lot Ratio
1	Townhouses	88	Jan-03	\$81,349	\$48,651	\$130,000	\$330,000	39.4%
2	Townhouses	34	June-03	\$120,588	\$44,412	\$165,000	\$450,000	36.7%
3	Detached Homes	37	Aug-03	\$281,398	\$38,602	\$320,000	\$763,500	41.9%
4	Detached Homes	14	Oct-03	\$311,854	\$108,146	\$420,000	\$988,000	42.5%
5	Detached Homes	44	Mar-04	\$409,547	\$40,453	\$450,000	\$1,050,000	42.9%
6	Condos-Flats	88	Mar-04	\$74,966	\$30,034	\$105,000	\$450,000	23.3%
7	Detached Homes	193	Dec-03	\$272,539	\$46,259	\$318,798	\$665,000	47.9%
8	Detached Homes	35	Aug-04	\$244,286	\$121,532	\$365,818	\$700,000	52.3%
9	Detached Homes	200	Jun-03	\$142,010	\$76,000	\$218,010	\$450,000	48.4%
10	Detached Homes	41	Mar-05	\$160,000	\$91,000	\$251,000	NA	NA
11	Detached Condos	52	Jun-04	\$163,077	\$91,000	\$254,077	\$517,000	49%
12	Detached Condos	19	Mar-05	\$210,526	\$67,000	\$277,526	\$600,000	46.3%
13	Detached Homes	28	Mar-05	\$267,857	\$80,000	\$347,857	\$750,000	46.4%

Analysis of Bulk Lot Sales Data

As previously related, merchant builders most often perform a land residual analysis as part of residential lot acquisitions, the key unit of comparison being the estimated finished lot cost. My analysis of the sales utilizes a similar methodology to derive a finished lot ratio (average cost of a finished lot divided by the average pro forma selling price of a home), shown by the market data to be within an overall range of about 23% to 52%. However, the majority of the recent data that is reflective of current market conditions indicates a much tighter range of about 45% to 50%. Over the past several years, the ratio has increased as increased demand for homes amidst a shortage of developable residential land has caused the finished land as a component of development to represent a higher percentage of the product selling price. Although construction costs have appreciated on average in excess of 6.5% per annum over the past 3 years, housing price appreciation has been 2 to 3 times that rate, a factor which is the major contributor to the large increase in land value as a component in the cost of housing production.

The first six transactions referenced all relate to land sales within the adjoining Westport at Mandalay Bay project. In terms of product and proximity to the inland waterways of Oxnard Harbor, these properties are the best comparisons to the subject land parcels at Seabridge. However, it must be noted that the land value units of comparison that are indicated by these transactions are all reflective of different market conditions dating back to 2001 and 2002 when the land sale contracts for most of the parcels were negotiated. For instance, the purchase agreements for Sale Nos. 1, 2 and 3 were all made between September 2001 and September 2002. Purchase agreements for Sale 4 and 5 followed shortly thereafter. For all five transactions, the indicated finished lot ratio range of about 37% to 43% of the pro forma average home selling price was a representative reflection of the market at the time.

Sale No. 6, another of the Westport at Mandalay Bay land parcels, depicts the lowest improved site to average home price ratio of any of the comparisons, 23.3%. In my opinion, this is attributed to two conditions, primarily related to the development concept for the parcel per the project approval. The development concept was for three stories of residential condominium units to be built over ground level parking and commercial condominium space. Market acceptance of this concept was unproven at the time, resulting in reluctance on the part of developers that contributed to the relatively low land price paid. The second contributing factor to the price paid was the higher construction costs involved in building a podium building, in which the residential units sit atop a parking/commercial space structure. This

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project has been referenced earlier in the product pricing comparisons as Whitesails at Westport. The phase 1 release on July 9 resulted in sale of all thirteen units at an average price of \$580,144 per unit, well above the pro forma average unit price of \$450,000 projected as the time of the land sale contract. In my opinion, the apparent acceptance of this concept, as evidenced by the early success of the Whitesails project, is likely to result in a higher finished land to home sale price ratio for the Seabridge land parcels which are proposed for similar podium building, mixed use development.

More reflective of current market conditions and land price levels are Sale Nos. 7 thru 9 and 11 through 13, which exhibit improved lot to average home price ratios from 46.3% to 52.3%. From a physical comparison standpoint, characteristics of these land parcels do not compare as well to the Seabridge land as do the earlier referenced lots and parcels in Westport at Mandalay Bay. Hence, the later set of data is not directly comparable to the Seabridge land on a price per improved lot unit of comparison. However, comparison by the finished lot to average home price ratio unit of comparison tends to reflect the market economics of home building, which is a determinant of land value, and therefore is a valid and reliable measure of comparison to be used in the appraisal process.

Alternative development of a finished lot to average home price ratio unit of comparison may be made for the purpose of estimating the retail value of the Seabridge residential land parcels. This is accomplished through a land residual analysis, by deducting the estimated costs of production, marketing and a profit allowance from the pro forma home price estimates for the various proposed Seabridge residential products. The analysis assumes preliminary hard cost estimates for the housing units as provided by D.R. Horton, and also incorporates estimates of indirect costs and profit based on my knowledge and experience with developer pro forma costs used in other similar instances for deriving land residual estimates. Following is a summary of the analysis, indicating finished lot ratios by the land residual approach for the Seabridge projects within a range of 35% to 57% of the pro forma average home price estimates.

Table 11

Land Residual Analysis - Finished Lot Ratio

Assumptions	Product 50 Boat Docks	Product 45 Boat Docks	Product 45 No Docks	Product 40	Product 42	Product 14	Products 1 & 2
Average Home Sq.Ft.	3,451	3,199	3,186	2,796	1,801	1,308	1,440
Average Home Price	\$1,208,000	\$1,135,000	\$834,700	\$746,500	\$547,900	\$427,700	\$476,300
Cost/Sq Ft	\$70	\$70	\$70	\$70	\$125	\$85	\$135
Hard Cost	(\$241,570)	(\$223,930)	(\$223,020)	(\$195,720)	(\$225,325)	(\$111,180)	(\$143,640)
Profit	(\$77,860)	(\$83,130)	(\$80,082)	(\$47,780)	(\$32,874)	(\$25,662)	(\$22,610)
Overhead	(\$34,280)	(\$34,050)	(\$35,491)	(\$24,395)	(\$17,481)	(\$13,205)	(\$14,095)
Marketing/Sales	(\$60,400)	(\$57,500)	(\$41,735)	(\$17,725)	(\$27,395)	(\$21,385)	(\$18,675)
Financing	(\$54,360)	(\$51,075)	(\$37,562)	(\$33,593)	(\$24,656)	(\$19,247)	(\$16,808)
Indirect Costs	(\$42,280)	(\$39,725)	(\$29,215)	(\$26,128)	(\$19,177)	(\$14,970)	(\$13,073)
Warranty	(\$12,080)	(\$11,350)	(\$8,347)	(\$7,465)	(\$5,479)	(\$4,277)	(\$3,735)
Other/Miscellaneous	(\$6,040)	(\$5,675)	(\$4,174)	(\$3,733)	(\$2,740)	(\$2,139)	(\$1,868)
Finished Land Residual	\$682,550	\$644,345	\$415,526	\$375,353	\$194,019	\$216,011	\$169,970
Finished Lot Ratio	56.5%	56.8%	49.8%	50.3%	35.4%	50.5%	35.7%

In my opinion, market evidence by way of both land sales comparison and land residual analysis indicates appropriate finished lot value ratios centering on 50% for the residential lots in Seabridge that do not include boat docks. Noting the tendency for higher ratios for higher priced projects, it is my opinion that the proposed lots to include boat docks would support a finished land value at the top of the market, which according to the evidence presented is between about 52% and 58% of the average home pro forma selling price. In my opinion, the appropriate unit of comparison for the Seabridge lots with boat docks is a 55% finished lot ratio. At the other end of the scale, higher construction costs projected for the podium building product involving residential units built over tuck-under parking or commercial space can be expected to sell at a lower improved lot to finished home price ratio, which I estimate at 35%.

Having considered the market data and units of comparison associated with bulk purchases of residential lots, and after performing a land residual analysis for the various proposed housing products, estimates of retail market value are formed for the subject Seabridge neighborhood land parcels, assuming condition as finished lots.

Bulk Lot Sale Comparison Value Estimates Per Lot (Unit)

Product 50-Detached SFR with boat docks	\$1,208,000 x 55%.....	\$664,400
Product 45-Detached SFR with boat docks	\$1,135,000 x 55%.....	\$624,250
Product 45-Detached SFR without boat docks	\$834,700 x 50%.....	\$417,350
Product 40-Detached SFR without boat docks	\$746,500 x 50%.....	\$373,250
Product 42-Attached, Marina Flats	\$547,900 x 35%.....	\$191,765
Product 14-Attached Townhouses & Condos	\$427,700 x 50%.....	\$213,850
Product 1 & 2-Attached-Flats, Condos/Live-Work Units	\$476,300 x 35%.....	\$166,705

RETAIL VALUE ESTIMATES

Following are my opinions of retail values for finished land in each of the Seabridge product areas.

Product 50 Lots - 6,000 Square Feet, With Boat Docks

Seabridge at Mandalay Bay will offer 84 lots that will front on the inland waterway channels and will have private boat docks. In my opinion, the retail value of the subject land for development of this product, assuming condition as finished residential lots, is estimated as follows.

Retail Market Value - Finished Residential Lots
84 lots x \$664,400/lot \$55,809,600

Product 45 Lots - 5,000 Square Feet, With Boat Docks

The Seabridge project will offer 30 Inland Waterway lots of 5,000 square feet in size. These lots will have canal frontage and private boat docks easements. In my opinion, the retail value of the subject land for development of this product, assuming condition as finished residential lots, is estimated as follows.

Retail Market Value - Finished Residential Lots
30 lots x \$624,250/lot \$18,727,500

Product 45 Lots - 5,000 Square Feet, Without Boat Docks

The Seabridge project will offer 29 detached single-family residential lots of 5,000 square feet in size. These lots will have interior locations on south Main Island, and no channel frontage or boat docks easements. In my opinion, the retail value of the subject land for development of this product, assuming condition as finished residential lots, is estimated as follows.

Retail Market Value - Finished Residential Lots
29 lots x \$417,350/lot \$12,103,150

Product 40 Lots - 4,000 Square Feet, Without Boat Docks

The number of smaller, interior island lots without private boat dock easements will number 133. In my opinion, the retail value of the subject land for development of this product, assuming condition as finished residential lots, is estimated as follows.

Retail Market Value - Finished Residential Lots
133 lots x \$373,250/lot \$49,642,250

Product 42 Attached Residential Land - Marina Flats/Stacked Units

A total of 168 stacked flat residential units are proposed for Seabridge at Mandalay Bay. These units will be located in clusters of 3 and 4-story podium buildings over parking. In my opinion, the retail value of the subject land proposed for development of this product, assuming condition as finished residential land is estimated as follows.

Retail Market Value - Finished Site
168 units x \$191,765/unit \$32,216,520

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Product 14 Attached Residential Land-Townhomes and Flats

Seabridge at Mandalay Bay will offer 56 townhouse units contained in 2 clusters of 14-plex buildings. Analysis of market data supports a finished land price at the rate of \$171,080 per unit. In my opinion, the retail value of the subject parcel assuming condition as finished land condition is estimated as follows.

Retail Market Value - Finished Residential Lots
56 units x \$213,850/unit \$11,975,600

Product 1 & 2 Attached Residential Land- Flats/Condos & Live/Work Units

Seabridge at Mandalay Bay will offer 110 condominiums units contained in 2 podium buildings of either 2 or 3 stories over ground level commercial and live/work space. Analysis of market data supports a finished land price at the rate of \$166,705 per unit for the residential portion of this project which includes the live/work units.

Retail Market Value - Finished Residential Lots
110 units x \$166,705/unit \$18,337,550

Commercial Land- Shopping Center Sites

Following is a summary of commercial land sales data that has been considered in my analysis and valuation of commercial development rights for referenced land parcels at Seabridge at Mandalay Bay. Of particular note are Data Nos. 1 and 2 which involve parcels at Seabridge that are currently under contract of sale for proposed commercial development.

Table 12

Oxnard Commercial Land Sales

Data No.	Location	Land Sq. Ft.	Sale Date	Price	Per Sq. Ft.	Assmnt. Bonds	Adj. Price
1	Seabridge SWC Wooley Rd. & Victoria Ave.	370,260 (8.5 ac.)	Contract Jul-05	\$6,500,000	\$17.56	\$4.36	\$21.92
2	Seabridge W/S Wooley Rd. & Leeward Way	213,444 (4.9 ac.)	Contract Jul-05	\$3,592,712	\$16.83	\$4.36	\$21.19
3	W/S Oxnard Blvd., N/O Channel Islands Blvd. (1.31 ac.)	57,064	Jul-05	\$990,000	\$17.35	--	\$17.35
4	SFC Gonzalez Rd. & Solar Dr. (0.95 ac.)	41,382	Dec-04	\$815,000	\$19.69	--	\$19.69
5	Channel Points Plaza W/S Rose Ave. N/O Channel Islands Blvd. (2.94 ac.)	128,205	May-04	\$1,942,302	\$15.15	--	\$15.15
6	NWC Rose Ave. & Channel Islands Blvd. (2.74 ac.)	119,194	Jul-04	\$1,743,220	\$14.63	--	\$14.63
7	NEC Victoria Ave. & Hemlock Street (6.86 ac.)	298,800	Apr-03	\$5,120,000	\$17.14	--	\$17.14

Sale No. 1 relates the pending sale of land at the corner of Wooley Road and Victoria Avenue in the Seabridge project that has approvals for development of up to 84,000 square feet of retail/commercial space. The negotiated price is approximately \$17.56 per square foot of land area required to support the commercial development. This is a desirable commercial corner site at a signalized intersection, adjacent to pending development in excess of 600 new homes with over 300 new homes having recently come into the trade area just to the west at the

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<p>Westport project. The pending commercial development has been well received in the market as illustrated by the amount of pre-leasing that has been accomplished. To date, a letter of intent is pending for ground lease of a portion of the site to Albertsons market, which would comprise a 50,000 square foot store as the project anchor tenant. The remaining 30,000 square feet of side shop space has over one-third of space out for lease signature, with another one-third subject to letters of intent for leasing. Lease rates for the retail space at \$3.00 to \$3.65 per square foot per month, NNN, are the strongest rates for retail space in Oxnard.</p> <p>Sale No. 2 is a contract of sale to the same buyer for the second stand alone commercial site in Seabridge. The price for this parcel is approximately \$16.83 per square foot of equivalent land area to support the commercial development rights for a maximum of 42,770 square feet of space. Development of this parcel is not expected to commence for another 6 months to 1 year. Location is along the inland waterway opening onto the public marina at the confluence of Marina Channels east, north and south. Tentatively known as the site of Marina Village, the commercial development is expected to be oriented toward visitor and marina commercial services.</p> <p>Sale No. 3 is the recent sale of a 1.3-acre parcel that will be developed as an expansion of an existing retail development at the northeast corner of Rose Avenue and Channel Islands Boulevard. The parcels involved share common ingress and egress with other parcels in the project, and have frontage and orientation toward Oxnard Boulevard. The purchase price for the land was \$840,000, and the buyer also assumed obligations for reimbursement of \$150,000 in the parcels' share of offsite improvements. The total price paid for the land was \$990,000, or \$17.35 per square foot. The parcel is not in a special tax district.</p> <p>Sale No. 4 is another recent transaction involving a small corner commercial site. It was purchased for a price of \$19.69 per square foot, with intent for development of a two-story office/bank branch building. This property is located within special assessment district 97-IR for the Pacific Commerce Center. Annual special taxes equate to about \$0.05 per square foot of land area per year, but are scheduled to be paid off later this year.</p> <p>Sales Nos. 5 and 6 are adjoining land parcels in the vicinity of Rose Avenue and Channel Islands Boulevard that were sold about 1 year ago for commercial development. No.5 sold for a price of \$15.15 per square foot of land area. Development of Channel Pointe Plaza, a 29,600 square foot retail project is pending on this site, located just north of the corner on the west side of Rose Avenue. No. 6 refers to the corner parcel that has since been developed with a Walgreens drug store, and the adjoining parcel to the west which is under construction with 10,000 square feet of commercial space. The land price for this property was \$14.63 per square foot. Comparison of these transactions that occurred about 1 year ago reveal prices about 12% to 15% lower than the current market. These parcels are not in a special tax district.</p> <p>Sale No. 7 refers to an obsolete shopping center at the northeast corner of Victoria Avenue and Hemlock Street, known as Channel Islands Center. At the time of purchase in April 2003, the former supermarket anchor tenant space had been vacant for an extended period of time. In fact, 70% of the center was vacant. Given the layout of the existing site plan and nonconforming size of the anchor tenant space at only 20,000 square feet, the buyer viewed this property as having potential for redevelopment rather than renovation. The buyer specializes in purchase of properties in transition, and considered this site to have potential for future development to either complement or service demand from the proposed Seabridge project across the street. The price paid for the property equates to \$17.14 per square foot of land area, which is basically equivalent to land value in today's market. There are no special district taxes.</p>	<p align="center">-68-</p> <p align="right"><i>Parkcenter Realty Advisors Real Estate Appraisers & Consultants</i></p>
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<p>Summary data Table 12 illustrates the impact from special district tax obligations affecting the subject commercial land parcels, amounting to about \$0.30 per square foot of land area per year. Capitalized value of the special tax expenditure over the 30 year life of the bonds results in an obligation of about \$4.36 per square foot of land area, and would increase the equivalent land prices indicated by the pending sale transactions to between \$21 and \$22 per square foot of land area. Even though such land values are above the level of support indicated by prices of the other market data, the price indications are considered to be representative of market, as evidenced by the prominent locations of the two sites within not only the Seabridge project but within the growing market area. From reports of the level of preleasing activity and rental rates being achieved, the space is commanding the highest rates in the Oxnard market, a confirmation of the premium indicated for the value of the land. As a result, strongest market evidence is weighted to the negotiated prices with the assumed level of bonded indebtedness for Sale Nos. 1 and 2, as being representative of the value of the subject commercial land parcels, with the estimates of market value as follows.</p> <p align="center">Retail Market Value - Commercial Land</p> <table> <tr> <td>SWC Wooley Road & Victoria Avenue</td><td></td></tr> <tr> <td>370,260 sq.ft. x \$17.56/sq.ft.....</td><td>\$6,500,000</td></tr> <tr> <td>Retail Market Value - Commercial Land</td><td></td></tr> <tr> <td>Marina Village Site</td><td></td></tr> <tr> <td>213,444 sq.ft. x \$16.83/sq.ft.....</td><td>3,593,000</td></tr> <tr> <td>Total Market Value - Commercial Land</td><td>\$10,093,000</td></tr> </table>	SWC Wooley Road & Victoria Avenue		370,260 sq.ft. x \$17.56/sq.ft.....	\$6,500,000	Retail Market Value - Commercial Land		Marina Village Site		213,444 sq.ft. x \$16.83/sq.ft.....	3,593,000	Total Market Value - Commercial Land	\$10,093,000	<p align="center">-69-</p> <p align="right"><i>Parkcenter Realty Advisors Real Estate Appraisers & Consultants</i></p>
SWC Wooley Road & Victoria Avenue													
370,260 sq.ft. x \$17.56/sq.ft.....	\$6,500,000												
Retail Market Value - Commercial Land													
Marina Village Site													
213,444 sq.ft. x \$16.83/sq.ft.....	3,593,000												
Total Market Value - Commercial Land	\$10,093,000												

DEVELOPMENTAL ANALYSIS APPROACH TO VALUE

Methodology

In this approach to value, it is assumed that finished lots and land parcels will be sold to merchant builders for build out and sale of the housing product. A model for the completion of land development and sale of the land is made which estimates the pattern for expenditures and receipt of sales revenue over the projected land development and absorption period of the project. By discounting the projected net revenue to allow for developer's profit and the time value of money, an estimate of the "as is" land value results which is the residual of the development process. Some of the steps in the appraisal process employed in this methodology have been previously presented, with estimates made for gross lot sale revenue and site development costs. Other estimates are now made for the length of the land construction and absorption periods, property taxes, general and administrative costs, marketing costs, financing costs, and the discount rate.

Gross Revenue

Revenue from the sale of land to merchant builders reflects the assumed condition of land as finished lots and land parcels rather than "blue-top" lots. Accordingly, the previously estimated retail land values of the various product areas in Seabridge have not been reduced by cost estimates for site finishing work, fees, and permits in arriving at the estimate of gross land sales revenue. Revenue is reflected in the cash flow model as being received in cash, with phased lot closings to mirror the projected housing absorption pattern for the various Seabridge products according to the Empire Economics Market Absorption Study. Reflecting the opinion rendered in the Empire Economics Market Absorption Study for "moderate appreciation" in home prices over the near term, I have projected growth in land values at the rate of 7% per annum for purposes of estimating gross sales revenue from land sales over the four year absorption period. Reimbursement of CFD improvement costs is assumed during the first cash flow period. This rate mirrors the average rate of house price appreciation in the Oxnard market between 1995-2000, prior to the onset of hyper-appreciation experienced over the last 5 years. Total projected CFD improvement reimbursement is estimated in the amount of \$26,050,000.

Site Development Costs

Estimated master land development costs and finishing costs of the lots are provided by the master land developer, D.R. Horton Incorporated, and are assumed to be accurate. Supporting calculations for these estimates have been reviewed. Land development costs incurred to the August 1, 2005 date of value total approximately \$22,081,661, with an estimated \$76,830,071 in costs remaining to complete the project.

Remaining land development and site finishing cost are estimated to fall into the following categories, as depicted in the discounted cash flow analysis.

Hard Construction Costs.....	\$46,748,834
Contingency (10.8%).....	5,041,666
Bonds	54,000
Subtotal	\$51,844,500
Impact Fees - Residential Lots	15,485,571
OSD Mitigation Fees	9,500,000
Total	\$76,830,071

Division of the subtotal for hard costs between the construction phases is estimated as follows.

		Projected Timing
Construction Phase I	\$25,611,183	Cash Flow Period 1
Construction Phase II	16,019,950	Cash Flow Period 2
Construction Phase III	10,213,367	Cash Flow Period 3
Total	\$51,844,500	

No further adjustment for inflation has been recognized in the cash flow model, since the remaining hard costs are projected to be spent within 18 months and already include a 10.8% contingency allowance. Payment of impact fees is estimated to be phased according to the projected lot sale absorption schedule at the average rate of \$25,386.12 per unit. Such a phasing schedule is deemed appropriate since impact fees are due at time of building permits. Payment of the balance of the negotiated Oxnard School District impact fee assumes that the land purchase option will be exercised prior to expiration of the last extension date of February 2008.

Absorption Period

Lots and land parcels subject to this appraisal are all included in Map Phases 1 through 8 of the Seabridge project, as identified by D.R. Horton for land development phasing purposes. Site development costs for these portions of Seabridge are projected to all be incurred within the next 12 months. Following Table 13 depicts the projected timing of construction phasing as it affects the various product areas.

Table 13

Land Development Phasing Estimates - D.R. Horton

Product	Map Ph. 4	Map Ph. 3	Map Ph. 1	Map Ph. 2	Map Ph. 5	Map Ph. 6	Map Ph. 7	Map Ph. 8	Total
1 & 2	0	0	0	0	0	110	0	0	110
14	56	0	0	0	0	0	0	0	56
42	42	42	0	0	84	0	0	0	168
40	0	0	86	0	0	0	47	0	133
45	0	0	0	0	29	0	0	0	29
45-Docks	0	0	30	0	0	0	0	0	30
50-Docks	0	0	0	12	11	0	17	44	84
Total	98	42	116	12	124	110	64	44	610

Thus, from a physical standpoint, the finished lots and land parcels will all be available and capable of being absorbed according to projected market demand for new housing production. Starting point in my analysis and estimate of lot absorption in the assumed sale of Seabridge land to merchant builders is the housing unit absorption projection performed by Empire Economics that has been previously referenced. I have estimated a 6 to 9 month acceleration in land absorption, recognizing the necessary lead time from land acquisition to finished home completions. Table 14 illustrates and summarizes the Empire Economics product absorption projection for Seabridge, and my estimate of land absorption for the various residential product areas.

Table 14

Home Absorption Estimates - Empire Economics

Product	Year 1 1-Aug-05	Year 2 1-Aug-06	Year 3 1-Aug-07	Year 4 1-Aug-08	Year 5 1-Aug-09	Total
1 & 2	30	60	20	0	0	110
14	25	31	0	0	0	56
42	23	45	50	50	0	168
40	20	40	40	33	0	133
45	5	10	10	4	0	29
45-Docks	6	12	12	0	0	30
50-Docks	12	20	20	20	12	84
Total	121	218	152	107	12	610

Land Sales Absorption Estimates - Parkcenter Realty Advisors

Product	Year 1 1-Aug-05	Year 2 1-Aug-06	Year 3 1-Aug-07	Year 4 1-Aug-08	Year 5 1-Aug-09	Total
1 & 2	60	40	10	0	0	110
14	41	16	0	0	0	56
42	46	48	50	25	0	168
40	40	40	37	17	0	133
45	10	10	7	2	0	29
45-Docks	12	12	6	0	0	30
50-Docks	22	20	20	16	6	84
Total	230	185	130	60	6	610

Discounted Cash Flow Projection Period

As of the effective date of the appraisal, site clearing, grading, offsite improvements and canal construction has been underway (with interruptions) for about 12 months. The D.R. Horton construction timetable projects substantial completion of the infrastructure and site improvement work over about the next 10 to 12 months. Projected channel flooding is estimated to take place in May 2006, followed by completion of site improvements to Map Phases 7 & 8 in June 2006 and completion of channel work in September 2006. D.R. Horton is proceeding with land development as a single-phase project. For purposes of this appraisal, however, slightly more drawn-out timing and phasing of site development is assumed, which is believed to more closely resemble economic feasibility issues with respect to land development for sale of improved lots to merchant builders, according to the estimated lot absorption schedule. Land sales to merchant builders could be expected to begin immediately with completion of the site improvements to Map Phase 4 area as of the date of value. A four year discounted cash flow projection period is estimated, consistent with the estimated land absorption schedule previously presented. Sale of the commercial land parcel at the corner of Wooley Road and Victoria Avenue is anticipated by September 15, 2005 and the Marina Village commercial land parcel that is currently in escrow is projected to close within 6 months. It is projected that reimbursement of CFD improvements for the site construction costs will occur prior to February 1, 2006. The cash flow projections have been estimated and discounted on a semi-annual basis.

Real Estate Taxes

An allowance for real estate taxes payable during the construction and marketing period is made, reflecting an adjustment to the current assessed value, assuming a sale of the property as of August 1, 2005. Pro rata property tax estimates are made for installment payments due in December 2005, accounting for projected closings of the land sale transactions prior to the December tax payment date. Similar prorated property tax estimates that take into account the declining land base due to projected sale activity is made for tax payments that are due in April

and December 2006, and beyond. An allowance for CFD special taxes on the property assuming condition as undeveloped acreage prior to sale to merchant builders is included in the property tax estimates.

General And Administrative

Included within this indirect cost category are such items as administrative and office overhead, construction management, and insurance. For the periods during which construction is in progress, General and Administrative costs are estimated at 3% of gross sales revenue. For the remainder of the lot sale absorption period, G&A costs are estimated at the rate of 2.5% of gross sales revenue.

Marketing Costs

Total marketing costs are estimated as 3% of gross land sales. This amount includes sales commissions (2%) and legal, title and escrow charges (1%). These costs are projected to be incurred at the time of closing of the land sale transactions, according to the estimated absorption schedule.

Financing Costs

It is assumed that a land development loan will be required to fund site development costs. Assumptions reflective of the current market financing costs and loan payback are:

Loan Fee	1% of principal borrowed
Annual Interest Rate (Prime Plus 1%)	7.25% applied to average loan balance
Loan Payback Rate	35% of gross sales revenue (equivalent to 120% of average borrowed funds per lot)

Loan disbursement is assumed to reflect a land draw at a maximum level of 50% of the indicated current land value.

Discount Rate

My investigation of the market suggests that a single rate discounting methodology best fits the analysis most likely to be reflected in the market for the subject property as an entitled, semi-improved land parcel. Such an analysis discounts the receipt of net revenue over time to an estimate of current residual land value through use of a discount rate or internal rate of return that allows for the perceived risk inherent in development and marketing of the project, as well as sufficient profit to attract investment.

Surveys performed over the years, as well as my own research, suggest that land developers and investors tend to consistently identify an acceptable yield rate for entitled residential land development projects as being between about 20% and 30%. Raw land without entitlements would be expected to command yield rates well in excess of 30%, a reflection of the uncertainty and timing required to secure the necessary development approvals. The high end of the yield rate range for entitled land is attributable to projects with higher perceived risks, such as projects that are lacking in some entitlements; have prolonged development and absorption periods due to large size or unfavorable market conditions; or face an extremely competitive market. On the other hand, smaller projects that may be expected to experience short development and absorption periods would be attractive at a lower yield rate. Another factor that affects the yield rate is the scarcity of readily developable land in the particular market since, in cases of strong demand and short supply, merchant builders are known to pay more for land and accept smaller profit margins, decreasing some of the risk factors to the master land developer. The range in discount rates cited generally reflects the risks associated with a land development project at the beginning of development of master land improvements.

However, as of the date of value, the status of the subject Seabridge land development project is much farther along in the development and marketing cycle, suggesting that a lower discount rate is appropriate to reflect the lower level of risk that the development and marketing of the project will be completed according to the projections. In such a case, it is my opinion that the appropriate discount rate comparison tends toward yield requirements of merchant builders, generally falling within a range of about 15% to 20% and currently averaging about 18%. The following summary chart, Table 15, is offered in support of the trend in yield rate requirements for residential developments, from the perspective of both master land developers and merchant builders.

Table 15

Korpacz Real Estate Investor Survey - Land Yield Rate Survey				
Time Period	Range	Free & Clear	Average Yield	Financed
2 nd Qtr. 2005	11% - 25%	18.05%	--	--
Free & Clear	NA	--	--	NA
4 th Qtr. 2004	11% - 25%	18.05%	--	--
Free & Clear	NA	--	--	NA
2 nd Qtr. 2004	11% - 30%	18.45%	--	--
Free & Clear	15% - 20%	--	--	18.13%
4 th Qtr. 2002	11% - 35%	20.21%	--	--
Free & Clear	15% - 30%	--	--	22.08%
2 nd Qtr. 2002	11% - 35%	20.04%	--	--
Free & Clear	15% - 30%	--	--	19.0%
4 th Qtr. 2001	11% - 35%	19.96%	--	--
Free & Clear	12% - 30%	--	--	20.7%
2 nd Qtr. 2001	11% - 35%	20%	--	--
Free & Clear	12% - 35%	--	--	22.14%

Characteristics of the subject property and the market, in my opinion, suggest that a yield rate lower than the average 18% would be supportable in the market. In one respect, reduced level of risk is indicated for the project since it fits a unique market niche, and no other coastal projects are far enough along in the entitlement process to present competition to the lot sale program. The only exception would be limited availability of scattered vacant lots within the already developed neighborhoods of Leeward Estates. Duration of the remaining construction and marketing period is estimated to be moderate, approximately 48 months from the date of the appraisal. Market acceptance of the Seabridge project may be assumed to mirror the acceptance of the Westport at Mandalay Bay project which involved similar product types. Sale of the two stand-alone commercial parcels is currently in escrow. Sufficient contingency has been recognized in the remaining site improvement cost estimates, in my opinion, to adequately address risk to the projected return that might result from cost overruns. On the other hand, this is not to suggest that the project is not entirely without risk. It is widely noted that demand for high-end homes tends to suffer the most in an economic downturn, and the subject project will offer among the highest-priced new housing in the immediate area. Only newly constructed homes with oceanfront proximity can be expected to command higher prices than homes to be built on the subject water-oriented lots. In my opinion, however, some of the assumptions reflected in the cash flow model tend to reduce the level of risk associated with the project.

First of all, the rate of lot sales to merchant builders is felt to be a fairly conservative absorption rate meant to mirror the estimated rate of finished housing product absorption. It is quite possible given current market conditions, that merchant builders would purchase lots in greater quantities than indicated in order to provide adequate finished lot inventories. On the other hand, there is significant support and precedence for phased take-downs of small numbers of lots for high-priced waterfront product as indicated by the lot sales comparisons at Westport Mandalay Bay. Secondly, risk of a potential market downturn has been at least somewhat accounted for in the assumed annual land value appreciation rate of 7%. This estimate is about one-half the most recent market appreciation rate over the past year, and equivalent to the historic average for years 1995 to 2000, the time period prior to the current period of hyper-appreciation experienced over the past 5 years. Recognizing these risk assumptions, I have estimated a yield rate between 15% and 18%, say 16.5%, in discounting the projected cash flow stream into an estimate of "as is" land value for the subject property, assuming a bulk sale as of the date of value.

Under the assumed debt and equity structure for development of the land, the indicated 25% return on equity implied by the 16.5% yield rate is adequate, in my opinion, to attract investment to the project.

Band of Investment - Yield Rate Analysis

Equity	50% x 25%.....	12.5%
Debt	50% x 8.25%.....	4.1%
Yield Rate	16.6%

Estimated Residual Land Value

A discounted cash flow analysis is presented in Exhibit F in the Addendum of this report. Indicated residual land value reflecting the "as is" condition of the Seabridge at Mandalay Bay property as of August 1, 2005 is \$129,495,400, rounded to **\$129,500,000**. A summary of the analysis follows.

**Discounted Cash Flow Analysis Summary
Seabridge At Mandalay Bay - CFD #3**

Projected Gross Revenue - Land Sales.....	\$229,957,069
Estimated Direct Costs	
Land Development Costs Remaining.....	(\$76,830,033)
CFD Reimbursement.....	26,050,000
Net Estimated Direct Costs.....	(\$50,780,033)
Estimated Indirect Costs & Carry	
Base Property Taxes.....	(\$2,356,632)
CFD Special Taxes.....	(1,868,365)
General & Administrative.....	(6,122,754)
Marketing & Closing.....	(6,703,712)
Interest & Financing.....	(7,035,214)
Total Indirect & Carry Costs.....	(24,086,677)
Projected Net Revenue - Land Sales.....	\$155,090,359
Discount - Profit & Time.....	(25,594,959)
Discounted Present Value.....	\$129,495,400
Estimated Market Value - Bulk Sale.....	\$129,500,000

<p><i>Estimated Market Exposure Time</i></p> <p>The property has all necessary entitlements and is proceeding with development of site and infrastructure improvements according to the master plan of development. Market acceptance from merchant builders is assumed to be good; mirroring the acceptance of similar product at Westport at Mandalay Bay. Contracts for sale of the two stand-alone commercial land parcels have been signed. In my opinion, a period of approximately six months or less would be required to attract a buyer to the property and allow performance of the required due diligence prior to consummation of a sale.</p> <p style="text-align: center;"><u>VALUATION</u></p> <p>Valuation of the Seabridge at Mandalay Bay land in its "as is" condition, as enhanced by infrastructure improvements to be partially financed by Community Facilities District No. 3, is presented to estimate the level of security associated with Community Facilities District Bonds. The first analysis of the property by the Cost Approach results in an estimated bulk sale value for the land in the amount of <i>\$131,400,000</i>. This methodology recognizes the price paid for the raw acreage land parcel upon acquisition by the current property owner in April 2004, as well as appreciation in land value and the cost of development of the property that has taken place since the land acquisition. Allocations have been made to both the land purchase price and development costs to date to separate the value associated with the Oxnard School District option land from the remaining Seabridge land that is the subject of the appraisal report.</p> <p>The second, and preferred, appraisal methodology used in my valuation of the Seabridge at Mandalay Bay property is a Discounted Cash Flow Developmental Analysis. The estimated bulk sale value of the land by this approach is <i>\$129,500,000</i>, which supports the market value estimated for the property by the Cost Approach. The analysis incorporates market evidence and support for the projected pricing and absorption of housing units and commercial space proposed for development, as well as the market value of finished land parcels. In the process of estimating the bulk sale value of the Seabridge land in its current, partially improved condition, I have estimated the aggregate retail value of the improved land in the amount of \$208,905,170. Through this analysis, the Seabridge project, as enhanced by infrastructure improvements to be partially financed by Community Facilities District No. 3, is estimated to be a feasible project that is estimated to provide an internal rate of return of 16.5% to a land developer who would purchase the property at the date of value at the estimated bulk sale value.</p> <p>Based on the examination and study made and my experience as a real estate appraiser, I have formed the opinion that the market value of the subject property, in "as is" condition, as of August 1, 2005, as enhanced by infrastructure improvements to be financed by CFD-3, Seabridge-Mandalay Bay, is in the amount of:</p> <p style="text-align: center;"><i>ONE HUNDRED THIRTY MILLION DOLLARS</i> <i>(\$130,000,000)</i></p>	<p><i>Parkcenter Realty Advisors</i></p> <p style="text-align: center;">-76-</p> <p><i>Real Estate Appraisers & Consultants</i></p>
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<p style="text-align: center;"><u>LIMITING CONDITIONS</u></p> <p>This report is made expressly subject to the conditions and stipulations following.</p> <p>No responsibility is assumed by Parkcenter Realty Advisors for matters, which are legal in nature.</p> <ol style="list-style-type: none"> No opinion of title is rendered and the property is appraised as though free of all encumbrances and the title marketable. The appraisal covers the property described only. No survey of the boundaries of the property has been made. All areas and dimensions furnished our appraiser(s) are assumed to be correct. Sources of information are believed to be correct and, where feasible, have been verified. That the term "market value", as used herein, is defined as, "the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: <ol style="list-style-type: none"> buyer and seller are typically motivated; both parties are well informed or well advised, and acting in what they consider their own best interests; a reasonable time is allowed for exposure in the open market; payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale." That the date of value to which the conclusions and opinions expressed in this report apply, is set forth in the letter of transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American dollar on that date. That the appraiser(s) assumes no responsibility for economic or physical factors, which may affect the opinions herein stated occurring at some date after the date of value. That the appraiser(s) reserves the right to make such adjustments to the valuation herein reported, as may be required by consideration of additional data or more reliable data that may become available. That maps, plats, and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as survey, or relied upon for any other purpose, nor should they be removed from, reproduced, or used apart from this report. By reason of this appraisal, Parkcenter Realty Advisors is not required to give testimony or to be in attendance in court or at any governmental or other hearing with reference to the property without prior arrangements having been made relative to such additional employment. 	<p><i>Parkcenter Realty Advisors</i></p> <p style="text-align: center;">-77-</p> <p><i>Real Estate Appraisers & Consultants</i></p>
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- ## CERTIFICATION

Parcenter Realty Advisors certifies that, to the best of their knowledge and belief, the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan;

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions;
- we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved;
- our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report;
- our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute as well as the Uniform Standards of Professional Practice of the Appraisal Standards Board of the Appraisal Foundation;
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
- as of the date of this report, Christopher N. Hardy has completed the requirements under the continuing education program of the Appraisal Institute;
- we have made a personal inspection of the property that is the subject of this report;
- no one provided significant professional assistance to the persons signing this report; and

in accordance with the USPAP Competency Provision, we certify that we have the knowledge and experience to complete this assignment and have appraised this property type before.

Respectfully submitted,

PARKCENTER REALTY ADVISORS

By:

Christopher N. Hardy
Digitally signed by Christopher N. Hardy
DN: cn=Christopher N. Hardy, o=US
Admission, c=US
Date: 2005.08.26 16:24:57
+07'00'

Christopher N. Hardy, MAI

Senior Vice President
Certified General Real Estate Appraiser
State of California No. AG003369

CNH:pmd

ADDENDUM

EXHIBIT A
Neighborhood Photographs



Typical Canal Settings In Leeward Estates, Mandalay Bay Neighborhoods



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Channel Islands Marina



Seaport Village Wharf-Channel Islands Harbor

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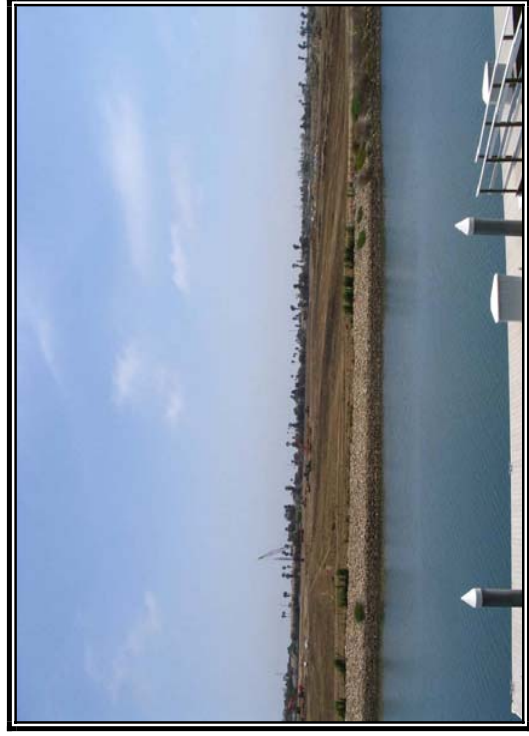
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EXHIBIT B
Subject Photographs



Seabridge Land Viewed Across Main Channel From Westport Project





Option Parcel - Oxnard School District



West Boundary Of Seabridge At Main Channel

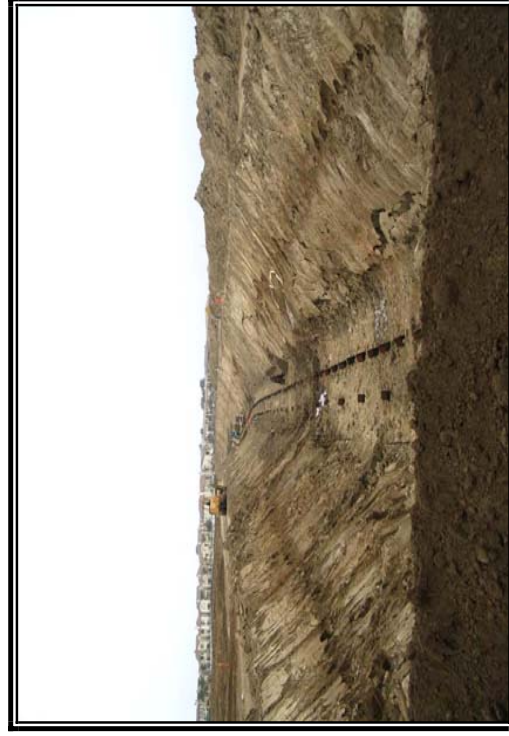
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Vicinity Of Amphitheater On Recreational Bay



Excavation For Seawall Construction - North Channel

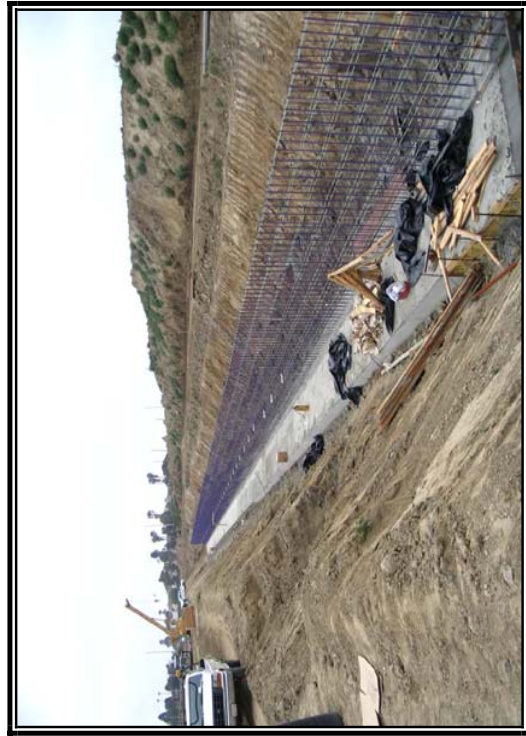
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Seawall Construction - Marina Channel East



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Unimproved Wooley Road Along Seabridge Frontage



Wooley Road Through Westport, After Improvement

Parkcenter Realty Advisors

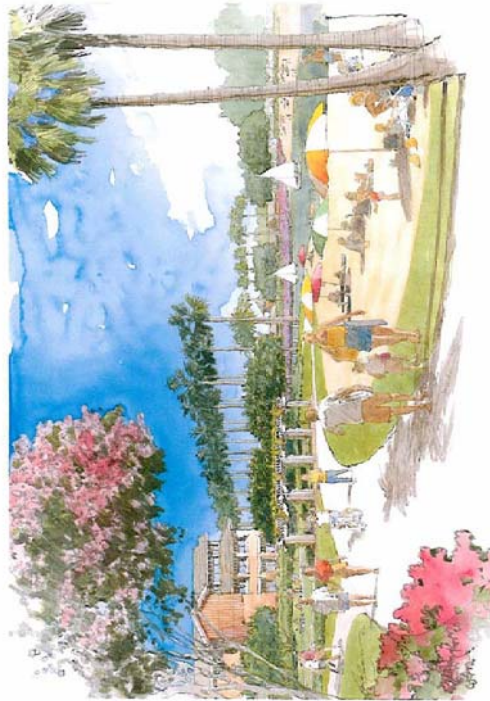
Real Estate Appraisers & Consultants

EXHIBIT C
Seabridge At Mandalay Bay - Public Area Renderings





Pedestrian walk and walkway above main island

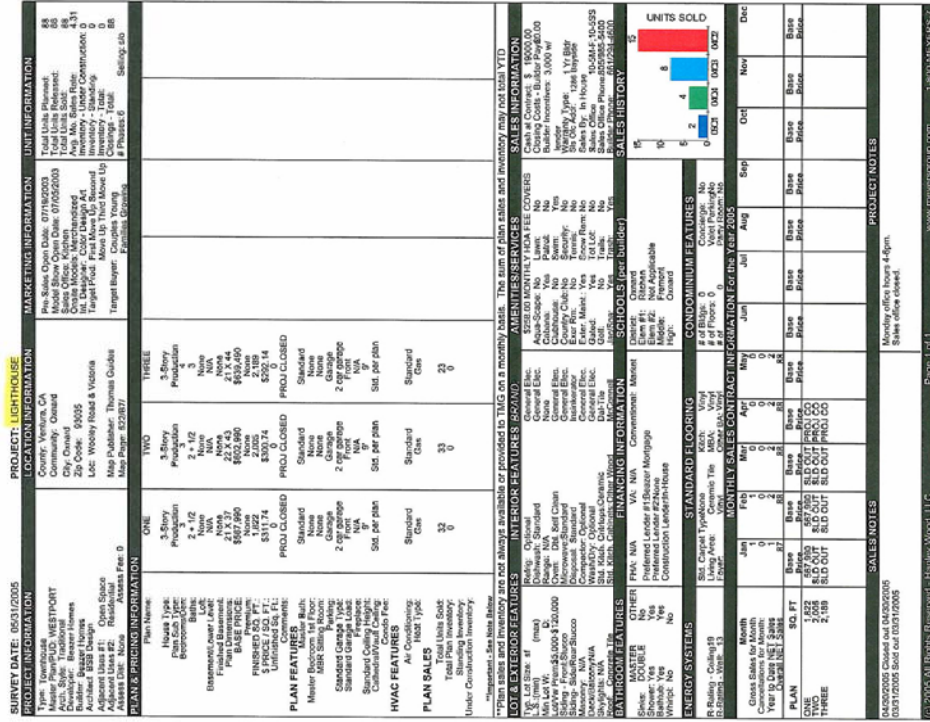


Public park and beach



View from Neighborhood Center

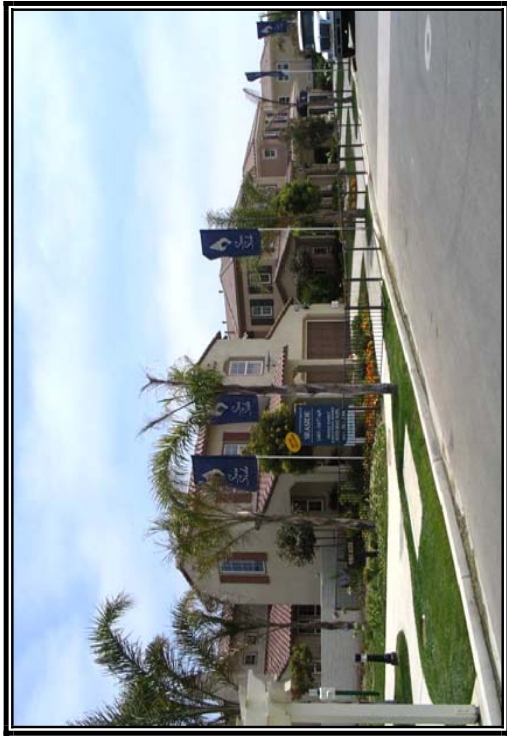
Product Survey Data - Westport At Mandalay Bay





SURVEY DATE: 06/01/2005		PROJECT: SEAVIEW		MARKETING INFORMATION		UNIT INFORMATION	
Type: Single Family		County: Ventura, CA		Who-Sale: Open Date: 02/26/2004		Total Units Planned: 14	
Arch: Single-Family		Community: Oxnard		Model Show Open Date: 01/17/2004		Total Units Released: 14	
Developer: Lennar Company		Zip Code: 93055		Avg. Mo. Sales Rate: 4.26		Avg. Mo. Sales Rate: 4.26	
Architect: Van Tong & Associates		Loc: Ventura Ave & W. Woody		Target Price: Third Move Up Fourth		Inventory - Standing: 0	
Adjacent Unit #1: Residential		Map Publisher: Thomas Guides		Target Buyer: Empty Nests		Inventory - Total: 0	
Address Dist: Metro Area		Map Page: 521877		# Phases: 1		# Phases: 1	
PLAN & PRICING INFORMATION		PLAN NAME		PLAN #		PLAN PRICE	
House Type: 3-Bedroom		None		None		None	
Basement: None		None		None		None	
Finished Basement: None		None		None		None	
BASE PRICE: \$171,000		None		None		None	
FINISHED SQ. FT.: 1,710		None		None		None	
5 PRICE / SQ. FT.: \$272.68		None		None		None	
UNITS SOLD		None		None		None	
PLAN FEATURES		PROJ. CLOSED		None		None	
Master Bedroom 1st Floor		None		None		None	
Bath 1st Floor		None		None		None	
Standard Garage 1st Floor		None		None		None	
Standard Garage 2nd Floor		None		None		None	
Standard Garage 3rd Floor		None		None		None	
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Standard Garage 172nd Floor		None		None		None	
Standard Garage 173rd Floor		None		None		None	
Standard Garage 174th Floor		None		None		None	
Standard Garage 175th Floor		None		None		None	
Standard Garage 176th Floor		None		None		None	
Standard Garage 177th Floor		None		None		None	
Standard Garage 178th Floor		None		None		None	
Standard Garage 179th Floor		None		None		None	
Standard Garage 180th Floor		None		None		None	
Standard Garage 181st Floor		None		None		None	
Standard Garage 182nd Floor		None		None		None	
Standard Garage 183rd Floor		None		None		None	
Standard Garage 184th Floor		None		None		None	
Standard Garage 185th Floor		None		None		None	
Standard Garage 186th Floor		None		None		None	
Standard Garage 187th Floor		None		None		None	
Standard Garage 188th Floor		None		None		None	
Standard Garage 189th Floor		None		None		None	
Standard Garage 190th Floor		None		None		None	
Standard Garage 191st Floor		None		None		None	
Standard Garage 192nd Floor		None		None		None	
Standard Garage 193rd Floor		None		None		None	
Standard Garage 194th Floor		None		None		None	
Standard Garage 195th Floor		None		None		None	
Standard Garage 196th Floor		None		None		None	
Standard Garage 197th Floor		None		None		None	
Standard Garage 198th Floor		None		None		None	
Standard Garage 199th Floor		None		None		None	
Standard Garage 200th Floor		None		None		None	
Standard Garage 201st Floor		None		None		None	
Standard Garage 202nd Floor		None		None		None	
Standard Garage 203rd Floor		None		None		None	
Standard Garage 204th Floor		None		None		None	
Standard Garage 205th Floor		None		None		None	
Standard Garage 206th Floor		None		None		None	
Standard Garage 207th Floor		None		None		None	
Standard Garage 208th Floor		None		None		None	
Standard Garage 209th Floor		None		None		None	
Standard Garage 210th Floor		None		None		None	
Standard Garage 211st Floor		None		None		None	
Standard Garage 212nd Floor		None		None		None	
Standard Garage 213th Floor		None		None		None	
Standard Garage 214th Floor		None		None		None	
Standard Garage 215th Floor		None		None		None	
Standard Garage 216th Floor		None		None		None	
Standard Garage 217th Floor		None		None		None	
Standard Garage 218th Floor		None		None		None	
Standard Garage 219th Floor		None		None		None	
Standard Garage 220th Floor		None		None		None	
Standard Garage 221st Floor		None		None		None	
Standard Garage 222nd Floor		None		None		None	
Standard Garage 223rd Floor		None		None		None	
Standard Garage 224th Floor		None		None		None	
Standard Garage 225th Floor		None		None		None	
Standard Garage 226th Floor		None		None		None	
Standard Garage 227th Floor		None		None		None	
Standard Garage 228th Floor		None		None		None	
Standard Garage 229th Floor		None		None		None	
Standard Garage 230th Floor		None		None		None	
Standard Garage 231st Floor		None		None		None	
Standard Garage 232nd Floor		None		None		None	
Standard Garage 233rd Floor		None		None		None	
Standard Garage 234th Floor		None		None		None	
Standard Garage 235th Floor		None		None		None	
Standard Garage 236th Floor		None		None		None	
Standard Garage 237th Floor		None		None		None	
Standard Garage 238th Floor		None		None		None	
Standard Garage 239th Floor		None		None		None	
Standard Garage 240th Floor		None		None		None	
Standard Garage 241st Floor		None		None		None	
Standard Garage 242nd Floor		None		None		None	
Standard Garage 243rd Floor		None		None		None	
Standard Garage 244th Floor		None		None		None	
Standard Garage 245th Floor		None		None		None	

[illegible]



Sea Side



Sea Side Channel View

WHITESALES AT WESTPORT, MANDALAY BAY
Building 1
Phase 1 Release Prices

Lot	Plan	Address	Location	Sq.Ft.	Base Price	Per Sq.Ft.
115	AR	4340 Tradewinds	Interior Courtyard	1,442	\$510,990	\$354.36
215	AR	4370 Tradewinds	Interior Courtyard	1,442	\$520,990	\$361.30
315	AR	4396 Tradewinds	Interior Courtyard	1,442	\$530,990	\$368.23
110	B3	4312 Tradewinds	Waterfront	1,771	\$633,990	\$357.98
210	B3	4342 Tradewinds	Waterfront	1,771	\$673,990	\$380.57
310	B3	4372 Tradewinds	Waterfront	1,771	\$713,990	\$403.15
111	B	4332 Tradewinds	Interior Courtyard	1,699	\$535,990	\$315.47
211	B	4362 Tradewinds	Interior Courtyard	1,699	\$550,990	\$324.30
311	B	4388 Tradewinds	Interior Courtyard	1,699	\$565,990	\$333.13
102	C	4328 Tradewinds	Streetfront-No Courtyard	1,655	\$550,990	\$332.92
202	C	4358 Tradewinds	Streetfront-No Courtyard	1,655	\$575,990	\$348.03
101	D	4330 Tradewinds	Streetfront - Courtyard	1,797	\$575,990	\$320.53
201	D	4360 Tradewinds	Streetfront - Courtyard	1,797	\$600,990	\$334.44



EXHIBIT E
Neighboring Areas, Residential Re-Sales Data

HARBOUR POINTE CONDOS - SUMMARY OF SALES ACTIVITY

Address	Bldg. Sq.Ft.	Yr. Blt.	Floor Location	# Sty	# Bdrms	# Baths	Sale Date	Sale Price	Per Sq.Ft.
4210 Harbour Island	1,937	1988	A-2	1	2	2	May-00	\$335,000	\$172.95
4220 Harbour Island	1,937	1988	B-1	1	2	2	Jul-00	\$370,000	\$191.02
1709 Pearl Way	2,164	1992	Q-2	1	2	2	Sep-00	\$315,000	\$145.56
4214 Harbour Island	2,164	1988	A-3	1	2	2	Oct-00	\$365,000	\$168.67
1727 Emerald Isle Way	1,937	1991	G-2	1	2	2	Nov-00	\$338,000	\$184.82
1736 Emerald Isle Way	2,164	1991	K-2	1	2	2	Nov-00	\$335,000	\$154.81
Average	2,051								\$169.64
1741 Pearl Way	1,937	1992	O-1	1	2	2	Jan-01	\$365,000	\$188.44
1711 Pearl Way	2,164	1992	Q-2	1	2	2	Feb-01	\$325,000	\$150.18
4233 Harbour Island	2,164	1988	E-3	1	2	2	Mar-01	\$365,000	\$168.67
4206 Harbour Island	2,164	1988	A-2	1	2	2	Apr-01	\$325,000	\$150.18
1758 Emerald Isle Way	2,663	1991	Penths	1	2	2	Apr-01	\$555,000	\$208.41
4246 Harbour Island	1,937	1988	C-2	1	2	2	Jun-01	\$330,000	\$170.37
1717 Pearl Way	2,164	1992	Q-3	1	2	2	Jul-01	\$480,000	\$221.81
4228 Harbour Island	1,937	1988	B-3	1	2	2	Aug-01	\$394,500	\$203.67
1709 Emerald Isle Way	2,164	1991	H-2	1	2	2	Aug-01	\$450,000	\$207.95
4216 Harbour Island	1,937	1988	A-3	1	2	2	Sep-01	\$400,000	\$206.50
4223 Harbour Island	2,164	1988	E-1	1	2	2	Nov-01	\$399,000	\$184.38
4211 Harbour Island	1,937	1992	N-3	1	2	2	Dec-01	\$385,000	\$198.76
Average	2,111								\$188.28
1741 Pearl Way	1,937	1992	O-1	1	2	2	Feb-02	\$430,000	\$221.99
1733 Emerald Isle Way	1,937	1991	G-3	1	2	2	Apr-02	\$430,000	\$221.99
1729 Emerald Isle Way	2,164	1991	G-2	1	2	2	Aug-02	\$485,000	\$224.12
4226 Harbour Island	2,164	1988	B-2	1	2	2	Sep-02	\$480,000	\$221.81
1711 Pearl Way	2,164	1992	O-2	1	2	2	Sep-02	\$446,000	\$206.10
1714 Emerald Isle Way	2,663	1991	Penths	1	2	2	Listing	\$750,000	\$281.64
Average (Excluding Listing)	2,073								\$222.35
4252 Harbour Island Lane	2,663	1988	C-3	1	2	3	Jun-03	\$625,000	\$234.70
4243 Harbour Island Lane	2,164	1988	D-1	1	2	2	Jun-03	\$625,000	\$288.82
1800 Emerald Isle Way	2,164	1992	M-1	1	2	2	Sep-03	\$558,000	\$257.86
Average	2,330								\$260.46
4222 Harbour Island Lane	2,164	1988	B-1	1	2	2	Jan-04	\$685,000	\$316.54
4249 Harbour Island Lane	2,164	1988	D-2	1	2	2	Jan-04	\$715,000	\$330.41
1722 Emerald Isle Way	1,937	1991	J-1	1	2	2	Jun-04	\$705,000	\$363.96
4223 Harbour Island Lane	2,164	1988	E-1	1	2	2	Dec-04	\$728,000	\$336.41
Average	2,107								\$336.83
1715 Pearl Way	2,164	1992	Q-3	1	2	2	Jan-05	\$670,000	\$309.61
4228 Harbour Island Lane	1,937	1988	B-3	1	2	2	Apr-05	\$805,000	\$415.59
1753 Emerald Isle Way	2,663	1989	Penths	1	2	2.5	Apr-05	\$1,200,000	\$450.62
4224 Harbour Island Lane	1,937	1988	B-2	1	2	2	May-05	\$767,000	\$395.97
Average	2,175								\$392.95

Harbour Island Stacked Flat Condos - Harbour Pointe



MANDALAY BAY TOWNHOUSES - SUMMARY OF SALES ACTIVITY

Address	Lot Sq.Ft.	Bldg. Sq.Ft.	Type	Yr. Built	# Bds	# Sps	# Baths	Sale Date	Sale Price	Per Sq.Ft.
4525 Lyme Bay	3,401	2,192	Twnhse	1971	2	4	3	Sep-00	\$450,000	\$205.29
4521 Lyme Bay	2,800	2,237	Twnhse	1971	2	3	2.5	Sep-00	\$485,000	\$216.81
4565 Falkirk Bay	2,800	1,216	Twnhse	1976	1	2	2	Sep-00	\$425,000	\$349.51
4414 Gateshead Bay	2,800	2,164	Twnhse	1976	2	3	2	Sep-00	\$570,000	\$263.40
2454 Jamestown Court	3,400	2,250	Twnhse	1971	2	3	2.5	Oct-00	\$795,000	\$353.33
4562 Eastbourne Bay	2,800	1,216	Twnhse	1976	1	2	2	Nov-00	\$325,000	\$267.27
4430 Falkirk Bay	2,800	1,216	Twnhse	1976	1	2	2	Dec-00	\$420,000	\$345.39
Average	2,971	1,784							\$495,714	\$285.86
2251 Kingsbridge Lane	3,100	1,800	Twnhse	1971	2	3	2.5	Jan-01	\$460,000	\$255.56
2511 Jamestown Court	2,800	2,237	Twnhse	1971	2	3	2.5	Feb-01	\$480,000	\$214.57
4440 Meridian Ave.	2,940	1,991	Twnhse	1971	2	3	2.5	Feb-01	\$485,000	\$243.60
4624 Falkirk Bay	3,120	1,376	Twnhse	1976	1	2	2	Feb-01	\$379,000	\$275.44
4608 Falkirk Bay	2,800	1,216	Twnhse	1976	1	2	2	Feb-01	\$398,000	\$327.30
4540 Falkirk Bay	2,800	1,216	Twnhse	1976	1	2	2	Feb-01	\$395,000	\$324.84
4516 Falkirk Bay	2,800	2,237	Twnhse	1976	2	2	2.5	Mar-01	\$637,500	\$233.17
2404 Jamestown Court	2,800	2,237	Twnhse	1971	2	3	2.5	May-01	\$486,000	\$217.26
2530 Oldham Circle	2,800	1,991	Twnhse	1971	2	3	2.5	Jul-01	\$479,000	\$240.58
4610 Eastbourne Bay	2,800	1,620	Twnhse	1976	2	3	2.5	Jul-01	\$475,000	\$293.21
2000 Kingsbridge Way	3,252	2,192	Twnhse	1971	2	4	3	Aug-01	\$465,000	\$212.14
2110 Kingsbridge Way	2,800	1,800	Twnhse	1971	2	3	2.5	Aug-01	\$500,000	\$228.10
2041 Kingsbridge Way	2,950	1,800	Twnhse	1971	2	3	2.5	Aug-01	\$345,000	\$191.67
2160 Kingsbridge Way	2,800	1,800	Twnhse	1971	2	3	2.5	Sep-01	\$485,000	\$269.44
2551 Jamestown Court	2,800	1,800	Twnhse	1971	2	3	2.5	Sep-01	\$507,500	\$281.94
2160 Kingsbridge Way	2,800	1,800	Twnhse	1971	2	3	2.5	Sep-01	\$485,000	\$269.44
2565 Greencastle Bay	5,413	1,800	Twnhse	1971	2	3	2.5	Oct-01	\$575,000	\$319.44
2310 Jamestown Lane	4,400	2,802	Twnhse	1976	1	2	2.5	Oct-01	\$750,000	\$267.67
4620 Eastbourne Bay	3,000	2,153	Twnhse	1976	1	2	2	Oct-01	\$572,000	\$265.68
4541 Falkirk Bay	3,000	1,376	Twnhse	1976	1	2	2	Nov-01	\$460,000	\$334.30
2215 Kingsbridge Lane	2,800	2,200	Twnhse	1971	2	3	2.5	Nov-01	\$525,000	\$228.26
4565 Gateshead Bay	2,800	1,620	Twnhse	1976	2	3	2	Dec-01	\$473,000	\$291.98
2510 Oldham Circle	2,800	2,237	Twnhse	1971	2	3	2.5	Dec-01	\$520,000	\$232.45
Average	3,060	1,926							\$492,913	\$261.65
2221 Jamestown Lane	3,401	1,376	Twnhse	1976	1	2	2	Jan-02	\$535,000	\$388.81
4611 Falkirk Bay	2,800	4,792	Twnhse	1991	3	3	3.5	Jan-02	\$550,000	\$110.60
4536 Falkirk Bay	2,800	2,264	Twnhse	1976	2	3	2	Mar-02	\$490,000	\$216.43
4555 Costa De Oro	2,800	1,216	Twnhse	1976	1	2	2	Mar-02	\$457,500	\$376.23
4515 Gateshead Bay	2,800	1,804	Twnhse	1976	2	4	3	Mar-02	\$490,000	\$271.62
2231 Kingsbridge Lane	3,402	2,192	Twnhse	1971	2	4	3	Apr-02	\$537,000	\$244.98
4565 Falkirk Bay	2,800	1,216	Twnhse	1976	1	2	2	Apr-02	\$485,000	\$398.85
4566 Eastbourne Bay	2,800	1,620	Twnhse	1976	2	3	2	May-02	\$480,000	\$296.30
4135 W. Chan Is. Bl.	2,921	1,800	Twnhse	1971	2	3	2.5	Jun-02	\$518,000	\$287.78
2435 Oldham Circle	2,885	1,800	Twnhse	1971	2	3	2.5	Jun-02	\$540,000	\$300.00
2160 Jamestown Way	3,032	1,991	Twnhse	1971	2	3	2.5	Jun-02	\$576,000	\$289.30
2001 Kingsbridge Way	3,244	1,376	Twnhse	1976	1	2	2	Jun-02	\$475,000	\$345.20
2335 Jamestown Way	3,252	2,192	Twnhse	1971	2	4	3	Jun-02	\$590,000	\$269.16
4445 Falkirk Bay	3,800	1,376	Twnhse	1976	1	2	2	Jun-02	\$475,000	\$345.20
4565 Costa De Oro	3,180	1,376	Twnhse	1976	1	2	2	Jun-02	\$469,000	\$340.84
4510 Gateshead Bay	2,800	1,804	Twnhse	1976	2	4	2	Jul-02	\$510,000	\$282.71
4567 Gateshead Bay	2,800	1,216	Twnhse	1976	1	2	2	Jul-02	\$479,000	\$393.91
4350 Meridian Ave.	2,800	1,991	Twnhse	1971	2	3	2.5	Jul-02	\$330,000	\$165.75
2111 Kingsbridge Way	2,800	2,237	Twnhse	1971	2	3	2.5	Jul-01	\$590,000	\$263.75
2151 Jamestown Way	3,426	2,840	Twnhse	1971	2	5	3.5	Aug-02	\$760,000	\$267.61
2425 Oldham Circle	2,800	1,991	Twnhse	1971	2	3	2.5	Aug-02	\$505,000	\$253.64
2010 Kingsbridge Way	2,800	2,192	Twnhse	1971	2	4	3	Sep-02	\$600,000	\$273.72

Parkcenter Realty Advisors

Real Estate Appraisers & Consultants

MANDALAY BAY TOWNHOUSES - SUMMARY OF SALES ACTIVITY

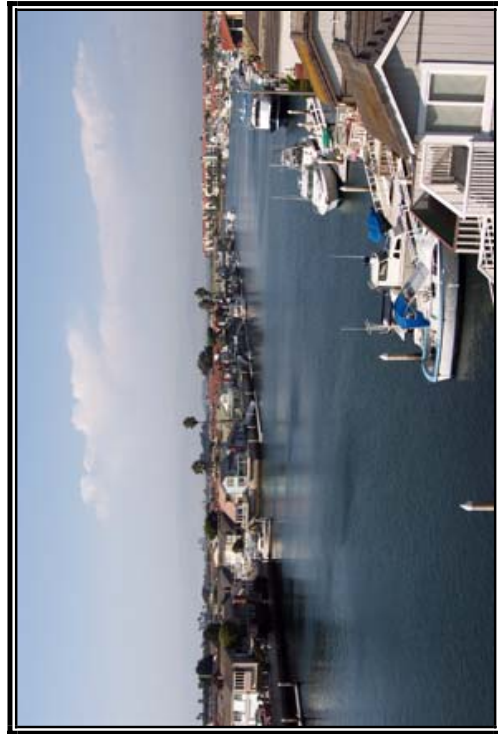
Address	Lot Sq.Ft.	Bldg. Sq.Ft.	Type	Yr. Built	# Sps	# Bds	# Baths	Sale Date	Sale Price	Per Sq.Ft.
2211 Kingsbridge Lane	2,800	1,800	Twnhse	1971	2	3	2.5	Sep-02	\$600,000	\$333.33
4414 Gateshead Bay	2,800	1,620	Twnhse	1976	2	3	2	Oct-02	\$680,000	\$419.75
2510 Greencastle Court	2,800	2,237	Twnhse	1971	2	3	2.5	Nov-02	\$612,000	\$273.58
4540 Falkirk Bay	2,800	1,216	Twnhse	1976	1	2	2	Dec-02	\$475,000	\$390.63
2440 Jamestown Court	3,443	2,192	Twnhse	1971	2	4	3	Dec-02	\$785,000	\$358.12
Average	2,992	1,916							\$559,759	\$302.14
2000 Jamestown Way	3,300	2,192	Twnhse	1971	2	4	3	Feb-03	\$725,000	\$330.75
4577 Gateshead Bay	3,240	1,376	Twnhse	1976	1	2	2	Feb-03	\$586,000	\$425.87
4508 Falkirk Bay	2,800	1,216	Twnhse	1976	1	2	2	Feb-03	\$613,000	\$504.11
4450 Gateshead Bay	2,800	1,620	Twnhse	1976	2	3	2.5	Feb-03	\$665,000	\$410.49
2204 Jamestown Lane	2,800	2,237	Twnhse	1971	2	3	2.5	Feb-03	\$203,500	\$90.97
2431 Oldham Circle	2,800	2,237	Twnhse	1971	2	3	2.5	Mar-03	\$575,000	\$257.04
4504 Eastbourne Bay	2,800	1,216	Twnhse	1976	1	2	2	Mar-03	\$675,000	\$555.10
2164 Kingsbridge Way	3,602	2,192	Twnhse	1971	2	4	3	Mar-03	\$760,000	\$346.72
2561 Jamestown Court	3,080	1,800	Twnhse	1971	2	3	2.5	Jun-03	\$670,000	\$372.22
2330 Kingsbridge Lane	2,858	1,800	Twnhse	1971	2	3	2.5	Jun-03	\$615,000	\$341.67
2031 Jamestown Way	2,800	1,800	Twnhse	1971	2	3	2.5	Jul-03	\$690,000	\$383.33
2054 Jamestown Way	2,800	2,237	Twnhse	1971	2	3	2.5	Jul-03	\$265,000	\$118.46
4625 Falkirk Bay	3,240	1,376	Twnhse	1976	1	2	2	Jul-03	\$585,000	\$425.15
4554 Costa De Oro	2,800	2,237	Twnhse	1971	2	3	2.5	Aug-03	\$684,545	\$306.01
4528 Falkirk Bay	3,295	2,216	Twnhse	1976	2	4	3	Aug-03	\$830,000	\$374.55
2300 Kingsbridge Lane	2,858	1,800	Twnhse	1971	2	3	2.5	Aug-03	\$700,000	\$388.89
4101 W. Chan Is. Bl.	4,360	1,800	Twnhse	1971	2	3	2.5	Sep-03	\$635,000	\$352.78
2551 Jamestown Court	2,800	1,800	Twnhse	1971	2	3	2.5	Sep-03	\$695,000	\$386.11
4541 Falkirk Bay	3,000	1,376	Twnhse	1976	1	2	2	Sep-03	\$707,000	\$513.81
4441 Falkirk Bay	2,800	2,838	Twnhse	1976	2	3	2	Nov-03	\$860,000	\$305.85
Average	3,042	1,868							\$637,352	\$359.49
4620 Falkirk Bay	2,800	1,216	Twnhse	1976	1	2	2	Feb-04	\$675,000	\$555.10
4550 Costa De Oro	2,800	2,237	Twnhse	1971	2	3	2.5	May-04	\$885,000	\$395.62
4560 Costa De Oro	4,104	2,192	Twnhse	1971	2	4	3	May-04	\$750,000	\$342.15
2451 Jamestown Court	2,800	1,800	Twnhse	1971	2	3	2.5	Jun-04	\$890,000	\$494.44
2455 Jamestown Court	2,800	1,800	Twnhse	1971	2	3	2.5	Jul-04	\$881,000	\$489.44
2240 Kingsbridge Lane	2,858	2,237	Twnhse	1971	2	3	2.5	Oct-04	\$925,000	\$413.50
1960 Jamestown Way	3,700	1,804	Twnhse	1976	2	4	2	Dec-04	\$1,640,000	\$909.09
4550 Falkirk Bay	3,000	1,376	Twnhse	1976	1	2	2	Dec-04	\$1,075,000	\$781.25
Average	3,108	1,833							\$965,125	\$547.57
4575 Gateshead Bay	2,800	1,216	Twnhse	1976	1	2	2	Jan-05	\$819,000	\$673.52
4540 Eastbourne Bay	2,800	1,216	Twnhse	1976	1	2	2	Jan-05	\$744,000	\$611.84
4431 Meridian Ave.	3,532	2,192	Twnhse	1971	2	4	3	Jan-05	\$1,060,000	\$483.58
4640 Eastbourne Bay	3,000	1,376	Twnhse	1976	1	2	2	Feb-05	\$800,000	\$581.40
4530 Lyme Bay	3,778	2,917	Twnhse	2001	2	4	4	Feb-05	\$1,550,000	\$531.37
4401 Costa De Oro	3,252	1,376	Twnhse	1976	1	2	2	Mar-05	\$980,000	\$712.21
4505 Costa De Oro	3,300	2,970	Twnhse	1989	2	4	4.5	Apr-05	\$1,600,000	\$538.72
2510 Oldham Circle	2,800	2,237	Twnhse	1971	2	3	2.5	Apr-05	\$975,000	\$435.85
4505 Falkirk Bay	2,800	1,620	Twnhse	1976	2	3	2	Apr-05	\$900,000	\$555.56
4420 Meridian Ave.	3,034	1,991	Twnhse	1971	2	3	2.5	Apr-05	\$950,000	\$447.15
2044 Jamestown Way	2,800	2,237	Twnhse	1971	2	3	2.5	Apr-05	\$1,175,000	\$525.26
2231 Jamestown Lane	3,152	2,226	Twnhse	1976	1	4	3	May-05	\$950,000	\$426.77
2050 Jamestown Way	2,800	2,237	Twnhse	1971	2	3	2.5	Jun-05	\$1,580,000	\$706.30
4544 Gateshead Bay	2,800	1,908	Twnhse	1976	2	4	3	Jun-05	\$1,170,000	\$613.21
2335 Jamestown Lane	3,244	1,376	Twnhse	1976	1	2	2	Jun-05	\$925,000	\$672.24
2210 Kingsbridge Lane	2,800	1,991	Twnhse	1971	2	3	2.5	Jun-05	\$999,000	\$501.76
Average	3,043	1,943							\$1,073,563	\$563.55

Parkcenter Realty Advisors

Real Estate Appraisers & Consultants



Townhouses In Four-Plex On Kingsbridge Road, Mandalay Bay



Main Channel Leading Into Mandalay Bay

LEEWARD ESTATES - SUMMARY OF SALES ACTIVITY

Address	Lot	Bldg.	Type	Yr. Bldg.	#	#	#	Sale Date	Sale Price	Per Sq.Ft.
4205 Romany Drive	4,175	4,207	SFR	1991	3	2	2.5	Jun-00	\$1,000,000	\$237.70
2340 Peninsula Drive	4,452	3,135	SFR	1978	2	3	3	Aug-00	\$785,000	\$250.40
2121 Victoria Ave.	4,860	2,565	SFR	1978	3	4	3	Sep-00	\$575,000	\$224.17
4201 Romany Drive	4,350	4,266	SFR	1977	2	3	3.5	Sep-00	\$1,375,000	\$322.32
2255 Victoria Ave.	4,000	2,248	SFR	1972	2	3	2.25	Nov-00	\$490,000	\$217.97
2350 Greencastle Way	4,000	2,042	SFR	1977	2	3	2.75	Nov-00	\$635,000	\$310.97
2131 Ravoli Drive	6,970	3,841	SFR	1971	2	5	5	Nov-00	\$1,100,000	\$286.38
2440 Peninsula Road	4,000	3,353	SFR	1981	2	4	3.25	Dec-00	\$630,000	\$187.89
Average	4,601	3,207							\$823,750	\$254.73
2354 Greencastle Way	4,500	2,999	SFR	1977	2	3	3	Jan-01	\$1,150,000	\$383.46
3940 W. Hemlock St.	4,000	2,728	SFR	1987	2	3	3	Mar-01	\$620,000	\$227.27
2035 Victoria Ave.	4,000	2,866	SFR	1980	2	3	3.5	Mar-01	\$589,000	\$205.51
2130 Napoli Drive	7,195	2,852	SFR	1981	2	3	2.5	Jun-01	\$874,000	\$306.45
2541 Victoria Ave.	4,000	2,750	SFR	1981	2	4	3	Jun-01	\$750,000	\$272.73
2014 Napoli Drive	4,000	2,865	SFR	1974	2	3	3	Jun-01	\$675,000	\$235.60
2361 Monaco Drive	4,000	1,987	SFR	1973	1	3	2.5	Jul-01	\$649,000	\$326.62
4041 Nice Court	4,100	2,243	SFR	1977	2	3	3	Jul-01	\$592,000	\$263.93
3930 Hemlock St.	4,000	2,318	SFR	1985	2	3	3	Jul-01	\$740,000	\$319.24
2041 Greencastle Way	4,833	3,220	SFR	1985	2	4	3	Aug-01	\$990,000	\$307.45
3840 Hemlock St.	4,000	2,989	SFR	1980	2	3	2.5	Aug-01	\$740,000	\$247.57
2310 Jamestown Lane	4,400	2,802	SFR	1971	2	4	2.5	Oct-01	\$750,000	\$267.67
4040 Ischia Drive	4,000	1,943	SFR	N/A	2	3	2.5	Oct-01	\$535,000	\$275.35
2161 S. Victoria	4,800	2,062	SFR	1978	2	2	2.5	Nov-01	\$605,000	\$293.40
2300 Peninsula Road	4,500	3,177	SFR	1980	2	3	3.5	Nov-01	\$950,000	\$299.02
2034 Napoli Drive	4,376	2,443	SFR	1976	2	3	3.25	Nov-01	\$565,000	\$231.27
2540 Peninsula Road	4,520	3,801	SFR	1981	2	3	3.25	Dec-01	\$630,000	\$165.75
2525 Peninsula Road	5,661	3,480	SFR	1980	2	3	3.25	Dec-01	\$840,000	\$241.38
2240 Monaco Drive	4,192	2,388	SFR	N/A	2	2	2.5	Dec-01	\$535,000	\$224.04
2241 Greencastle Lane	4,275	2,567	SFR	1969	2	3	2.5	Dec-01	\$687,500	\$290.45
Average	4,468	2,714							\$723,325	\$269.21
2241 Monaco Drive	4,298	3,020	SFR	N/A	2	4	2.5	Jan-02	\$740,000	\$245.03
2051 Peninsula Road	4,444	2,098	SFR	1977	2	3	2.5	Feb-02	\$749,000	\$357.01
4020 Ischia Drive	4,547	2,266	SFR	1978	2	2	2.5	Apr-02	\$745,000	\$328.77
2531 Victoria Ave.	4,240	1,730	SFR	N/A	1	3	2.5	Apr-02	\$580,000	\$335.26
2221 Monaco Drive	7,196	3,831	SFR	1980	2	4	4	Aug-02	\$1,471,000	\$383.97
4020 W. Hemlock St.	6,000	2,033	SFR	1977	3	3	2.25	Aug-02	\$703,000	\$345.79
4021 Ischia Drive	4,547	3,398	SFR	1982	2	4	3.5	Aug-02	\$945,000	\$278.10
2014 Napoli Drive	4,075	2,865	SFR	1974	2	3	3	Aug-02	\$800,000	\$279.23
2221 Monaco Drive	7,196	3,831	SFR	1980	2	4	4	Aug-02	\$1,471,000	\$383.97
2161 Victoria Ave.	4,800	2,062	SFR	1978	2	3	2.5	Aug-02	\$750,000	\$363.72
2301 Victoria Ave.	4,000	1,987	SFR	1973	1	3	2.5	Oct-02	\$639,000	\$321.59
2251 Monaco Drive	4,240	1,824	SFR	1977	2	3	N/A	Nov-02	\$685,000	\$375.55
4040 Romany Drive	4,103	3,025	SFR	1987	2	3	3.5	Nov-02	\$1,100,000	\$363.64
Average	4,899	2,613							\$875,231	\$335.51

LEEWARD ESTATES - SUMMARY OF SALES ACTIVITY

Address	Lot Sq.Ft.	Bldg. Sq.Ft.	Type	Yr. Blt	# Sty	# Bds	# Bas	Sale Date	Sale Price	Per Sq.Ft.
2534 Monaco Drive	5,925	3,286	SFR	1973	2	3	3.5	Jan-03	\$815,000	\$248.02
2051 Peninsula Road	4,444	2,284	SFR	1977	3	3	2.5	Mar-03	\$695,000	\$304.29
4031 Ischia Drive	4,025	2,440	SFR	1978	2	3	2.5	Apr-03	\$699,000	\$286.48
2550 Monaco Drive	4,327	2,347	SFR	1978	3	5	3	May-03	\$606,000	\$258.20
2501 Monaco Drive	4,036	2,961	SFR	1981	2	3	3	May-03	\$818,000	\$276.26
2321 Monaco Drive	6,500	5,472	SFR	1981	2	3	3	Jun-03	\$1,400,000	\$255.85
3930 W. Hemlock St.	4,000	2,318	SFR	1985	2	3	2.75	Jun-03	\$869,000	\$374.89
4215 Romany Drive	5,761	4,067	SFR	1972	2	5	2.5	Jun-03	\$1,350,000	\$331.94
2130 Ravoli Drive	7,196	3,814	SFR	1980	2	5	3	Jun-03	\$1,500,000	\$393.29
2330 Greencastle Lane	4,086	2,799	SFR	1981	2	4	2.5	Aug-03	\$835,000	\$298.32
2130 Greencastle Way	4,886	3,613	SFR	1980	2	4	3	Sep-03	\$780,000	\$215.89
2205 Victoria Ave.	4,800	2,429	SFR	1978	2	4	3.25	Nov-03	\$578,000	\$237.96
Average	4,997	3,152							\$912,083	\$290.08
2111 Ravoli Drive	4,262	2,140	SFR	1978	2	3	2.5	Jan-04	\$825,000	\$385.51
2510 Peninsula Road	5,121	3,483	SFR	N/A	2	4	2.5	Feb-04	\$1,450,100	\$416.34
4047 Nice Court	5,792	4,491	SFR	1987	2	5	4.5	Feb-04	\$2,150,000	\$478.74
2431 Victoria Ave.	4,100	1,987	SFR	1973	2	3	2.25	Apr-04	\$1,250,000	\$356.63
2310 Janestown Lane	4,400	2,802	SFR	1971	2	4	2.5	May-04	\$1,100,000	\$553.60
2354 Greencastle Lane	--	2,999	SFR	1977	2	3	3	Jun-04	\$1,410,000	\$503.21
2060 Greencastle Way	4,950	3,078	SFR	2003	2	3	2.5	Jul-04	\$1,800,000	\$600.20
2525 Peninsula Road	5,661	3,480	SFR	1980	2	3	3.25	Jul-04	\$1,775,000	\$576.67
2541 Monaco Drive	2,826	1,972	SFR	1973	2	2	2.5	Aug-04	\$1,000,000	\$488.51
2321 Peninsula Road	4,400	2,027	SFR	1972	2	3	2.5	Sep-04	\$1,000,000	\$507.10
4020 Ischia Drive	4,547	2,266	SFR	1978	2	2	2.5	Dec-04	\$1,190,000	\$587.07
Average		2,853							\$1,408,342	\$551.63
4030 Romany Drive	4,192	2,796	SFR	1978	2	3	2.25	Feb-05	\$1,295,000	\$463.16
2531 Victoria Ave.	4,240	1,763	SFR	N/A	1	3	2.5	Mar-05	\$962,000	\$545.66
2241 Peninsula Road	4,400	2,348	SFR	1976	2	3	2.5	Mar-05	\$1,250,000	\$332.37
2541 Victoria Ave.	4,121	2,750	SFR	1981	2	4	3	Apr-05	\$1,600,000	\$581.82
2404 Monaco Drive	4,452	2,811	SFR	1982	2	3	3	Apr-05	\$1,215,000	\$432.23
2120 Napoli Drive	5,093	1,987	SFR	1973	2	3	2.5	May-05	\$1,280,000	\$644.19
4150 W. Hemlock St.	4,877	1,907	SFR	1972	1	3	2.5	Jun-05	\$1,535,000	\$804.92
Average	4,482	2,337							\$1,305,286	\$558.53



Detached Canal Homes In Leeward Estates Neighborhoods





Leeward Estates Private Docks Along Canal Frontage



Bulkhead And Dock Detail In Existing Canal Neighborhood

EXHIBIT F
Discounted Cash Flow Analysis

SEABRIDGE AT MANDALAY BAY - Discounted Cash Flow Analysis

		Annual Discount Rate			16.5%	Residual Land Value			\$129,495,400		
		Periods Per Year			2						
		Periodic Discount Rate			8.3%						
		Annual Land Appreciation Rate			7.0%						
		Impact Fees Per Lot			\$25,386.12						
	Period 0	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	
	<u>1-Aug-05</u>	<u>1-Feb-06</u>	<u>1-Aug-06</u>	<u>1-Feb-07</u>	<u>1-Aug-07</u>	<u>1-Feb-08</u>	<u>1-Aug-08</u>	<u>1-Feb-09</u>	<u>1-Aug-09</u>	<u>1-Feb-10</u>	<u>Total</u>
Land Appreciation Factor		1.000	1.035	1.071	1.109	1.148	1.188	1.229	1.272	1.317	
Land Absorption											
<i>Residential Product</i>											
Product 1 & 2		30	30	20	20	10	0	0	0	0	110
Product 14		20	21	15	0	0	0	0	0	0	56
Product 42		23	23	24	24	25	25	24	0	0	168
Product 40		20	20	20	20	20	17	16	0	0	133
Product 45-No Docks		5	5	5	5	5	4	0	0	0	29
Product 45-Docks		6	6	6	6	6	0	0	0	0	30
Product 50-Docks		11	11	10	10	10	10	10	12	0	84
Total		115	116	100	85	76	56	50	12	0	610
<i>Commercial Land</i>											
SWC Wooley & Victoria	X										
Marina Village Site		X									
Land Sale Revenue											
Commercial Land Sales	6,500,000	3,593,000	0	0	0	0	0	0	0	0	10,093,000
Residential Land Sales	0	34,409,395	35,835,059	33,428,069	31,041,562	30,440,830	23,252,255	21,313,271	10,143,628	0	219,864,069
Gross Sales Revenue	6,500,000	38,002,395	35,835,059	33,428,069	31,041,562	30,440,830	23,252,255	21,313,271	10,143,628	0	229,957,069
Other Reimbursements	0	0	0	0	0	0	0	0	0	0	0
Total Gross Revenue	6,500,000	38,002,395	35,835,059	33,428,069	31,041,562	30,440,830	23,252,255	21,313,271	10,143,628	0	229,957,069
Development Costs											
Direct Costs		(25,611,183)	(16,019,950)	(10,213,367)	0	0	0	0	0	0	(51,844,500)
Impact Fees-Lots		(2,919,404)	(2,944,790)	(2,538,612)	(2,157,820)	(1,929,345)	(1,421,623)	(1,269,306)	(304,633)	0	(15,485,533)
OSD Mitigation Fee		0	0	0	0	(9,500,000)	0	0	0	0	(9,500,000)
CFD Reimbursement		26,050,000	0	0	0	0	0	0	0	0	26,050,000
Net Direct Costs	0	(2,480,587)	(18,964,740)	(12,751,979)	(2,157,820)	(11,429,345)	(1,421,623)	(1,269,306)	(304,633)	0	(50,780,033)
Indirect Costs											
Base Property Taxes		(706,095)	(558,486)	(420,462)	(302,247)	(199,368)	(115,020)	(47,286)	(7,668)	0	(2,356,632)
CFD Special Taxes		0	0	(744,072)	(533,786)	(329,027)	(189,770)	(61,689)	(10,021)	0	(1,868,365)
General & Admin		(1,140,072)	(1,075,052)	(1,002,842)	(776,039)	(761,021)	(581,306)	(532,832)	(253,591)	0	(6,122,754)
Interest Expense	0	(2,138,735)	(1,670,328)	(1,230,940)	(821,961)	(431,932)	(91,317)	0	0	0	(6,385,214)
Marketing/Closing		(1,140,072)	(1,075,052)	(1,002,842)	(931,247)	(913,225)	(697,568)	(639,398)	(304,309)	0	(6,703,712)
Total Costs	0	(7,605,560)	(23,343,658)	(17,153,138)	(5,523,100)	(14,063,918)	(3,096,604)	(2,550,511)	(880,222)	0	(67,831,497)
Net Revenue	6,500,000	30,396,835	12,491,401	16,274,931	25,518,461	16,376,912	20,155,652	18,762,760	9,263,406	0	155,740,358
Land Draw	65,000,000	0	0	0	0	0	0	0	0	0	65,000,000
Development Loan Funds	0	0	0	0	0	0	0	0	0	0	0
Total Loan Funds	65,000,000	0	0	0	0	0	0	0	0	0	65,000,000
Loan Repay	0	(13,300,838)	(12,542,271)	(11,699,824)	(10,864,547)	(10,654,291)	(6,588,230)	0	0	0	(65,650,000)
Cash Flow	71,500,000	17,095,996	(50,870)	4,575,107	14,653,915	5,722,622	13,567,422	18,762,760	9,263,406	0	155,090,358
Discount Factor	1.000	0.9238	0.8534	0.7883	0.7283	0.6728	0.6215	0.5741	0.5304	0.4899	
Discounted Cash Flow	71,500,000	15,793,068	-43,411	3,606,763	10,671,907	3,849,954	8,431,986	10,772,125	4,913,008	0	129,495,400

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SEABRIDGE AT MANDALAY BAY - Residential Land Pricing Analysis											
	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9		
	1-Feb-06	1-Aug-06	1-Feb-07	1-Aug-07	1-Feb-08	1-Aug-08	1-Feb-09	1-Aug-09	1-Feb-10		
Land Appreciation Factor	1.000	1.035	1.071	1.109	1.148	1.188	1.229	1.272	1.317		
Product 1 & 2	\$166,705	\$172,540	\$178,579	\$184,829	\$191,298	\$197,993	\$204,923	\$212,095	\$219,519		
Product 14	\$213,850	\$221,335	\$229,081	\$237,099	\$245,398	\$253,987	\$262,876	\$272,077	\$281,600		
Product 42	\$196,765	\$203,652	\$210,780	\$218,157	\$225,792	\$233,695	\$241,874	\$250,340	\$259,102		
Product 40	\$373,250	\$386,314	\$399,835	\$413,829	\$428,313	\$443,304	\$458,820	\$474,878	\$491,499		
Product 45-No Docks	\$417,350	\$431,957	\$447,076	\$462,723	\$478,919	\$495,681	\$513,030	\$530,986	\$549,570		
Product 45-Docks	\$624,250	\$646,099	\$668,712	\$692,117	\$716,341	\$741,413	\$767,363	\$794,220	\$822,018		
Product 50-Docks	\$664,400	\$687,654	\$711,722	\$736,632	\$762,414	\$789,099	\$816,717	\$845,302	\$874,888		
SEABRIDGE AT MANDALAY BAY - Residential Land Absorption Analysis											
	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9		
	1-Feb-06	1-Aug-06	1-Feb-07	1-Aug-07	1-Feb-08	1-Aug-08	1-Feb-09	1-Aug-09	1-Feb-10	Total	
Beginning Inventory-Lots	610	495	379	279	194	118	62	12	0		
<i>Lot Sales During Period</i>											
Product 1 & 2	30	30	20	20	10	0	0	0	0	110	
Product 14	20	21	15	0	0	0	0	0	0	56	
Product 42	23	23	24	24	25	25	24	0	0	168	
Product 40	20	20	20	20	20	17	16	0	0	133	
Product 45-No Docks	5	5	5	5	5	4	0	0	0	29	
Product 45-Docks	6	6	6	6	6	0	0	0	0	30	
Product 50-Docks	11	11	10	10	10	10	10	12	0	84	
Total Lot Sales	115	116	100	85	76	56	50	12	0	610	
Ending Inventory	495	379	279	194	118	62	12	0	0		
SEABRIDGE AT MANDALAY BAY - Interest & Financing Analysis											
Loan Fee:	1.00%										
Interest Rate(Prime +1%):	7.25%										
Periodic Interest Rate:	3.63%										
Loan Repay(% of Sales):	35.00%										
	Period 0	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	
	1-Aug-05	1-Feb-06	1-Aug-06	1-Feb-07	1-Aug-07	1-Feb-08	1-Aug-08	1-Feb-09	1-Aug-09	1-Feb-10	Total
Land Development Loan											
Beginning Balance		65,650,000	52,349,162	39,806,891	28,107,067	17,242,521	6,588,230	0	0	0	
Loan Funds	65,000,000	0	0	0	0	0	0	0	0	0	65,000,000
Loan Fees	650,000	0	0	0	0	0	0	0	0	0	650,000
Loan Payoff	0	-13,300,838	-12,542,271	-11,699,824	-10,864,547	-10,654,291	-6,588,230	0	0	0	(65,650,000)
Ending Loan Balance	65,650,000	52,349,162	39,806,891	28,107,067	17,242,521	6,588,230	0	0	0	0	0

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Real Estate Appraisers & Consultants

PROFESSIONAL QUALIFICATIONS
CHRISTOPHER N. HARDY, MAI

Education: University of Redlands, Redlands California
Bachelor of Science - Engineering, 1972

Employment: Senior Vice President - PARKCENTER REALTY ADVISORS, 1982-Present
801 North Parkcenter Drive, Suite 210, Santa Ana, California
Providing investment and marketing consulting services in the acquisition, sale, leasing, portfolio management, valuation, land use and development planning of investment real estate. Clients include industrial corporations, development companies, investors, financial institutions, governmental agencies and non-profit organizations.

Vice President - LANDAUER ASSOCIATES, INC., Santa Ana, California, 1979-1982
Providing consultation and appraisal services for all types of investment real estate.

Senior Valuation Engineer - INTERNAL REVENUE SERVICE
Los Angeles, California, 1972-1979

Professional Organizations:

Member Appraisal Institute (MAI)
Southern California Chapter, Elected Positions:
President, 1993
Vice President, 1992
Secretary/Treasurer, 1991
Board of Directors, 1989-1990
Assistant Secretary, 1988

Currently certified under the continuing education program of the Appraisal Institute.

State Certification:

Certified General Real Estate Appraiser
State of California, No. AG003369; Valid until April 3, 2006

Coursework:

Successfully completed and passed the following courses and examinations as given by the American Institute of Real Estate Appraisers:
Course 1A, Principles of Real Estate Appraisal
Course 1B, Capitalization Theory and Techniques
Course II, Urban Properties
Course VI, Investment Analysis
Standards of Professional Practice

Expert Witness:

United States Tax Court
Orange County Superior Court

EXHIBIT G
Professional Qualifications

APPENDIX C

FORM OF APPROVING LEGAL OPINION

[Closing Date]

Honorable City Council
City of Oxnard
Oxnard, California

Re: \$32,275,000 *Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard 2005 Special Tax Bonds*

Ladies and Gentlemen:

We have examined the Constitution and laws of the State of California, a record of the proceedings of the City of Oxnard (the "City") taken in connection with the formation of Community Facilities District No. 3 of the City of Oxnard (Seabridge at Mandalay Bay) (the "District") and the authorization and issuance of the District's 2005 Special Tax Bonds in the aggregate principal amount of \$32,275,000 (the "Bonds") and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the District, the City, the owners of the land within the District, the initial purchaser of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311 et seq. of the Government Code of the State of California), and an Indenture, dated October 1, 2005 (the "Indenture"), by and between the District and Wells Fargo Bank, National Association, as fiscal agent (the "Fiscal Agent"). All capitalized terms not defined herein shall have the meanings set forth in the Indenture.

The Bonds are dated as of the date of hereof and mature on the dates and in the amounts set forth in the Indenture. The Bonds bear interest payable semiannually on each March 1 and September 1, commencing on March 1, 2006, at the rates per annum set forth in the Indenture. The Bonds are registered Bonds in the form set forth in the Indenture redeemable in the amounts, at the times and in the manner provided for in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the District and are legal, valid and binding limited obligations of the District, enforceable in accordance with their terms and the terms of the Indenture, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditors' rights, by the exercise of judicial discretion in accordance with general principals of equity or otherwise in appropriate cases and by limitations on remedies against public agencies in the State of California; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses. The Bonds are limited obligations of the District but are not a debt of the City, the State of California or any other

political subdivision thereof within the meaning of any constitutional or statutory limitation, and, except for the Special Taxes, neither the faith and credit nor the taxing power of the District, the City, the County of Ventura, the State of California, or any other political subdivision is pledged for the payment thereof.

(2) The Indenture has been duly adopted by the District and, assuming the due authorization, execution and delivery thereof by the Fiscal Agent, constitutes a valid and legally binding obligation of the District, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditors' rights, by the exercise of judicial discretion in accordance with general principals of equity or otherwise in appropriate cases and by limitations on remedies against public agencies in the State of California. The Indenture creates a valid pledge of, and the Bonds are secured by, the Net Taxes and the amounts on deposit in certain funds and accounts established under the Indenture, as and to the extent provided in the Indenture.

(3) Under existing statutes, regulations, rulings and judicial decisions, 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 calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

(4) Interest on the Bonds is exempt from State of California personal income tax.

(5) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond. Original issue discount that accrues to the Bond Owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (as described in paragraph 3 above), and is exempt from State of California personal income tax.

The amount by which a Bond owner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received) and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner.

The opinions expressed in paragraphs (3) and (5) above as to the exclusion from gross income for federal income tax purposes of interest and original issue discount on the Bonds are subject to the condition that the District and the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest and original issue discount will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest and original issue discount on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The

District and the City have covenanted to comply with all such requirements. Except as forth in paragraphs (3), (4) and (5) above, we express no opinion as to any tax consequences related to the Bonds.

Certain agreements, requirements and procedures contained or referred to in the Indenture, the Tax Certificate executed by the District and other documents related to the Bonds may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents. We express no opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on any Bond if any such change occurs or action is taken or omitted upon advice or approval of bond counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

We are admitted to the practice of law only in the State of California, and our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction and express no opinion as to the enforceability of the choice of law provisions contained in the Indenture.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement or other offering material.

The opinions expressed herein are based upon an analysis of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

We call attention to the fact that the foregoing opinions 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).

Respectfully submitted,

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APPENDIX D

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 3 (SEABRIDGE AT MANDALAY BAY) OF THE CITY OF OXNARD

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard ("CFD No. 3") and collected each Fiscal Year commencing in Fiscal Year 2004-2005, in an amount determined by the Council through the application of the appropriate Special Tax for "Developed Property," "Taxable Property Owner Association Property," "Taxable Public Property," and "Undeveloped Property" as described below. All of the real property in CFD No. 3, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 3: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 3 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 3 or any designee thereof of complying with City, CFD No. 3 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 3 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 3 for any other administrative purposes of CFD No. 3, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 3 under the Act.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD No. 3" means Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City.

"City" means the City of Oxnard.

"Council" means the City Council of the City, acting as the legislative body of CFD No. 3.

"County" means the County of Ventura.

"Developed Property" means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Property Owner Association Property, or Taxable Public Property, for which a building permit for new construction was issued as of January 1 of the previous Fiscal Year.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

"Land Use Class" means any of the classes listed in Table 1.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel.

"Non-Residential Floor Area" for any Non-Residential Property means the total square footage of the building(s) located on such property, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, carports, or similar spaces attached to the building but generally open on at least two sides. The determination of Non-Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) was issued for a non-residential use.

"Non-Waterfront Property" means all Assessor's Parcels of Single Family Detached Property that are not classified as Waterfront Property.

"Occupied Residential Property" means all Assessor's Parcels of Residential Property which have been sold to, or occupied by, the initial occupant.

"Outstanding Bonds" means all Bonds which are deemed to be outstanding under the Indenture.

"Property Owner Association Property" means, for each Fiscal Year, any Assessor's Parcel within the boundaries of CFD No. 3 that was owned by or irrevocably offered for dedication to a property owner association, including any master or sub-association, as of January 1 of the previous Fiscal Year.

"Proportionately" means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property. For Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property, Taxable Public Property, or Taxable Property Owner Association Property, as applicable.

"Public Property" means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 3 that was owned by or irrevocably offered for dedication to the federal government, the State, the City or any other public agency as of January 1 of the previous Fiscal Year; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use; or (ii) any property within the boundaries of CFD No. 3 that was encumbered, as of January 1 of the previous Fiscal Year, by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

"Residential Floor Area" for any Residential Property means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for each dwelling unit prior to it being classified as Occupied Residential Property.

"Single Family Attached Property" means all Assessor's Parcels of Residential Property for which building permits have been issued for attached residential units.

"Single Family Detached Property" means all Assessor's Parcels of Residential Property for which building permits have been issued for detached residential units.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Developed Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 3 to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for acquisition or construction of CFD No. 3 facilities eligible under the Act; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 3 which are not exempt from the Special Tax pursuant to law or Section E below.

"Taxable Property Owner Association Property" means all Assessor's Parcels of Property Owner Association Property that are not exempt from the Special Tax pursuant to Section E below.

"Taxable Public Property" means all Assessor's Parcels of Public Property that are not exempt pursuant to Section E below.

"Trustee" means the trustee or fiscal agent under the Indenture.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Property Owner Association Property, or Taxable Public Property.

"Waterfront Property" means all Assessor's Parcels of Single Family Detached Property that, as determined by the CFD Administrator (i) are contiguous to open water or channels of water, or (ii) have a minimum distance to open water or channels of water of no more than 50 feet and are contiguous to parkway or open space parcels that are contiguous to open water or channels of water.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 3 shall be classified as Developed Property, Taxable Property Owner Association Property, Taxable Public Property, or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below. Residential Property shall be assigned to Land Use Classes 1 through 10 based on the location, type of structure, and Residential Floor Area. Non-Residential Property shall be assigned to Land Use Class 11.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

b. Assigned Special Tax

The Assigned Special Tax for Fiscal Year 2004-2005 for each Land Use Class is shown below in Table 1.

TABLE 1
Assigned Special Taxes for Developed Property
For Fiscal Year 2004-2005
Community Facilities District No. 3

Land Use Class	Description	Waterfront / Non-Waterfront	Residential Floor Area	Assigned Special Tax
1	Single Family Detached Property	Waterfront	> 3,500 SF	\$4,778 per unit
2	Single Family Detached Property	Waterfront	3,100 – 3,499 SF	\$4,387 per unit
3	Single Family Detached Property	Waterfront	< 3,100 SF	\$4,118 per unit
4	Single Family Detached Property	Non-Waterfront	> 3,100 SF	\$4,090 per unit
5	Single Family Detached Property	Non-Waterfront	2,700 – 3,099 SF	\$3,570 per unit
6	Single Family Detached Property	Non-Waterfront	< 2,700 SF	\$3,257 per unit
7	Single Family Attached Property	NA	> 1,800 SF	\$2,552 per unit
8	Single Family Attached Property	NA	1,400 – 1,799 SF	\$2,059 per unit
9	Single Family Attached Property	NA	1,000 – 1,399 SF	\$1,759 per unit
10	Single Family Attached Property	NA	< 1,000 SF	\$1,483 per unit
11	Non-Residential Property	NA	NA	\$0.7276 per square foot of Non-Residential Floor Area

c. Backup Special Tax

The Fiscal Year 2004-2005 Backup Special Tax for an Assessor's Parcel of Developed Property shall equal \$33,603 per Acre of the Assessor's Parcel.

d. Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2005, the Assigned Special Tax and the Backup Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

e. Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Assigned Special Tax levied on an Assessor's Parcel shall be the sum of the Assigned Special Taxes for all Land Use Classes located on that Assessor's Parcel. The Maximum Special Tax that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor's Parcel. For an Assessor's Parcel that contains both Residential Property and Non-Residential Property, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

2. Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property

a. Maximum Special Tax

The Fiscal Year 2004-2005 Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property shall be \$40,846 per Acre.

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2005, the Maximum Special Tax for Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property, shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2004-2005 and for each following Fiscal Year, the Council shall levy the Special Tax until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property and Taxable Public Property at up to the Maximum Special Tax for Taxable Property Owner Association Property or Taxable Public Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 3.

E. EXEMPTIONS

No Special Tax shall be levied on up to 59.7 Acres of Public Property and 11.5 Acres of Property Owner Association Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property its tax-exempt status will be revoked.

Public Property or Property Owner Association Property that is not exempt from Special Taxes under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Public Property and/or Taxable Property Owner Association Property.

F. APPEALS AND INTERPRETATIONS

Any landowner or resident may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the City Clerk, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

Interpretations may be made by the Council by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

G. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 3 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

"CFD Public Facilities" means either \$21,172,000 in 2004 dollars, which shall increase by the Construction Inflation Index on July 1, 2005, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 3 under the authorized bonding program for CFD No. 3, or (ii) shall be determined by the Council concurrently with a covenant that it will not issue any more Bonds to

be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section D.

"Construction Fund" means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

"Future Facilities Costs" means the CFD Public Facilities minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance public facilities costs.

"Outstanding Bonds" means all Previously Issued Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

"Previously Issued Bonds" means all Bonds that have been issued by CFD No. 3 prior to the date of prepayment.

The obligation of an Assessor's Parcel to pay the Special Tax may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only for Assessor's Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this service. Prepayment must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	<u>Capitalized Interest Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Paragraph No.:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel.
2. (a) Divide the Assigned Special Tax computed pursuant to paragraph 1 by the total estimated Assigned Special Taxes for the entire CFD No. 3 based on the Developed Property Special Taxes which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 3, excluding any Assessor's Parcels which have been prepaid, and

(b) Divide the Backup Special Tax computed pursuant to paragraph 1 by the total estimated Backup Special Taxes at buildout for the entire CFD No. 3, excluding any Assessor's Parcels which have been prepaid.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
4. Multiply the Bond Redemption Amount computed pursuant to paragraph 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
5. Compute the current Future Facilities Costs.
6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
8. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 7 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").

12. Verify the administrative fees and expenses of CFD No. 3, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
13. If reserve funds for the Outstanding Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Outstanding Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 3, 4, 6, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Prepayment Amount").
16. From the Prepayment Amount, the amounts computed pursuant to paragraphs 3, 4, 11, 13 and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 6 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 3.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Assigned Special Taxes that may be levied on Taxable Property within CFD No. 3 both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied for a period not to exceed forty years, commencing in Fiscal Year 2004-2005.

APPENDIX E

INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY

The information concerning The Depository Trust Company (“DTC”) set forth herein has been supplied by DTC, and the Community Facilities District assumes no responsibility for the accuracy thereof.

DTC will act as 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) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to 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 credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (a “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 Direct and Indirect 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 Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 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 Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bond, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Community Facilities District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Community Facilities District or Fiscal Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Fiscal Agent, or the Community Facilities District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Community Facilities District or the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving notice to the Community Facilities District or the Fiscal Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

The Community Facilities 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 printed and delivered.

APPENDIX F

FORMS OF CONTINUING DISCLOSURE AGREEMENTS

FORM OF DISTRICT CONTINUING DISCLOSURE AGREEMENT

COMMUNITY FACILITIES DISTRICT NO. 3 (SEABRIDGE AT MANDALAY BAY) OF THE CITY OF OXNARD 2005 SPECIAL TAX BONDS

THIS CONTINUING DISCLOSURE AGREEMENT (this “Disclosure Agreement”) is made and entered into as of October 1, 2005, by Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard (the “Issuer”) and NBS Government Finance Group (the “Dissemination Agent”), in connection with the issuance by the Issuer of the above-captioned bonds (the “Bonds”). The Bonds are being issued pursuant to an Indenture, dated as of October 1, 2005, by and between the District and Wells Fargo Bank, as Fiscal Agent (the “Indenture”).

The Issuer and the Dissemination Agent hereby agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered, for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture and the Rate and Method of Apportionment, which apply to any capitalized term used in this Disclosure Agreement 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 Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Beneficial Owner*” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including a person holding Bond through a nominee, depository or other intermediary), or (b) is treated as the owner of any Bond for federal income purposes.

“*Disclosure Representative*” shall mean the General Manager, the Finance Director or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” shall mean NBS Government Finance Group, or any successor Dissemination Agent designed in writing by the Issuer.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“*National Repository*” shall mean any Nationally Recognized Municipal Securities Information Repository for purpose of the Rule.

“*Official Statement*” shall mean the Issuer’s official statement with respect to the Bonds.

“*Participating Underwriter*” shall mean E. J. De La Rosa & Co., Inc.

“*Repository*” shall mean each National Repository and each State Repository.

“*Rate and Method of Apportionment*” means that certain Rate and Method of Apportionment of Special Tax approved pursuant to the Resolution of Formation, as amended in accordance with the Act and the Indenture.

“*Resolution of Formation*” means Resolution No. 12,715 adopted by the City Council of City of Oxnard on October 19, 2004, pursuant to which City of Oxnard formed the Community Facilities District.

“*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 Repository*” shall mean any public or private repository or entity designated by the State of California 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 Agreement, there is no State Repository.

“*Tax-exempt*” shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preferences or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports.

(a) Not later than six months after the end of the Issuer’s fiscal year (which currently ends on June 30), commencing with the fiscal year ending June 30, 2005, the Issuer shall, or shall cause the Dissemination Agent to, provide to each Repository and the Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 business days prior to the date referred to in the prior sentence hereof, the Issuer shall provide the Annual Report (in a form suitable for filing with the Repositories) to the Dissemination Agent. 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 Agreement. The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) If by the date required in subsection (a) the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer will be filing the Annual Report in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories and the Participating Underwriter by the date required in subsection (a), the Dissemination Agent shall send a notice in substantially the form attached as Exhibit A to the Municipal Securities Rulemaking Board (“MSRB”) and each State Repository.

(d) The Dissemination Agent shall:

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

(ii) provide any Annual Report received by it to each Repository and the Participating Underwriter, as provided herein; and

(iii) if it has provided the Annual Report pursuant to (ii) above, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference:

(a) Financial Statements. The audited financial statements of the Issuer for the most recent fiscal year of the Issuer then ended. If the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the Issuer in a format similar to the audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following information:

(i) the principal amount of Bonds outstanding as of the September 2 preceding the filing of the Annual Report;

(ii) the balance in each fund under the Indenture as of the September 2 preceding the filing of the Annual Report;

(iii) the assessed valuation of the Taxable Property within the Community Facilities District;

(iv) a table setting forth the annual Special Tax delinquency rate within the Community Facilities District at June 30 for each fiscal year on which a delinquency exists, listing for each fiscal year the total Special Tax levy, the amount delinquent and the percent delinquent;

(v) the status of any foreclosure actions being pursued by the Issuer with respect to delinquent Special Taxes;

(vi) the number of parcels with respect to which a building permit for new construction has been issued prior to January 1st preceding the Fiscal Year in which the Annual Report is being filed, provided that such information need not be included for any year in which a property owner is required to supply it pursuant to an undertaking by the property owner to supply financial and operating data; and

(vii) the status of the construction of the public improvements to be acquired or constructed with proceeds of the Bonds and any changes in the types of public facilities to be constructed or acquired from those described in the Official Statement.

(c) Any or all of the items listed in (a) or (b) above may be included by specific reference to other documents, including official statements of debt issues of the Issuer 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 MSRB. The Issuer 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 Issuer shall give, or cause the Dissemination Agent to give, notice 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 the Reserve Fund reflecting financial difficulties,
- (4) unscheduled draws on any credit enhancements reflecting financial difficulties,
- (5) substitution of credit or liquidity providers, or their failure to perform,
- (6) adverse tax opinions or events adversely affecting the Tax-Exempt status of the Bonds,
- (7) modifications to the rights of Bond Owners,
- (8) unscheduled redemption of any Bond,
- (9) defeasances,
- (10) any release, substitution, or sale of property securing repayment of the Bonds, and
- (11) rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

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

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB and each State Repository and the Participating Underwriter. 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.

(e) In the event that the Issuer's fiscal year changes, the Issuer shall give notice of such change to the Dissemination Agent and shall instruct the Dissemination Agent to report such change in the same manner and to the same parties as a material Listed Event would be reported pursuant to this Section.

(f) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer, and the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The obligations of the Issuer and the Dissemination Agent under this Disclosure Agreement 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 Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing (i) thirty days written notice to the Issuer, and (ii) upon appointment of a new Dissemination Agent hereunder.

SECTION 8. Amendment.

(a) This Disclosure Amendment may be amended, by written agreement of the parties, without the consent of the Owners, and any provision of this Dissemination Agreement may be waived, if all of the following conditions are satisfied: (1) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) the undertakings in this Disclosure Agreement as so amended or waived would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (3) 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 determination of the Community Facilities District, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

(b) To the extent any amendment to this Disclosure Agreement results in a change in the type of financial information or operating data provided pursuant to this Disclosure Agreement, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(c) If an amendment is made to the basis on which financial statements are prepared, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement 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 Agreement. If the Issuer 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

Agreement, the Issuer shall have no obligation under this Agreement 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 Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer and/or the Dissemination Agent to comply with their respective obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their 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. Any Dissemination Agent shall be paid (i) compensation by the Issuer for its services provided hereunder in accordance with a schedule of fees to be mutually agreed to; and (ii) all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Issuer pursuant to this Disclosure Agreement. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Agreement.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds; and it shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

COMMUNITY FACILITIES DISTRICT NO. 3
(SEABRIDGE AT MANDALAY BAY) OF THE CITY
OF OXNARD

By: _____
Its: _____

NBS GOVERNMENT FINANCE GROUP, as
Dissemination Agent

By: _____
Its: _____

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard

Name of Bond Issue: Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard, 2005 Special Tax Bonds

Date of Issuance: November 15, 2005

NOTICE IS HEREBY GIVEN that Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard (the "Issuer") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the District Continuing Disclosure Agreement, dated as of October 1, 2005. [The Issuer anticipates that the Annual Report will be filed by _____.]

Dated: _____

NBS GOVERNMENT FINANCE GROUP

FORM OF DEVELOPER CONTINUING DISCLOSURE AGREEMENT

COMMUNITY FACILITIES DISTRICT NO. 3 (SEABRIDGE AT MANDALAY BAY) OF THE CITY OF OXNARD 2005 SPECIAL TAX BONDS

This Developer Continuing Disclosure Agreement, dated as of October 1, 2005 (the “Disclosure Agreement”), is made and entered into by and between D.R. Horton Los Angeles Holding Company, Inc. (the “Developer”), and NBS Government Finance Group, as dissemination agent (the “Dissemination Agent”) in connection with the issuance by Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard (the “Issuer”) of its 2005 Special Tax Bonds (the “Bonds”) pursuant to an Indenture, dated as of October 1, 2005, by and between the Issuer and Wells Fargo Bank, as Fiscal Agent (the “Indenture”).

The Developer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered for the benefit of the Bond Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

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

“*Affiliate*” of another Person means (a) a Person directly or indirectly owning, controlling, or holding with power to vote, 25% or more of the outstanding voting securities of such other Person, (b) any Person 25% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other Person, and (c) any Person directly or indirectly controlling, controlled by, or under common control with, such other Person; for purposes hereof, control means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person.

“*Annual Report*” means any Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Annual Report Date*” means the date that is four months after the end of Developer’s fiscal year, which fiscal year currently ends September 30. The first Annual Report Date shall be February 1, 2006.

“*Annual Reporting Period*” means the six-month period ending on each November 30.

“*Assumption Agreement*” means an agreement between a Major Developer, or an Affiliate thereof, and the Dissemination Agent containing terms substantially similar to this Disclosure Agreement, whereby such Major Developer or Affiliate agrees to provide Annual Reports, Semi-Annual Reports and notices of Listed Events with respect to the portion of the Property owned by such Major Developer and its Affiliates.

“*Bond Counsel*” means an attorney or a firm of attorneys whose experience in matters relating to the issuance of obligations by the states and their political subdivisions and the tax-exempt status of the interest thereon is recognized nationally.

“Central Post Office” shall mean the Disclosure USA website maintained by the Municipal Advisory Council of Texas or any successor thereto, or any other organization or method approved by the staff or members of the Securities and Exchange Commission as an intermediary through which issuers may, in compliance with the Rule, make filings required by this Disclosure Agreement.

“Development Plan” means, with respect to a Major Developer, the specific improvements such Major Developer intends to make, or cause to be made, to the portion of the Property owned by such Major Developer in order for such portion of the Property to reach the Planned Development Stage, the time frame in which such improvements are intended to be made and the estimated costs of such improvements. As of the date hereof, the Development Plan for the Property owned by the Developer and its Affiliates is described in the Official Statement under the caption “PROPERTY OWNERSHIP AND DEVELOPMENT.”

“Dissemination Agent” means NBS Government Finance Group, acting in its capacity as the Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Developer and which has filed with the Issuer a written acceptance of such designation.

“Event of Bankruptcy” means, with respect to a Person, that such Person files a petition or institutes a proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby such Person asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of such Person’s debts or obligations, or offers to such Person’s creditors to effect a composition or extension of time to pay such Person’s debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of such Person’s debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character is filed or instituted or taken against such Person and the same shall remain undismissed for a period of sixty days, or if a receiver of the business or of the property or assets of such Person is appointed by any court, or if such Person makes a general assignment for the benefit of such Person’s creditors.

“Financing Plan” means, with respect to a Major Developer, the method by which such Major Developer intends to finance its Development Plan, including specific sources of funding for such Development Plan. As of the date hereof, the Financing Plan for the Developer and its Affiliates is described in the Official Statement under the caption “PROPERTY OWNERSHIP AND DEVELOPMENT.”

“Financial Statements” means, with respect to a Major Developer, the full financial statements, special purpose financial statements, project operating statements or other reports reflecting the financial position of each entity, enterprise, fund, account or other person (other than a financial institution acting as a lender in the ordinary course of business) identified in such Major Developer’s Development Plan or its Financing Plan as a source of funding for such Major Developer’s Development Plan, which statements shall be prepared in accordance with generally accepted accounting principles, as in effect from time to time, and which statements may be audited or unaudited; provided that, if such financial statements or reports are otherwise prepared as audited financial statements or reports, then “Financial Statements” means such audited financial statements or reports.

“Independent Financial Consultant” means a financial consultant or special tax consultant or firm of such consultants generally recognized to be well qualified in the financial consulting or special tax consulting field, appointed and paid by the Developer, who is not controlled by either the Issuer or Developer, does not have any substantial interest (direct or indirect) in the Issuer or Developer and is not

a member, officer or employee of the Issuer or Developer, but who may be regularly retained to make annual or other reports to the Issuer or Developer.

“Listed Event” means any of the events listed in Section 5(a) of this Disclosure Agreement.

“Major Developer” means, as of any date, any Property Owner, including the Developer, which owns a portion of the Property which has not reached the Planned Development Stage and the sum of the Maximum Special Tax then applicable to which, plus the Maximum Special Tax then applicable to all portions of the Property that have not reached the Planned Development Stage and that are owned by Affiliates of such Property Owner, is equal to or greater than 20% of the total Maximum Special Tax then applicable to all of the Property.

“National Repository” means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Information on the National Repositories as of a particular date is available on the Securities and Exchange Commission internet site at www.sec.gov.

“Official Statement” means the Official Statement, dated November 1, 2005, relating to the Bonds.

“Participating Underwriter” means E. J. De La Rosa & Co., Inc.

“Person” means an individual, a corporation, a partnership, an association, a joint stock company, a trust, a limited liability company, any unincorporated organization or a government or political subdivision thereof.

“Planned Development Stage” means the stage of development of the land in owned by the Developer and its Affiliates that the Developer intends to achieve with respect thereto. As of the date hereof, the Planned Development stage of the Developer is the development of the land within the Community Facilities District to the point at which all final subdivision maps have been recorded, including providing the infrastructure required in connection therewith.

“Property” means the parcels within the boundaries of the Community Facilities District subject to Special Taxes.

“Property Owner” means any Person that owns a fee interest in any portion of the Property that was, as of the date of this Disclosure Agreement, owned by the Developer.

“Repository” means each National Repository and each State Repository.

“Rule” means 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.

“Semi-Annual Report” means any Semi-Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Semi-Annual Report Date” means the date that is six months after the Annual Report Date. The first Semi-Annual Report Date shall be August 1, 2006.

“State Repository” means any public or private repository or entity designated by the State of California 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 Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports and Semi-Annual Reports.

(a) Not later than five (5) business days prior to each Annual Report Date, the Developer shall provide to the Dissemination Agent an Annual Report which is consistent with the requirements of Section 4 hereof and which is in a form suitable for filing with the Repositories. In lieu of filing the Annual Report with the Dissemination Agent, the Developer may file the Annual Report with each Repository of the Central Post Office, with a copy to the Dissemination Agent and the Participating Underwriter. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the Financial Statements of the Developer (if required) may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if the audited Financial Statements are not available by that date. Not later than five business days after its receipt of the foregoing material from the Developer, the Dissemination Agent shall provide a copy thereof to each Repository and the Participating Underwriter. In lieu of filing the Annual Report with each Repository, the Dissemination Agent may file the Annual Report with the Central Post Office, with a copy to the Participating Underwriter. The Developer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Developer and shall have no duty or obligation to review such Annual Report.

(b) Not later than five (5) business days prior to each Semi-Annual Report Date, the Developer shall provide to the Dissemination Agent a Semi-Annual Report which is consistent the requirements of Section 4 hereof and which is in a form suitable for filing with the Repositories. In lieu of filing the Semi-Annual Report with the Dissemination Agent, the Developer may file the Semi-Annual Report with each Repository of the Central Post Office, with a copy to the Dissemination Agent and the Participating Underwriter. The Semi-Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Agreement. Not later than five business days after its receipt of the foregoing material from the Developer, the Dissemination Agent shall provide a copy thereof to each Repository and the Participating Underwriter. In lieu of filing the Semi-Annual Report with each Repository, the Dissemination Agent may file the Semi-Annual Report with the Central Post Office, with a copy to the Participating Underwriter. The Developer shall provide a written certification with each Semi-Annual Report furnished to the Dissemination Agent to the effect that such Semi-Annual Report constitutes the Semi-Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Developer and shall have no duty or obligation to review such Semi-Annual Report.

(c) If the Dissemination Agent has not received a copy of the Annual Report by the date required in Subsection (a) or if the Dissemination Agent has not received a copy of the Semi-Annual Report by the date required in Subsection (b), the Dissemination Agent shall notify the Developer of such failure to receive the applicable report. If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories and the Participating Underwriter by the date required in Subsection (a), or if the Dissemination Agent is unable to verify that a Semi-Annual Report has been provided to the Repositories and the Participating Underwriter by the date required in Subsection (b), the Dissemination Agent shall send a notice to the Municipal Securities Rulemaking Board ("MSRB") and to the State Repository, if any, in substantially the form attached as Exhibit "A." In lieu of filing the notice with the MSRB and each State Repository, the Developer or Dissemination Agent may file the notice with the Central Post Office.

(d) The Dissemination Agent shall:

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

(ii) provide any Annual Report and any Semi-Annual Report received by it to each Repository and to the Participating Underwriter, as provided herein; and

(iii) if it has provided the applicable report pursuant to (ii) above, file a report with the Issuer and the Developer certifying that it provided the Annual Report or the Semi-Annual Report, as the case may be, pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports and Semi-Annual Reports. (a) The Developer's Annual Report shall contain or incorporate by reference Financial Statements for each Major Developer for the prior fiscal year if required; provided, that, if such information is required from Developer as to another Major Developer, the Developer shall only be required to provide such information that it has actual knowledge of after reasonable inquiry. If audited Financial Statements are required to be provided, and such audited Financial Statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited Financial Statements, if prepared by such Major Developer, and the audited Financial Statements shall be filed in the same manner as, or as an amendment or supplement to, the Annual Report when they become available. Such Financial Statements shall be for the most recently ended fiscal year for the entity covered thereby hereunder.

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

As required by the Rule, if an amendment is made to the provisions hereof specifying the accounting principles to be followed in preparing Financial Statements, the annual financial information for the year in which the change is made shall present a comparison between the Financial Statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be provided in the manner as for a Listed Event under Section 5(c).

(b) The Developer's Annual Report and Semi-Annual Report shall contain or incorporate by reference the following information with respect to each Major Developer for the applicable Annual Reporting Period or Semi-Annual Reporting Period, as the case may be:

(i) If information regarding such Major Developer has not previously been included in an Annual Report, a Semi-Annual Report or the Official Statement, the Development Plan of such Major Developer; or, if information regarding such Major Developer has previously been included in an Annual Report, a Semi-Annual Report or the Official Statement, a description of the progress made in the implementation of the Development Plan of such Major Developer since the date of such information and

a description of any significant changes in such Development Plan and the causes or rationale for such changes.

(ii) If information regarding such Major Developer has not previously been included in an Annual Report, a Semi-Annual Report or the Official Statement, the Financing Plan of such Major Developer; or, if information regarding such Major Developer has previously been included in an Annual Report, a Semi-Annual Report or the Official Statement, a description of any significant changes in the Financing Plan of such Major Developer and the causes or rationale for such changes.

(iii) If such Major Developer is a land developer entitling and selling raw land, a description of any sales of portions of the Property previously owned by such Major Developer, including the identification of each buyer and the number of acres sold.

(iv) If such Major Developer is a homebuilder, a statement as to the number of lots owned by it in the Issuer for which building permits were issued, the cumulative total of the lots for which building permits have been issued, the number of houses the construction of which it completed in during period covered by such Annual Report or Semi-Annual Report, the cumulative total of such houses, the number of houses in the Issuer sold by it during the period covered by such Annual Report or Semi-Annual Report, and the cumulative total of such houses sold by it.

(v) A description of the portion or portions of the Property that were owned by such Major Developer and any of its Affiliates as of the beginning and as of the end of the period covered by such Annual Report or Semi-Annual Report, how many acres or lots (for residential units) of such Property reached the Planned Development Stage during such period and how many acres or lots (for residential units) of such Property had not reached the Planned Development Stage as of the end of such period.

(vi) With respect to any portion of the Property owned by such Major Developer and any of its Affiliates, a statement as to whether any taxes or assessment installments applicable to such portion of the Property are delinquent.

(vii) A description of any change in the ownership structure of the Major Developer and/or the financial condition of the Major Developer or any of its Affiliates if such change in ownership structure and/or financial condition could materially interfere with the Major Developer's ability to complete its Development Plan.

(viii) Any amendments to land use entitlements for any portion of the Property owned by a Major Developer that could have a material adverse affect on such Major Developer's most recently disclosed Financing Plan or Development Plan or on the ability of such Major Developer, or any Affiliate of such Major Developer, to pay installments of Special Taxes when due.

(ix) Any precondition to commencement or continuation of development on any portion of the Property owned by a Major Developer imposed by a governmental entity after the date of issuance of the Bonds which has not been previously disclosed and which could have a material adverse affect, or any change in the status of any such precondition that was previously disclosed in the Official Statement, an Annual Report or a Semi-Annual Report, which could have a material adverse affect, on such Major Developer's most recently disclosed Financing Plan or Development Plan or on the ability of such Major Developer, or any Affiliate of such Major Developer, to pay installments of Special Taxes when due.

(x) Any previously undisclosed legislative, administrative or judicial challenges to development on any portion of the Property owned by such Major Developer, or any material change in the status of any such challenge that was previously disclosed in the Official Statement, an Annual Report or a Semi-Annual Report, that could have a material adverse affect on such Major Developer's most recently disclosed Financing Plan or Development Plan or on the ability of such Major Developer, or any Affiliate of such Major Developer, to pay installments of Special Taxes when due.

(xi) Any changes in the alignment, design or likelihood of completion of significant public improvements affecting any portion of the Property owned by such Major Developer, including major thoroughfares, sewers, water conveyance systems and similar facilities that could have a material adverse affect on such Major Developer's most recently disclosed Financing Plan or Development Plan or on the ability of such Major Developer, or any Affiliate of such Major Developer, to pay installments of Special Taxes when due.

(xii) An update of the status of any previously reported Listed Event described in Section 5.

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

Major Developers that are Affiliates of each other may file either separate Annual Reports and Semi-Annual Reports or combined Annual Reports and Semi-Annual Reports covering all such entities. Any or all of the items listed above may be included by specific reference to other documents 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 MSRB. The Developer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events. (a) The following events are Listed Events for purposes of this Agreement:

(i) Any conveyance by a Major Developer of any portion of the Property owned by such Major Developer to an entity that is not an Affiliate of such Major Developer, the result of which conveyance is to cause the transferee to become a Major Developer;

(ii) Any failure of a Major Developer, or any Affiliate of such Major Developer, to pay when due taxes or Special Taxes with respect to any portion of the Property owned by such Major Developer or Affiliate;

(iii) Any refusal to provide funds pursuant to or any termination of, or any event of default under, any line of credit, loan or other arrangement to provide funds to a Major Developer or its Affiliate or any other loss of a source of funds that could have a material adverse affect on such Major Developer's most recently disclosed Financing Plan or Development Plan or on the ability of such Major Developer, or any Affiliate of such Major Developer, to pay installments of Special Taxes when due;

(iv) The occurrence of an Event of Bankruptcy with respect to a Major Developer or any Affiliate of such Major Developer that owns any portion of the Property;

(v) The assumption of any obligations by a Major Developer pursuant to Section 6 hereof; and

(vi) A change in a Major Developer's fiscal year.

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall promptly (i) determine whether such event would be material under applicable federal securities laws and (ii) if the Developer determines that such event would be material under applicable federal securities laws, notify the Dissemination Agent and the Issuer in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Subsection (c) and shall be in a format suitable for reporting to the Central Post Office or to the MSRB and the State Repository, if any, as applicable.

(c) If the Dissemination Agent has been instructed by the Developer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB, the State Repository and the Participating Underwriter. In lieu of reporting the occurrence of a Listed Event with the MSRB and the State Repository, if any, the Developer or Dissemination Agent may file the notice of occurrence of a Listed Event with the Central Post Office.

SECTION 6. Assumption of Obligations. If a portion of the Property owned by the Developer, or any Affiliate of the Developer, is conveyed to a Person that, upon such conveyance, will be a Major Developer, the obligations of the Developer hereunder with respect to the Property owned by such Major Developer and its Affiliates may be assumed by such Major Developer or by an Affiliate thereof. In order to effect such assumption, such Major Developer or Affiliate shall enter into an Assumption Agreement.

SECTION 7. Termination of Reporting Obligation. The Developer's obligations hereunder shall terminate (except as provided in Section 12) upon the earliest to occur of (a) the legal defeasance, prior redemption or payment in full of all the Bonds, (b) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds, (c) the first date on which no Property Owner is a Major Developer, (d) the first date on which the Developer (i) is no longer a Major Developer and (ii) has no obligations hereunder with respect to any property because such obligations have been assumed by one or more Major Developers or Affiliates thereof pursuant to an Assumption Agreement or (e) the date as of which both of the following have occurred: (1) the City Council of the Issuer has adopted a resolution to the effect that the Issuer does not intend to issue any additional bonds payable from Special Taxes applicable to property in the Issuer and (2) the Issuer has received a certificate from an Independent Financial Consultant to the effect that the aggregate amount of the Maximum Special Tax applicable to the Developed Property in the Issuer is not less than 1.1 times the Annual Debt Service on bonds payable from Special Taxes applicable to property in the Issuer then outstanding. The Developer's obligations under this Disclosure Agreement with respect to a Person that purchased Property from the Developer and that became a Major Developer as a result thereof shall terminate upon the earliest to occur of (w) the date on which such Person is no longer a Major Developer, (x) the date on which the Developer's obligations with respect to such Person are assumed under an Assumption Agreement entered into pursuant to Section 6, (y) the date on which all Special Taxes applicable to the portion of the Property owned by such Major Developer and its Affiliates are prepaid in full and (z) the date described in clause (e) of the preceding sentence; provided however, until the occurrence of any of the events described in clauses (w) through (z), the Developer's obligations hereunder with respect to each other Major Developer, if any, shall remain in full force and effect. Upon the occurrence of any such termination prior to the final maturity of the Bonds, the Developer shall cause the Dissemination Agent to give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Dissemination Agent. The Developer may, from time to time, discharge the Dissemination Agent with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty days' written notice to the Developer and the Issuer. If at any time there is no other designated Dissemination Agent, the Developer shall be the Dissemination Agent. If the Dissemination Agent is an entity other than the Developer, the Developer shall be responsible for paying the fees and expenses of such Dissemination Agent for its services provided hereunder.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Developer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Developer, so long as such amendment does not adversely affect the rights or obligations of the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that (a) if the amendment or waiver relates to Sections 3(a), 4 or 5(a) hereof, such amendment or waiver is made in connection with a change in legal requirements, change in law or change in the identity, nature, or status of the Developer or the type of business conducted; (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of Bond Counsel approved by the Issuer and the Participating Underwriter, have complied with the requirements of the Rule at the time of the primary offering 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 Bond Owners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bond Owners, or (ii) does not, in the opinion of the Issuer or Bond Counsel, materially impair the interests of the Bond Owners or Beneficial Owners of the Bonds.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or Semi-Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Developer chooses to include any information in any Annual Report or Semi-Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Developer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or Semi-Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Developer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the written request of the Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of Outstanding Bonds, and upon being indemnified to its reasonable satisfaction against the costs, expenses and liabilities to be incurred in compliance with such request, shall), or the Participating Underwriter or any Bond Owner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Developer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Developer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall not have any responsibility for the content of any Annual Report, Semi-Annual Report or notice of a Listed Event. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Developer 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 reasonable costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding losses, expenses and liabilities due to the Dissemination Agent's negligence or willful misconduct or the negligence or willful misconduct of any of its officers, directors, employees and agents. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

The Dissemination Agent will not, without the Developer's prior written consent, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification may be sought hereunder unless such settlement, compromise or consent includes an unconditional release of the Developer and its Affiliates from all liability arising out of any such claim, action or proceedings. A request by the Dissemination Agent for the Developer's written consent shall be answered within a reasonable amount of time to allow the Dissemination Agent to act in a timely manner. If any claim, action or proceeding is settled with the consent of the Developer or if there is a judgment (other than a stipulated final judgment without the approval of the Developer) for the plaintiff in any such claim, action or proceeding, with or without the consent of the Developer, the Developer agrees to indemnify and hold harmless the Dissemination Agent to the extent described herein.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

Issuer:	City of Oxnard 305 West Third Street Oxnard, CA 93030 Attn: City Attorney Fax: 805-385-7423
Dissemination Agent:	NBS Government Finance Group 41661 Enterprise Circle North, Suite 225 Temecula, CA 92590 Attention: Senior Consultant Fax: 951-296-1998
Developer:	D.R. Horton Los Angeles Holding Company, Inc. 600 South Victoria, Suite A w00 Oxnard, CA 93035 Attention: Project Manager Fax: 805-382-9245
Participating Underwriter:	E. J. De La Rosa & Co., Inc. 11900 W. Olympic Blvd., Suite 500 Los Angeles, CA 90064 Attention: President Fax: 310-207-1995

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Developer, the Participating Underwriter and Bond Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Assignability. The Developer shall not assign this Disclosure Agreement or any right or obligation hereunder except to the extent permitted to do so under the provisions of Section 6 hereof. The Dissemination Agent may, with prior written notice to the Developer and the Issuer, assign this Disclosure Agreement and the Dissemination Agent's rights and obligations hereunder to a successor Dissemination Agent.

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

D.R. HORTON LOS ANGELES HOLDING
COMPANY, INC., a California Corporation

By: _____
Its: _____

NBS GOVERNMENT FINANCE GROUP, as
Dissemination Agent

By: _____
Its: _____

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO
FILE ANNUAL REPORT**

Name of Obligated Person: D.R. Horton Los Angeles Holding Company, Inc.

Name of Bond Issue: Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the
City of Oxnard 2005 Special Tax Bonds

Date of Issuance: November 15, 2005

NOTICE IS HEREBY GIVEN that D.R. Horton Los Angeles Holding Company, Inc. has not provided [an Annual Report] [a Semi-Annual Report] with respect to the above-named Bonds as required by Section 3 of the Developer Continuing Disclosure Agreement, dated as of October 1, 2005. D.R. Horton Los Angeles Holding Company, Inc. anticipates that the required report will be filed by

_____.

Dated: _____

NBS GOVERNMENT FINANCE GROUP,
as Dissemination Agent

cc: D.R. Horton Los Angeles Holding Company, Inc.

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APPENDIX G

SUMMARY OF MARKET ABSORPTION STUDY

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**MARKET ABSORPTION STUDY
SUMMARY AND CONCLUSIONS**

**COMMUNITY FACILITIES DISTRICT NO. 3 & 4
(SEABRIDGE AT MANDALAY BAY)**

**CITY OF OXNARD
VENTURA COUNTY, CALIFORNIA**



GRADING ACTIVITY ON A PORTION OF THE SITE

BY EMPIRE ECONOMICS, INC.

REVISED: AUGUST 12, 2005

PRODUCT MIX & ABSORPTION: 610 HOMES WITH SCHOOL SITE

(ORIGINAL STUDY: JUNE 27, 2005)

CERTIFICATION OF INDEPENDENCE

The Securities & Exchange Commission has recently taken action against Wall Street firms that have utilized their research analysts to promote companies that they conduct business with, citing this as a potential conflict of interest. Accordingly, Empire Economics (Empire), in order to ensure that its clients are not placed in a situation that could cause such conflicts of interest, provides a Certification of Independence. Specifically, the Certificate states that Empire performs consulting services for **public entities only** in order to avoid potential conflicts of interest that could occur if it also provided consulting services for developers/builders. For example, if a research firm for a specific Community Facilities District or Assessment District, were to provide consulting services to both the public entity as well as the property owner/developer/builder, then a potential conflict of interest could be created, given the different objectives of the public entity versus the property owner/developer.

Accordingly, Empire Economics certifies that the Market Absorption Study for the City of Oxnard CFD No. 3 & 4 (Seabridge at Mandalay Bay) was performed in an independent professional manner, as represented by the following statements:

- Empire was retained to perform the Market Absorption Study by the City of Oxnard, not the District's property owner or the developer/builder, D.R. Horton.
- Empire has not performed any consulting services for the District's property owner nor the developer/builder during at least the past five years.
- Empire will not perform any consulting services for the District's property owner nor the developer/builder during at least the next three years.
- Empire's compensation for performing the Market Absorption Study for the District is not contingent upon the issuance of Bonds; Empire's fees are paid on a non-contingency basis.

Therefore, based upon the statements set-forth above, Empire hereby certifies that the Market Absorption Study for the City of Oxnard CFD No. 3 & 4 (Seabridge at Mandalay Bay) was performed in an independent professional manner.

Empire Economics, Inc.
Joseph T. Janczyk, President

INTRODUCTION TO THE BOND FINANCING PROGRAM

Seabridge at Mandalay Bay is a Planned Community located in the City of Oxnard, California, that has the following expected land-uses: 610 single-family, duplex, townhome, and condominium products (assuming that the property is sold to the school district) and some 160,000 sq.ft. for a neighborhood/visitor center as well as parks, roads and open water. Considering its proximity to the ocean as well as its ocean accessibility via waterways and canals, Seabridge provides prospective homeowners with a “unique” opportunity to reside in a coastal community. Furthermore, Seabridge represents a sequential extension of other comparable communities in its neighborhood, such as Harbor Island (existing), and Westport at Mandalay Bay: these communities have already established the area’s strong reputation in the marketplace.

The City of Oxnard has formed Community Facilities Districts for Seabridge at Mandalay Bay (CFD No. 3 & 4) as a means of funding the infrastructure that is required for the development of the forthcoming residential and commercial-retail projects. D.R. Horton, the developer, anticipates a Bond Issue in the amount of some \$35 million as a means of funding various public capital improvements including the following:

- city facilities such as road, park and channel improvements
- city fees such as sewer, water and storm
- school district mitigation facilities

The City of Oxnard has retained Empire Economics, an economic and real estate consulting firm, to perform a Market Absorption Study for CFD No. 3 & 4. The purpose of the Market Absorption Study is to provide an estimate of the probable absorption schedules for the forthcoming residential projects and commercial-retail properties.

Specifically, from the viewpoint of prospective Bond Purchasers, the particular components of the infrastructure should be time-phased and location-phased in a manner that approximately coincides with the expected marketability/absorption of the forthcoming projects/properties in CFD No. 3 & 4. Otherwise, to the extent that the infrastructure is not appropriately phased, then the following types of market inefficiencies may occur:

On the one hand, if certain projects do not have the infrastructure that is required to support their development in a timely manner, then they would not be able to respond to the demand in the marketplace, resulting in a market shortage.

On the other hand, if too much infrastructure is built, then projects for which there is not presently a market demand would incur high carrying costs due to the market surplus, and this could adversely impact their financial feasibility.

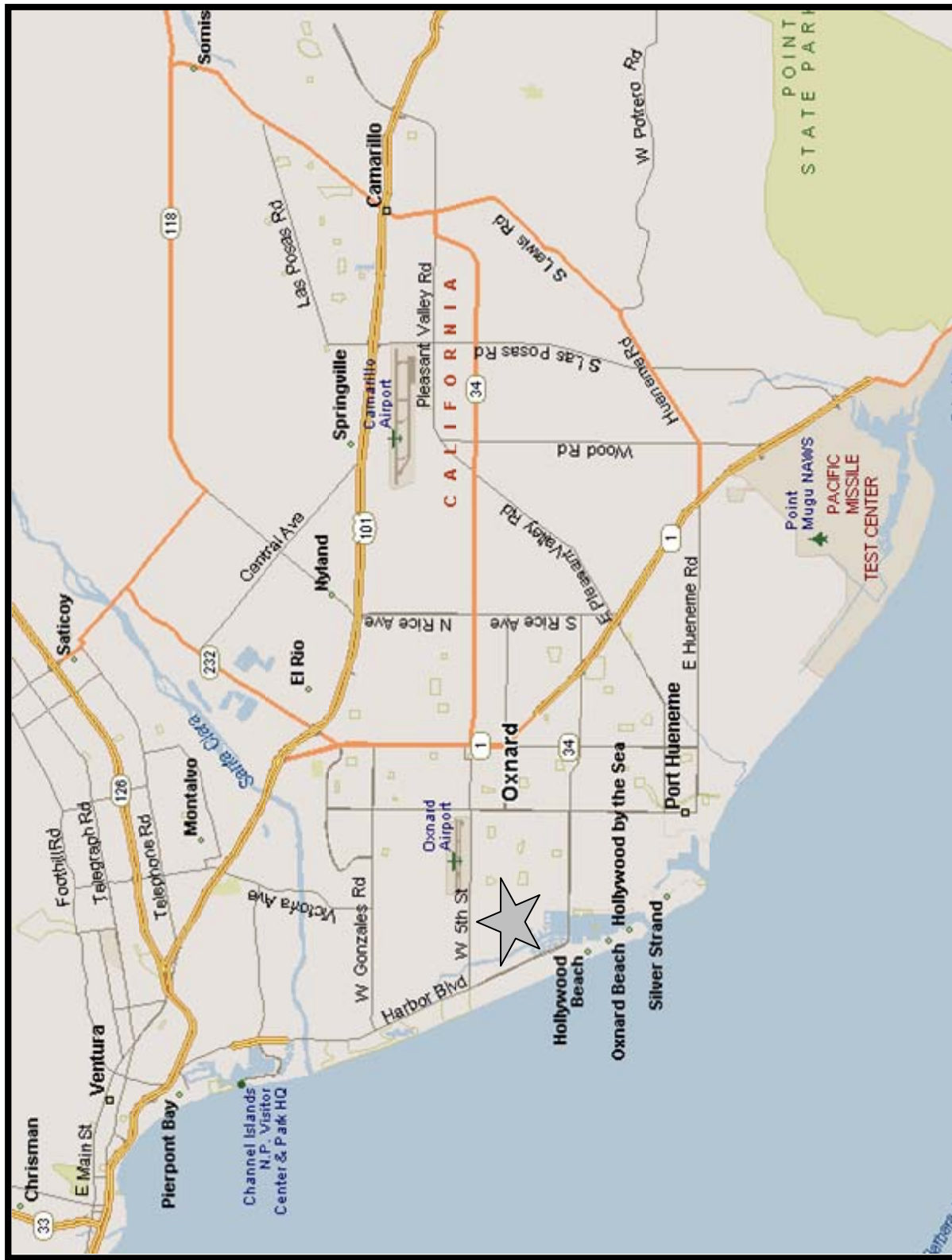
Thus, the Market Absorption Study formulates guidelines on the appropriate or optimal time-phasing and location-phasing of the infrastructure for the properties located in CFD No. 3 & 4, as a means of providing the bond purchasers with a reasonable amount of security from a market absorption perspective.

SOUTHERN CALIFORNIA MARKET REGION



Release Date: August 12, 2005

OVERVIEW OF THE CFD NO.3 & 4 (SEABRIDGE) MARKET AREA



CHARACTERISTICS OF THE EXPECTED PRODUCT MIX FOR CFD NO. 3 & 4 (SEABRIDGE AT MANDALAY BAY)

The characteristics of the forthcoming product types in CFD No. 3 & No.4, Seabridge, along with their proposed base prices and sizes of living areas, based upon a Market Study provided by the Meyers Group dated August 2004 (and represented by D.R. Horton to be the most accurate data presently available), are as follows:

*** The following prices are base prices only excluding potential premiums. ***

- **Multi-family Flats/Condos:** 110 flats/condos that are expected to be priced from \$321,700 to \$565,800 for some 717 to 2,360 sq.ft. of living area, for a value ratio (price/living area) of \$351.
- **Multi-family Cluster:** 56 multi-family units that are expected to be priced from \$396,800 to \$462,400 for some 1,102 to 1,528 sq.ft. of living area, for a value ratio of \$321.
- **Multi-family Stacked:** 168 multi-family stacked units priced from \$500,000 to \$545,000 for some 1,720 to 2,015 sq.ft. of living area, for a value ratio of \$281.
- **Single-Family Detached on 4080 sq.ft. Lots:** 133 single-family homes on lots of some 4,080 sq.ft. priced from \$692,200 to \$757,500 for some 2,653 to 2,868 sq.ft. of living area, for a value ratio of \$253.
- **Single-Family Detached on 5040 sq.ft. Lots:** 29 single-family homes on lots of some 5,040 sq.ft. priced from \$797,100 to \$866,100 for some 2,983 to 3,495 sq.ft. of living area, for a value ratio of \$258.
- **Single-Family Detached on 5040 sq.ft. Lots (Docks/Slips):** 30 single-family homes on lots of 5,040 sq.ft. priced from \$1,069,900 to \$1,138,900 for some 2,983 to 3,495 sq.ft. of living area; these homes all have docks/slips, for a value ratio of \$343.
- **Single-Family Detached on 6000 sq.ft. Lots (Docks/Slips):** 84 single-family homes on lots of 6,000 sq.ft. priced from \$1,126,000 to \$1,239,000 for some 3,129 to 3,748 sq.ft. of living area; all of these have docks/slips, for a value ratio of \$339.

So, according to DR Horton, the forthcoming projects are expected to have prices of some \$653,143 (overall average), and range from a low of some \$373,150 for multi-family flats/condos to a high of \$1,169,231 for single-family detached on a 6000 sq.ft. lots with slips/docks.

Empire Economics performed a Price Point Study in September 2004 to set the Special taxes in the Rate & Method. Empire concluded that the current base prices for the various forthcoming projects are regarded as being competitive in the marketplace, except for the following:

- **Single-Family Detached on 5040 sq.ft. Lots (Docks/Slips Product):** Based upon the competitive market analysis, and excluding premiums for docks/slips, Empires' recommended prices for setting the Special Taxes in the Rate & Method are from \$872,000 to \$928,200, a reduction of some -18.5%.
- **Single-Family Detached on 6000 sq.ft. Lots (Docks/Slips):** Based upon the competitive market analysis, and excluding premiums for docks/slips, Empires' recommended prices for setting the Special Taxes in the Rate & Method are from \$917,700 to \$1,009,800, a reduction of some -18.5%.

CITY OF OXNARD: CFD NO. 3 & 4 SEABRIDGE

EXPECTED PRODUCT MIX - ADJUSTED FOR SCHOOL SITE

AUGUST 12, 2005; SUBJECT TO REVISION

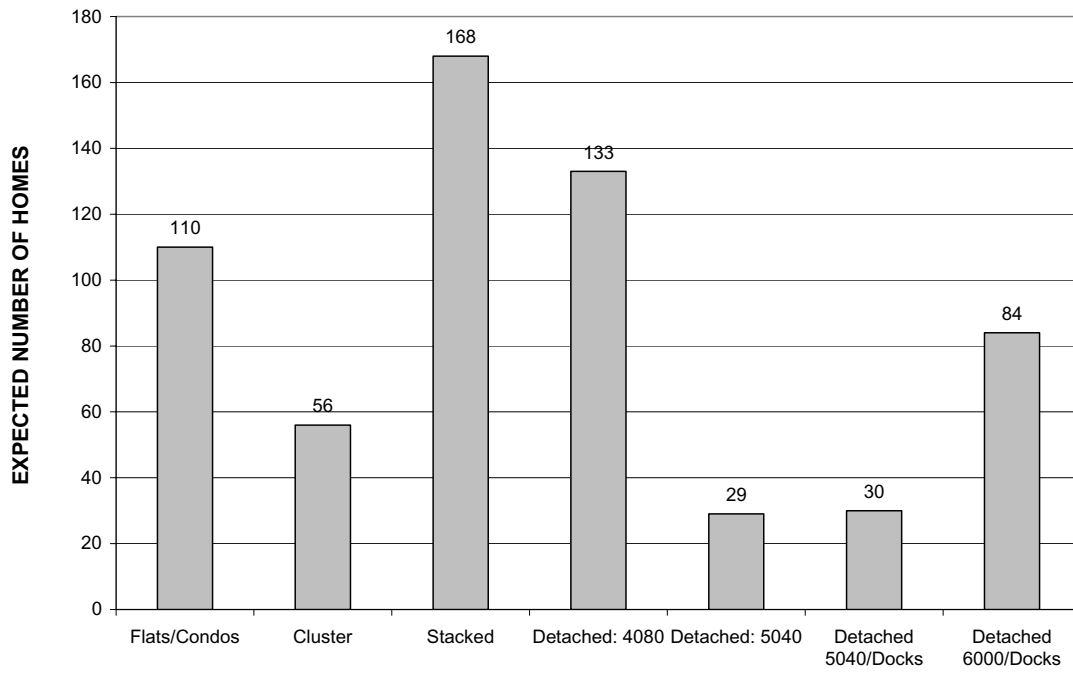
	Product Characteristics							Totals
Product Types >	Multi-Family			Single-Family Detached				Annually
	Flats/ Condos	Cluster	Stacked	Detached: 4080	Detached 5040	Detached: 5040 Slips & Docks	Detached: 6000 Slips & Docks	
Development Status								
Maximum Units - No School Site	121	101	210	133	29	30	84	708
Probable Units - School Site	110	56	168	133	29	30	84	610
Occupied	0	0	0	0	0	0	0	0
Forthcoming:	110	56	168	133	29	30	84	610
Share - Forthcoming	18.0%	9.2%	27.5%	21.8%	4.8%	4.9%	13.8%	100.0%
Base Prices - Builder								
August 2004								
Lower	\$321,700	\$396,800	\$500,000	\$692,200	\$797,100	\$1,069,900	\$1,126,000	\$628,635
Average	\$373,150	\$416,564	\$506,000	\$706,771	\$823,479	\$1,097,950	\$1,169,231	\$653,143
Upper	\$565,800	\$462,400	\$545,000	\$757,500	\$886,100	\$1,138,900	\$1,239,000	\$728,491
Base Prices - Empire Economics								
September 2004								
Lower	Same	Same	Same	Same	Same	\$872,000	\$917,700	
Average	Same	Same	Same	Same	Same	\$896,513	\$969,450	
Upper	Same	Same	Same	Same	Same	\$928,000	\$1,009,800	
						-18.3%	-17.1%	
Living Area - Builder								
Lower	717	1,102	1,720	2,653	2,983	2,983	3,129	2,002
Average	1,064	1,299	1,803	2,796	3,186	3,199	3,451	2,201
Upper	2,360	1,528	2,015	2,868	3,495	3,495	3,748	2,600
Value Ratio - Builder	\$351	\$321	\$281	\$253	\$258	\$343	\$339	\$297

Remarks on Potential Premiums

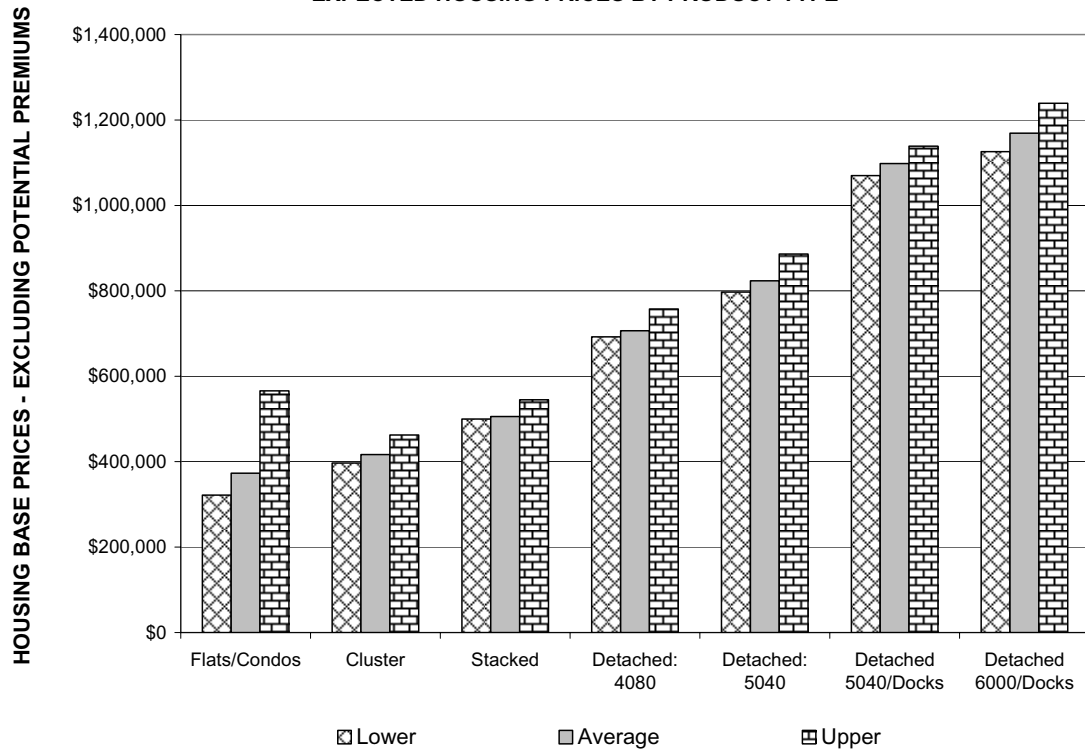
The forthcoming products in CFD No. 3 & 4 (Seabridge) are expected to have special features for which purchasers are expected to pay premiums, such as: green belt, oversized lot, corner/privacy, park views, channel frontage, channel frontage on 2-sides, 2nd-floor waterfront, 3rd-floor waterfront, and outside gate.

However, Empire Economics did NOT consider these in the Rate and Method for setting Special Taxes due to the volatility that such premiums have in the marketplace, as a result of changes in economic and real estate conditions.

**CFD NO. 3 & 4 (SEABRIDGE AT MANDALAY BAY)
EXPECTED NUMBER OF HOMES BY PRODUCT TYPE**



**CFD NO. 3 & 4 (SEABRIDGE AT MANDALAY BAY)
EXPECTED HOUSING PRICES BY PRODUCT TYPE**



ROLE OF THE MARKET STUDY IN THE BOND FINANCING

The Market Absorption Study for CFD No. 3 & 4 (Seabridge at Mandalay Bay) has a multiplicity of roles with regards to the Bond Financing; accordingly, these are now discussed.

Marketing Prospects for the
Various Products Types

Official Statement

Prospective Bond Purchasers

Aggregate Levels of
Special Tax Revenues

Maximum Special Taxes
for the Residential Products
Conforming to the Issuer's Policies

Share of Payments:
Developer/Builder vs. Final-Users
Determined by the Absorption Schedule

Appraisal of Property

Discounted Cash Flow – Present Value

Absorption Schedules

The Issuing Agency for the Bond Issue, the City of Oxnard, along with the Financial Advisor can utilize the Market Absorption Study, Appraisal, and Special Tax Revenue to structure the Bond Issue for CFD No. 3 & 4.

METHODOLOGY UNDERLYING THE MARKET STUDY

To perform a comprehensive analysis of the macroeconomic and microeconomic factors that are expected to influence the absorption of the commercial-retail and residential multi-family attached and single-family detached residential products in CFD No. 3 & 4, Empire's Market Absorption Study conducts a systematic analysis of the following factors:

MACROECONOMIC FACTORS FOR CFD NO. 3 & 4

- * Market Supply
Planning Projections
- * Market Demand
Economic Conditions
- * Reconciliation
- * Growth Potential for the
Market Area

MICROECONOMIC FACTORS FOR CFD NO. 3 & 4

- Regional Development Patterns
- Socioeconomic: School and Crime
- Housing Price Trends and Patterns
- Competitive Market Analysis – Product Types
 - Residential
 - *Location
 - *Product Types
 - *Prices
 - *Special Taxes
 - *Features/Amenities

ABSORPTION SCHEDULES

Each Product Type

- *Residential
 - Multi-family Attached
 - Single-family Detached
- *Commercial-Retail
- *Market Entry to Build-Out

Therefore, the Market Absorption Study systematically proceeds from the macroeconomic analysis of the Market Region's future housing, industrial and commercial growth to the microeconomic analysis of the estimated absorption schedules for the commercial-retail and residential multi-family attached and single-family detached products in the City of Oxnard CFD No. 3 & 4 (Seabridge at Mandalay Bay).

RECENT/EXPECTED ECONOMIC TRENDS/PATTERNS

The purpose of this section is to discuss the recent/expected economic trends/patterns for the United States (US), California (CA), and Ventura County (VC), including Gross Domestic Product, employment, housing starts and mortgage rates.

Recent /Expected Real Gross Domestic Product Trends/Patterns

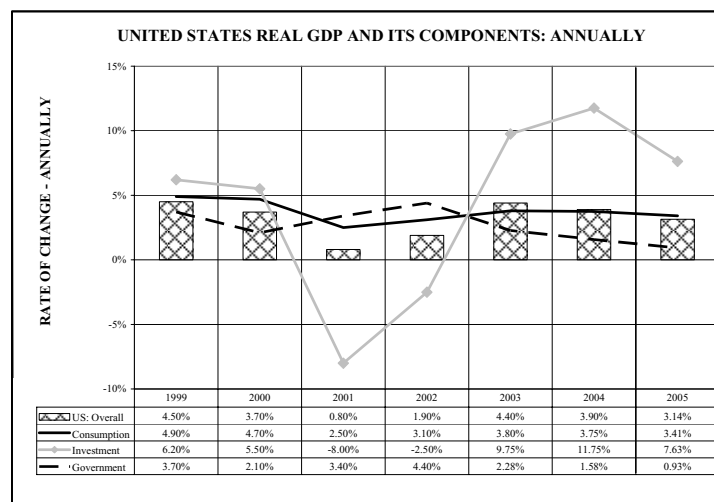
With regards to the recent/expected growth rates for Gross Domestic Product (GDP) for the United States economy, these are as follows:

- During 1999 and 2000, real GDP increased at strong rates of by 4.5% and 3.7%, respectively.
- Then, in 2001, as the economy slowed, real GDP increased by only 0.8%.
- In 2002 and 2003, when the economy rebounded, real GDP increased by 1.9% and some 4.4% respectively.
- For 2004, real GDP rose at a rate of 3.90%, as the economy continued to expand at a healthy rate.
- Then, for 2005, real GDP is expected to continue to rise, though at a somewhat slower rate, some 3.14%.

Next, with respect to the rates of change for the various components of real GDP during 2003 through 2005, they are as follows:

- Consumption, which increased at some 3.80% in 2003, decreased slightly to a rate of some 3.75% in 2004, and it expected to moderate further to a rate of some 3.41% in 2005.
- Business investment, which recorded an increase of some 9.75% in 2003, peaked at some 11.8% in 2004, and is expected to diminish to 7.63% in 2005.
- Finally, with respect to government purchases, these declined from 2.28% in 2003 to 1.58% in 2004 and then are expected to decline to some 0.93% in 2005.

Therefore, comparing the rates of growth for the various components of real GDP for 2005 as compared to 2004 reveals that the overall rate of growth is expected to moderate slightly, along with the rates of growth for each of the sectors as well, including consumption, investment and government spending.



Recent/Expected Employment Trends/Patterns

With regards to the recent/expected growth rates for employment, these are now discussed for the United States, California, and Ventura County economies, both on an annual as well as a quarterly basis.

For the United States economy, the recent trends/patterns for employment have been as follows:

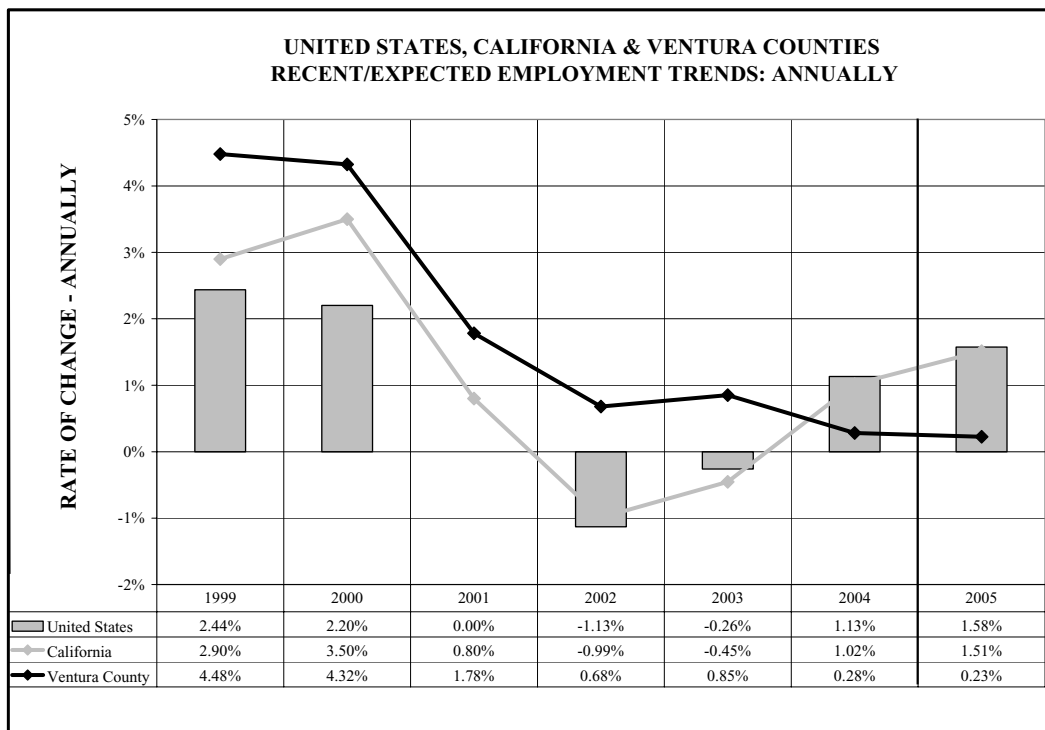
- In 1999 and 2000, employment growth was strong, some 2.44% and 2.20%, respectively.
- Then, in 2001, due to the economic slowdown, employment was virtually stable.
- For 2002, employment declined by -1.13% followed by a smaller decline of -0.26% in 2003.
- In 2004, as the economy moved into its recovery phase, employment rose by some 1.13%.
- For 2005, the economy is expected to expand further with employment rising to 1.58%.

California's employment followed a generally similar pattern:

- Strong rates of employment growth in 1999 and 2000 of 2.9% and 3.5%, respectively.
- Then in 2001, employment rose only moderately, some 0.80%.
- However, in 2002 to 2003, employment declined to -0.99% and -0.45%, respectively.
- For 2004, the economy moved into a recovery, with an employment gain of 1.02%.
- In 2005, the economy is expected to expand further with employment rising to 1.51%.

Ventura County, on a comparative basis, has performed only moderately well:

- Ventura County experienced strong, though diminishing, rates of employment growth during 1999-2001, from 4.48% in 1999 to 1.78% in 2001.
- Then, in 2002, employment slowed further, to a rate of some +0.68%.
- In 2003, the economy recovered, and employment increased at a rate of +0.85%
- For 2004, the rate of employment growth was minimal, only +0.28%.
- In 2005, growth is expected to remain at a relatively low level, some +0.23%.

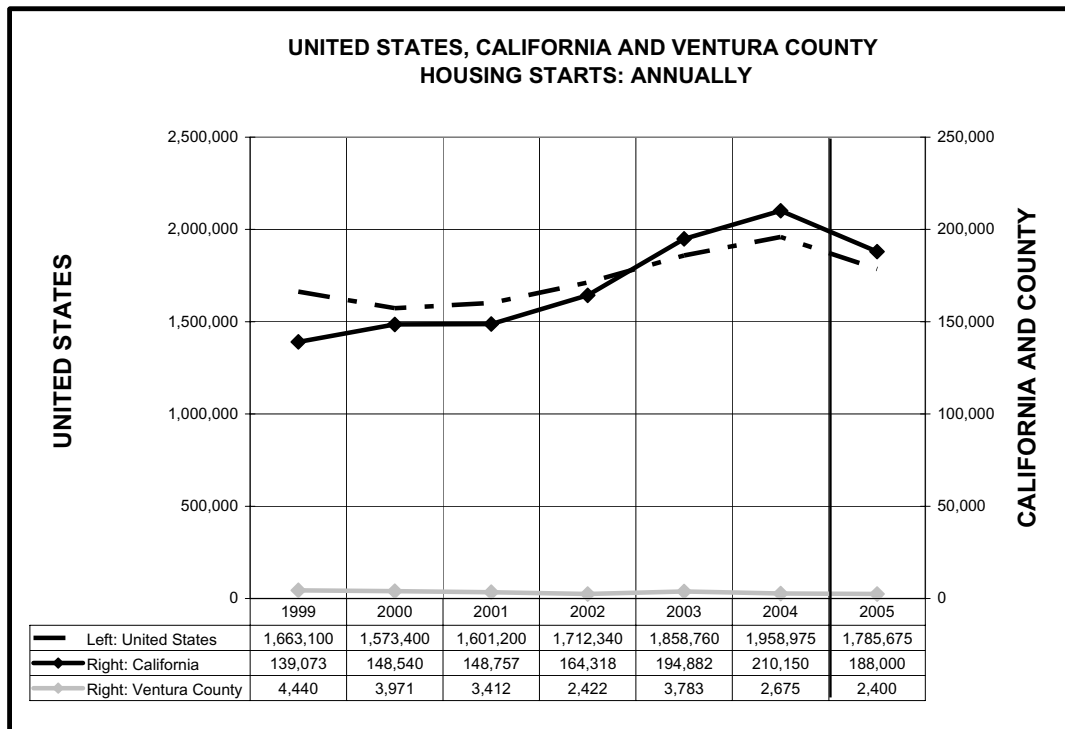


Recent/Expected Trends/Patterns for Housing Starts

With regards to the recent trends and patterns for housing starts, they are as follows:

- The United States housing market experienced a strong recovery during the 2001 to 2004 time period, with the number of new homes rising from 1,573,400 in 2000 to 1,958,975 in 2004. For 2005, the United States housing market is expected to decrease somewhat, to 1,785,675, due to higher mortgage rates.
- For the California housing market, housing starts have had a strong recovery during 2000 to 2004, as the number of new homes rose from 139,073 in 1999 to 210,150 in 2004. The California housing market is expected to decrease somewhat in 2005 to some 188,000, again as a result of higher mortgage rates.
- Finally, with respect to Ventura County, housing starts declined during the 1999-2004 time period, from 4,440 homes in 1999 to 2,675 homes in 2004, due to the scarcity of developable property. For 2005, the level of activity is expected to decline slightly, to some 2,400 homes, due again to the scarcity of developable property.

So, for 2005, the United States, California, and Ventura County housing markets are expected to decline somewhat from their 2004 levels, due primarily to higher levels of mortgage rates and also due to the scarcity of developable property.

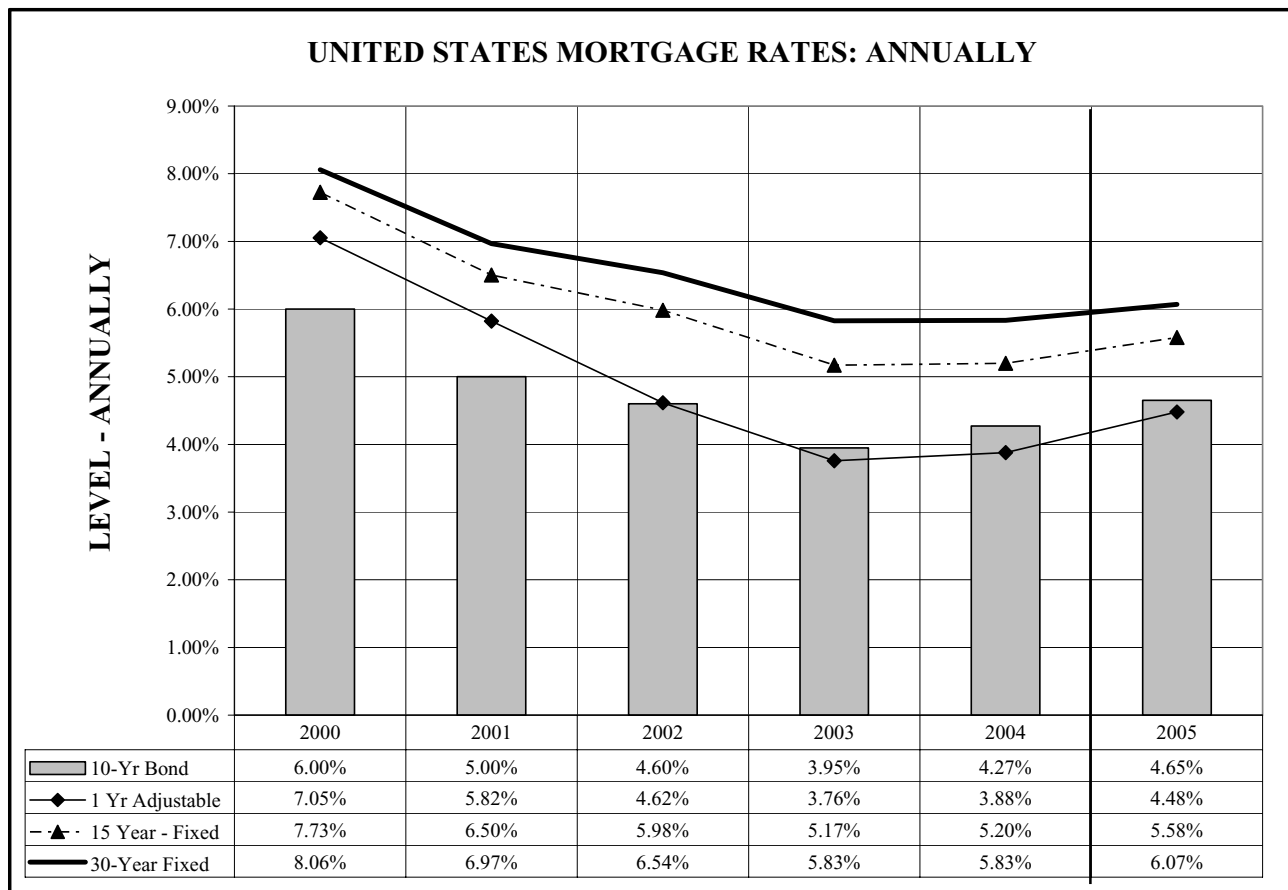


Recent/Expected Trends in Mortgage Rates

The recent/expected trends/patterns for mortgage rates, including the 15 year fixed rate mortgage, as well as the 10-year Treasury Bond which influences the 15 year fixed rate mortgage, and also the 1 year adjustable, are now discussed:

- During the 2000 to 2003 time period, the rates on the 10 year Treasury Bond, 15 year fixed mortgage and the 1 year adjustable mortgage all declined: the 10-year Treasury Bond from 6.00% to 3.95% (-2.05%), the 15 year fixed mortgage from 7.73% to 5.17% (-2.56%), and the 1 year adjustable mortgage from 7.05% to 3.76% (-3.29%).
- From 2003 to 2004, the rates started to rise: on the 10-year Treasury Bond from 3.95% to 4.27% (+0.32%), the 15 year fixed mortgage from 5.17% to 5.20% (+0.03%), and the 1 year adjustable mortgage from 3.76% to 3.88% (0.12%).
- For 2005, as compare to 2004, the rates are expected to rise moderately, on the 10-year Treasury Bond from 4.27% to 4.65% (+0.38%), the 15 year mortgage from 5.20% to 5.58% (+ 0.38%), and the 1 year adjustable mortgage from 3.88% to 4.48% (+0.60%).

So, during 2005, financial rates are expected to rise at a moderate pace, the increase in the 10-year Bond will drive the 15 year fixed rates up by some 0.38% while the increases in the discount rate by the Federal Reserve Board will drive up the 1 year adjustable rate mortgages by some 0.60%.



SOCIOECONOMICS CHARACTERISTICS: CRIME LEVELS AND THE QUALITY OF SCHOOLS

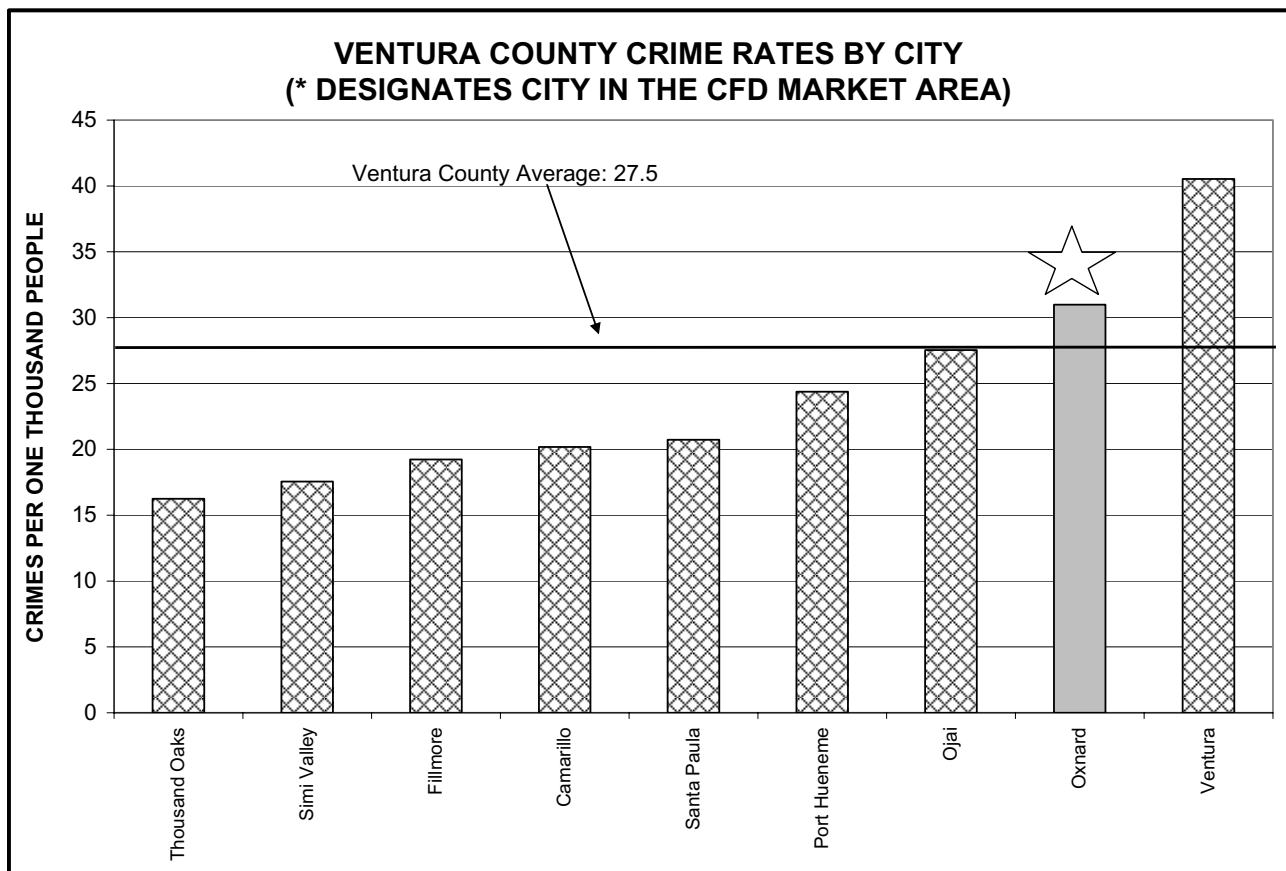
When households consider the purchase of a home, the primary factors are the location (relative to their place of employment) and price (within their income/affordability levels). Furthermore, secondary socioeconomic factors that are significant include the safety of the neighborhood as well as the quality of the schools; accordingly, these are now discussed

Crime Levels and Neighborhood Safety

To gauge the safety of Ventura County and the CFD No. 3 & 4 Neighborhood Area, information on crime levels was obtained utilizing the Federal Bureau of Investigation (FBI) Index for the 2003 calendar year.

For California, as a whole, the average crime rate is approximately 40.2 per 1,000 people per year. For Southern California the rate is 39.1, slightly lower than the state, while for Ventura County, the rate is only 27.5. So, Ventura County has a significantly lower crime rate than either California or Southern California, and, as such, is a safer place to live.

According to the FBI index, Ventura County has a crime rate of about 27.5 per 1,000 people per year. With respect to the CFD No. 3 & 4 Neighborhood Area, consisting primarily of the City of Oxnard, the crime rate is slightly higher, though not significantly, some 31.0.

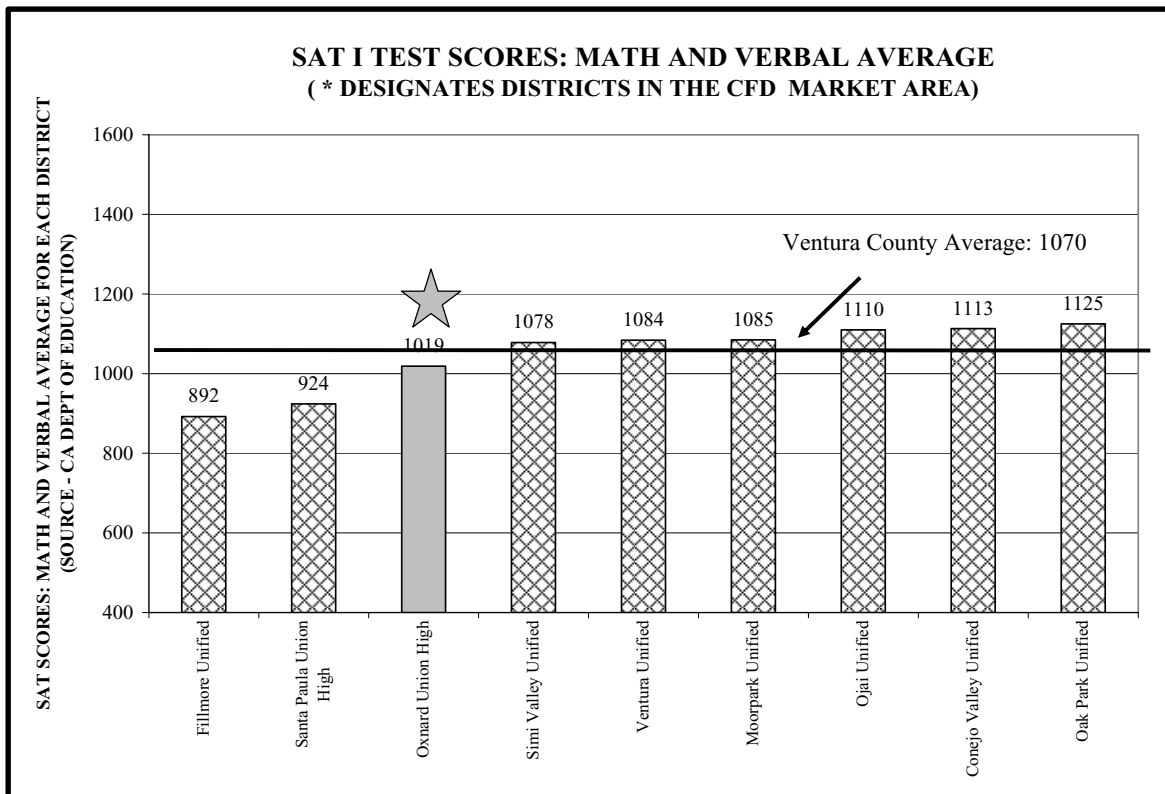


Quality of Schools and Education

To gauge the quality of schools in Ventura County and the CFD No. 3 & 4 Neighborhood Area, information was compiled on educational achievement, specifically the SAT I scores.

For the Southern California counties, as a whole, the SAT I scores (with 1600 being the highest possible) were at a level of 1014 and this is similar to the scores for California as a whole, some 1015. While for Ventura County, in particular, the SAT I scores amount to 1071, significantly higher than the overall averages for California and also Southern California.

For Ventura County, the average SAT I score was some 1070. For the school district in the CFD No. 3 & 4 Neighborhood Area, the Oxnard Union High School District, their SAT I score amounts to 1,019, and this is somewhat lower than for Ventura County as a whole.



Therefore, from a socioeconomic perspective, Ventura County has a lower crime rate and a higher educational achievement level than California and also Southern California, as a whole. Furthermore, within Ventura County, the City of Oxnard has a somewhat higher crime rate and the Oxnard School District has a somewhat lower educational achievement level than the county as a whole. However, the CFD No. 3 & 4 Neighborhood Area and the City of Oxnard are regarded as being generally desirable from a socioeconomic perspective.

RECENT TRENDS IN MONTHLY HOUSING PAYMENTS FOR HOUSEHOLDS IN VENTURA COUNTY

The trends in monthly payment levels for households that purchase homes in Ventura County are now analyzed, based upon a consideration of housing prices and mortgage rates during the 1988-2004 time period; accordingly, the primary factors underlying this analysis are as follows:

- The prices for homes in Ventura County during 1988-2004 were estimated by using value ratios, the price per sq.ft. of living area, since this automatically adjusts for price changes due to differences in the sizes of the homes. For Ventura County, the value ratio rose from \$120 in 1988 to a record level of \$292 in 2004.
- To calculate the price of a home using the value ratio, it is first necessary to specify the size of a typical home; the assumption made herein is that the home size is 1,600 sq.ft. of living area, and this remains constant during the entire time period.
- Accordingly, based upon the value ratios as well as the size of the home, the price of such a 1,600 sq.ft. home started at some \$191,471 in 1988 and rose to a record level of some \$466,587 in 2004.
- The down payment that the household makes is presumed to be 20%, and this remains constant during the entire time period.
- The mortgage rate is based upon the interest rate for households in the Los Angeles–Long Beach area: mortgage rates had a peak level of 9.93% in 1989, declined to 6.52% in 1994, increased somewhat during 1995-2001, and then declined to its lowest level of some 5.83% in 2003, followed by a rise to 5.89% for 2004.
- During the 1988-2004 time period, the rate of inflation amounted to some 44.9% on a cumulative basis. Inflation rates were in the 4.1%-5.4% range from 1988-1991, and then they declined to the 1.6%-3.4% range for 1992-2004. The inflation rate also serves as a general proxy of household income increases during this time period. Based upon these inflation rates, the real price of housing in Ventura County (in 2004 dollars) amounted to some \$277,366 in 1989 and \$466,587 in 2004.
- The monthly housing payments are adjusted for the rates of inflation, on a year by year basis, so that they can be compared in real 2004 dollars for the entire time period.

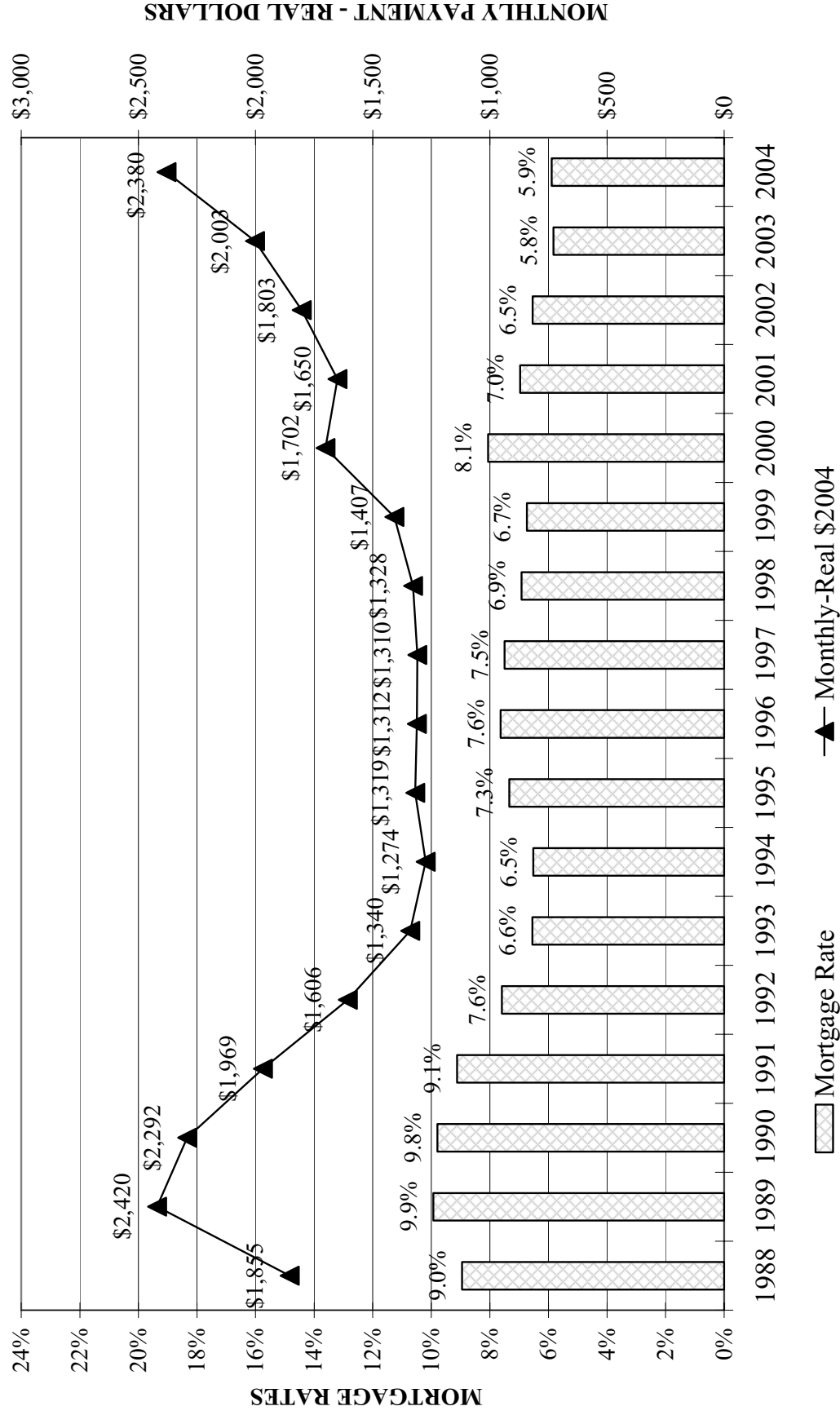
Therefore, based upon a consideration of the above factors, the monthly housing payment for the purchaser of a home in Ventura County has exhibited the following pattern:

- The monthly housing payment amounted to some \$2,420 in 1989 (real 2004 dollars), due to the combination of high housing prices along with high mortgage rates.
- The monthly housing payment declined to the \$1,274-\$1,328 range during 1993-1998, due to the combination of lower housing prices and lower mortgage rates.
- Since 1998 the monthly housing payments rose to some \$2,380 in 2004; this can be attributed primarily to higher housing prices.

Therefore, Ventura County households have recently experienced moderate increases in the level of monthly housing payments; the level of their 2004 monthly housing payments in real dollars is some -1.7% below the prior peak level that occurred in 1989.

RECENT TRENDS IN MONTHLY HOUSING PAYMENTS FOR HOMES IN VENTURA COUNTY

(HOME SIZE = 1,600 SQ.FT. DOWN PAYMENT = 20%)



OVERVIEW OF RECENT/EXPECTED FACTORS UNDERLYING CHANGES IN HOUSING PRICES

Introduction

During 1980-2001 housing appreciation was driven by the fundamental factor of employment growth, along with accommodating financial factors, such as stable or somewhat declining mortgage rates. However, since early 2002, the primary fundamental factor, employment growth, has experienced only minimal growth; instead, housing appreciation has been driven by financial factors. Thus, there has been a structural shift in the forces driving housing price appreciation, from employment growth to financial factors. Specifically, these financial factors include first, fixed mortgage rates declining to historic lows, then the shift to adjustable rate mortgages, and, most recently, the use of “creative” mortgage structures.

The acceptance of these aggressive financial structures by households has been based, to a large, degree, on their perceptions of escalating rates of housing price appreciation and a severe housing shortage; however, these perceptions may have been somewhat exaggerated. Furthermore, the use of these aggressive mortgage structures has been bolstered by homebuilders that have their own mortgage companies as well as lending institutions that desire to retain their business levels.

However, unlike fundamental factors, these financial factors are subject to a substantial amount of volatility within a short period of time; in fact, there are substantial economic forces that are likely to emerge during the near term that should result in a substantial rise in interest rates, such as record levels of federal and trade deficits. As mortgage rates rise, particularly for households with adjustable rate loans and creative loan structures, some of these households that cannot keep pace with the higher payments will be “forced” to sell their homes at reduced prices, since the new purchasers will have to qualify for loans with higher mortgage rates.

This result will be a housing market bubble that will cause some price adjustments, but these adjustments are not expected to be broad based but rather specific to those homeowners that overburdened themselves by using adjustable rate loans and creative mortgage structures. By comparison, those homeowners who positioned themselves with fixed-rate loans and who do not sell their home during the next several years are not likely to be impacted adversely.

Interrelationships of Employment Growth, Mortgage Rates and Housing Price Changes: 1984-2001

The most significant factor underlying changes in housing prices/sales is the rate of employment growth. Specifically, employment growth is regarded as being a “fundamental” factor because the creation of job growth drives the demand for housing: when employment growth is robust, housing prices/sales are also strong, and, conversely, when employment losses occur, then housing prices/sales are weak.

The next most significant factor underlying housing price changes would be the mortgage financing that is available to households. This includes the effective mortgage rate on a loan as well as the credit criteria utilized by lending institutions, such as the loan to value ratio and the mortgage to income ratio. This is regarded as a “financial” factor, since it is not, by itself, a direct determinant of the amount of housing demand; instead, it impacts the price of a home that a household can afford. More favorable financial factors, such as declining mortgage rates and/or easier qualifying terms, typically result in stronger rates of housing price appreciation.

Another factor that reinforces housing price trends is the level of new homes being constructed/sold. If the supply of new homes is below the amount required to fulfill the demand generated by the employment growth, then there is further upward pressure on housing prices.

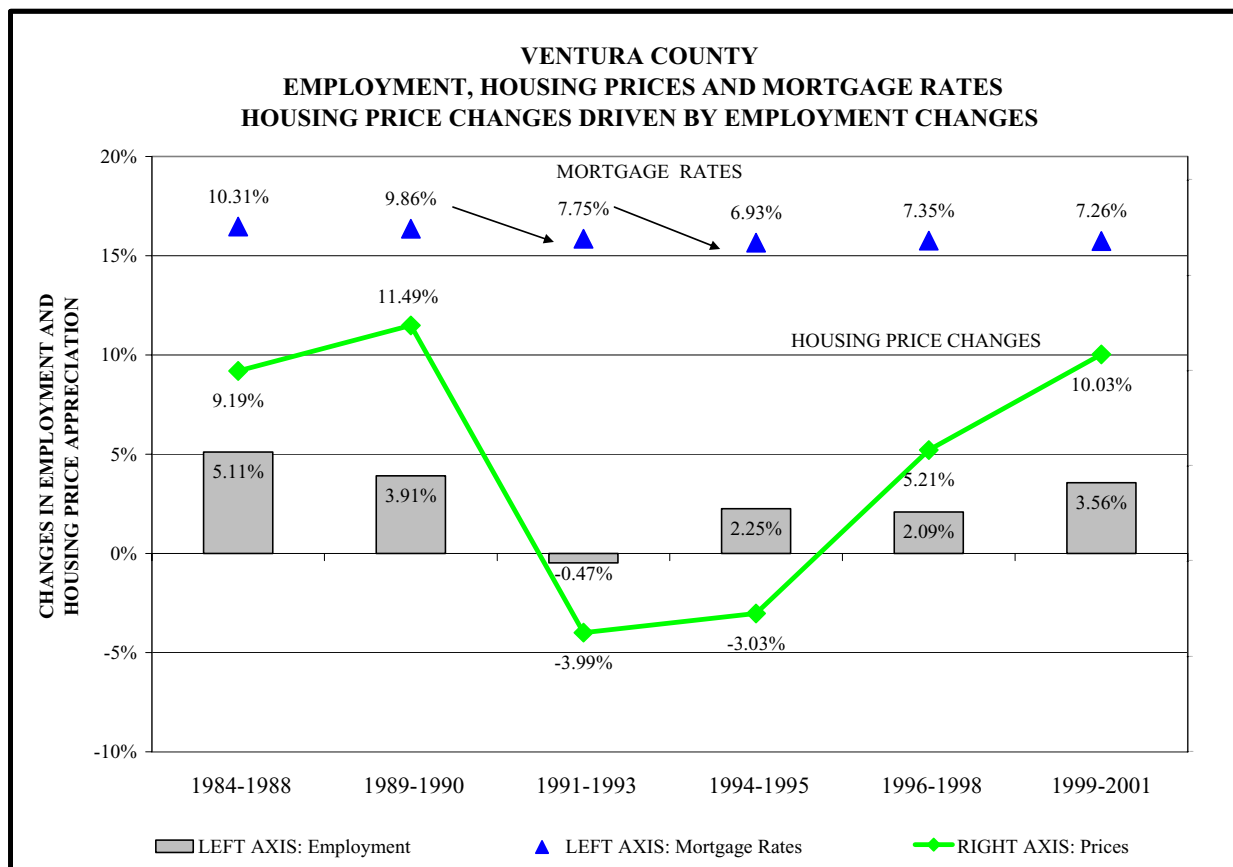
The specific impacts of employment growth and mortgage rates on housing prices for Ventura County (VC) during the two recent economic cycles that span the 1984-2001 time period are now discussed.

Prior Economic Cycle: 1984-1993

- During 1984-1988, employment growth in VC was very strong (+5.11%/yr.) but housing appreciation was only moderate (+9.19%/yr.) because mortgage rates were relatively high (10.31%).
- During 1989-1990, as the rate of employment growth for VC continued to be strong (+3.91%/yr.) and mortgage rates declined (from 10.31% to 9.86%), there was an acceleration in the rate of housing price appreciation (+11.5%/yr.).
- Then, during 1991-1993, when the VC economy experienced an economic recession with employment losses (-0.47%/yr.), housing prices declined (-3.99%/yr.) despite a significant decrease in mortgage rates (9.86% to 7.75%).

Recent Economic Cycle: 1994 to 2001

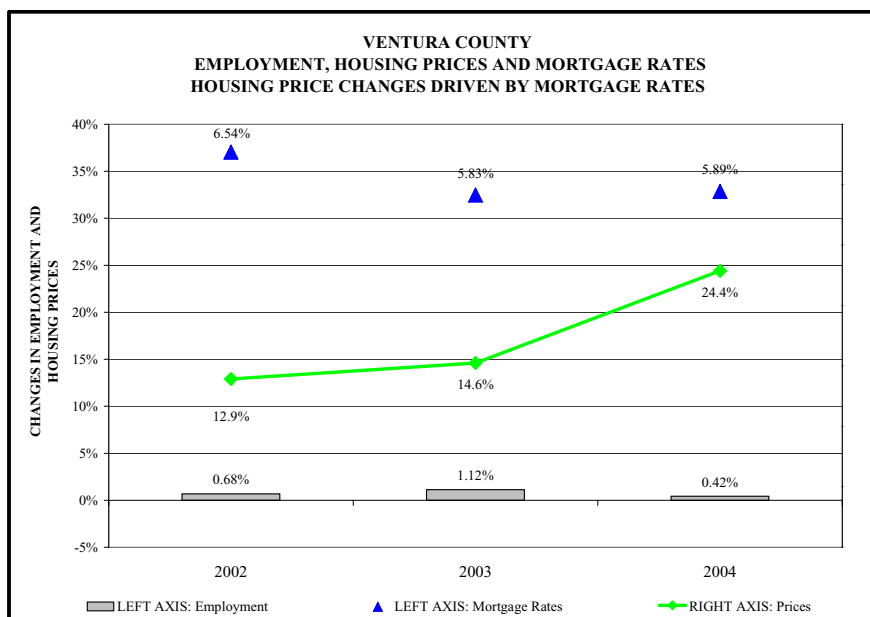
- During 1994-1995, the VC economy started to recover, with increasing employment growth (2.25%) but housing prices continued to decline (-3.03%) further despite lower mortgage rates (7.75% to 6.93%); this can be attributed to the time lags between the employment and housing markets, as households required additional time to gain their confidence as they recovered from the economic recession.
- Then, during 1996-1998, as the VC economic recovery gained momentum with moderate employment growth (+2.09%/yr.), prices started to rise (+5.21%) despite slightly higher mortgage rates (6.93% to 7.35%).
- During 1999-2001, the rate of VC employment growth continued at a strong level (+3.56%/yr.) and mortgage rates declined (7.35% to 7.26%), resulting in a strong rate of price appreciation (10.03%).



Housing Price Appreciation: 2002-2004: Financial Factors

During 2002-2004 the primary factors underlying housing price appreciation have been financial factors, such as historically low fixed rates as well as adjustable rate mortgages, rather than employment growth, which has been minimal. Accordingly, these are now discussed.

- For 2002, VC's employment was minimal (+0.68%) yet price appreciation accelerated (+12.9%), primarily as a result of lower levels of mortgage rates (6.97% to 6.54%), reflecting a disequilibrium between weak employment growth and very strong price appreciation.
- For 2003, VC's employment growth was again minimal (+1.12%) yet price appreciation continued to be strong (+14.6%), primarily as a result of dramatically lower levels of mortgage rates (6.54% in 2002 to 5.83% in 2003), reflecting a continuation of the disequilibrium between weak employment growth and very strong price appreciation.
- For 2004, VC's employment was virtually stable (+0.42%) yet price appreciation continued to be even stronger (+24.4%), despite fixed rate mortgages rising slightly (5.83% in 2003 to 5.89% in 2004); the continued price appreciation can be explained by households shifting from fixed rate to variable rate mortgages.



The recent increase in housing prices, some 52% during 2002-2004, were not supported by employment growth and higher household incomes but instead by lower mortgage rates, adjustable mortgages and creative financing.

Therefore, a comparison of the prior and the recent economic conditions reveal that the strong rates of price appreciation that occurred during 2002 through 2004 are a result of primarily financial market conditions, declining fixed mortgage rates, the recent shift to variable rate mortgages and easier qualifying terms, rather than the fundamental economic factor, employment growth.

Financial Factors and Housing Price Appreciation: 2002-2004

The housing price appreciation during 2002-2004 has been driven primarily by financial factors: first, fixed mortgage rates declined to historic lows, then a shift to adjustable rate mortgages, and, most recently, the use of “creative” mortgage structures; accordingly, these are now discussed.

- During 2002 to 2nd-2003, fixed-rate mortgage loans declined from 6.54% in 2002 to an historic low of 5.51% in 2nd-2003. Given the same monthly mortgage payment, the decline in the mortgage rates would support a housing price increase of some 14%.
- Starting in 3rd-2003, fixed rate mortgage rose significantly from 5.51% in 2nd-2003 to 6.03% in 3rd-2003, and have remained above their historic lows, with the most recent being some 5.95% for the 4th-2004. However, since the Federal Reserve Board continued to maintain a low discount rate, 1 year adjustable rate mortgages, based upon short-term yields, remained at low levels. This created a significant differential between the 30 year fixed rate of 6.03% versus the 1 year adjustable variable rate of 3.74% in the 3rd-2003. Consequently, homebuyers shifted from fixed to variable types of loans. Given the same monthly mortgage payment, a shift to the variable rate (full amortized) would support a housing price increase of some 17%.
- Starting in June 2004, the Federal Reserve Board began to increase the discount rate from 1.0% to 2.25% in December 2004, thereby resulting in the rate on 1 year adjustable mortgages from 3.53% in the 1st-2004 to 4.08% in the 4th-2004. In response to the increase in adjustable rate mortgages, the next step for home buyers was to shift from adjustable loans being amortized (payment of principal and interest) to various types of creative financial structures, such as interest only loans. Given the same monthly mortgage payment, a shift to the variable rate (interest-rate only – no amortization) would support a housing price increase of some 21%.
- With regards to the more aggressive use of adjustable rate loans and creative loan structures, some headlines for recent articles are as follows:

3/2004 OC Business Journal “ Homebuilders Loans Get Riskier as Housing Prices Soar”

Lennar, Centex and Standard Pacific – Own Lending Companies

10/2004 LA Times: “ Record Number of New Home Loans are ARMs 79%”

12/2004 LA Times “ Lenders Get Creative Again” “Lenders Try To Keep The Party Going”

Therefore, housing price appreciation since early 2002 has been driven by households taking advantage of historic low fixed rates, then a shift to adjustable rate mortgages, and finally, the use of creative financing structures. Specifically, for the same monthly mortgage payment, the use of lower mortgage rates have enabled households to bolster prices by some 50% since early 2002.

Potential Impact of “Other” Non-Financial Factors on Recent Price Appreciation

The above analysis has demonstrated that the primary factors underlying the strong rates of housing price appreciation during 2002-2004 have been historically low level of mortgage rates along with homes buyers utilizing variable rate mortgages. Specifically, this is reflected by the various SC counties having similar rates of price appreciation during 2002-2004, a very narrow range of some 51-56%, despite significant differences in their geographic location, employment growth and housing supply; accordingly these are now discussed.

- The nominal prices of homes varies significantly among the SC counties, from a low of \$306,177 for Riverside-San Bernardino counties to a high of \$633,343 for Orange County.
- The geographic locations vary substantially, from the coastal areas of Orange, San Diego and Ventura counties to the Inland Valley and Desert areas of Riverside, San Bernardino and Los Angeles counties (most of the development in LA county is inland rather than coastal).
- The rates of employment growth have also varied substantially during 2002-2004, from a low of -0.67% per year for Los Angeles County to a high of 3.74% per year for Riverside-San Bernardino counties.
- The sectors underlying employment growth also vary substantially, among the counties: For Ventura County, construction, education/health and government while for other counties financial services, professional services, and retail trade.
- The supply of new housing has also exhibited a wide variation during 2002-2004 as compared to 1999-2001, from declines of -26% in Ventura County and -14% in Orange County to increases of 80% in Riverside-San Bernardino counties.

Therefore, these financial factors have been so strong that they have effectively overshadowed the traditional factors such as geographical locations, employment growth and its composition and housing supply.

COMPARATIVE ANALYSIS OF FACTORS UNDERLYING HOUSING PRICE APPRECIATION SOUTHERN CALIFORNIA COUNTIES: 2002 - 2004

Specific Factors	Orange	Los Angeles	San Diego	Riverside San Bernardino	Ventura
Price Appreciation - Similar Among all of the SC Counties					
Price Appreciation: 2002-2004	51.3%	51.8%	53.2%	55.9%	51.9%
(Price Index - Repeat Sales)					
Other Factors Vary Significantly Among the SC Counties					
Housing Prices - December 2004	\$633,343	\$459,662	\$573,077	\$306,177	\$613,200
Geographic Location - Development	Coastal	Inland/Desert	Coastal	Inland	Coastal
Employment Growth 2002-2004 - Annually	1.09%	-0.67%	1.09%	3.74%	0.65%
Strongest Employment Sectors					
Financial Services	Yes	Yes	Yes	Yes	
Construction	Yes		Yes	Yes	Yes
Education/Health	Yes	Yes			Yes
Professional Services				Yes	
Government			Yes		Yes
Retail Trade				Yes	
Residential Permits - Change	-14.3%	35.3%	5.1%	80.2%	-26.3%
(Change 2002-2004 vs. 1999-2001)					

Conclusions on Housing Prices

The above analysis reveals that the recent rates of housing price appreciation will need to come to terms with the weak underlying fundamental factor, low levels of employment growth. There are two primary scenarios for the resolution of the current employment/price appreciation disequilibrium, and each of these, in turn depends upon the extent to which there is a re-emergence of the fundamental factors, the economic recovery along with its employment growth.

Scenario A: Smooth Transition

This scenario is characterized by the Southern California and Ventura County economies entering their recovery phases during the foreseeable future, thereby generating employment growth and providing “fundamental” support for the housing market. Under this scenario, such employment growth would provide support for the recent rates of housing appreciation, and allow the market to return to an equilibrium, even if mortgage rates rise moderately.

Scenario B: Abrupt Transition

This scenario is characterized by the Southern California and Ventura County economies experiencing only minimal amounts of employment growth during the foreseeable future, and so the recovery phase would be delayed. Consequently, there would not be sufficient employment growth to provide the “fundamental” support for the housing market. Under this scenario, without substantial employment growth, the rate of housing appreciation could stabilize, and there may even be a potential for actual declines in housing prices, if mortgage rates should rise substantially.

The most probable scenario for Ventura County is for the rate of housing price appreciation to moderate during 2005, as compared to the relatively strong rates that were experienced during 2001-2004, based upon a consideration of the following factors:

Factors which will tend to bolster price appreciation are as follows:

- Economic recovery, with stronger rates of employment growth.
- Willingness of households to utilize variable rate and interest-rate only loans.

Factors that may tend to mitigate price appreciation are as follows:

- The strong rates of price appreciation in recent years and record levels of prices have caused housing affordability to be relatively low.
- Upward pressure on mortgage rates as the economy recovers.
- Upward pressure as a result of the large federal budget deficits.
- Risk of short-term variable rate loan rates rising as the economy recovers.

Therefore, based upon a consideration of the factors discussed above, the rate of housing price appreciation for Ventura County during 2005 is expected to moderate.

COMPETITIVE MARKET ANALYSIS OF THE PROJECTS IN THE CFD NO. 3 & 4 COMPETITIVE HOUSING MARKET AREA

The purpose of this section is to provide an overview of the recently/currently active Planned Communities/Projects and other projects with for-sale housing in the CFD No. 3 & 4 Competitive Housing Market Area, and then to compare these with the characteristics of the forthcoming projects in CFD No. 3 & 4 (Seabridge at Mandalay Bay).

The CFD No. 3 & 4 Competitive Housing Market Area currently has some ten recently/currently active projects with for-sale housing. The projects that offer townhomes/condominiums are located in the Planned Community of Westport @ Mandalay Bay (2-projects) that is adjacent to CFD No. 3 & 4 (Seabridge). The projects that offer single-family detached housing are generally inland from the coastal area (7 projects) and also in Westport @ Mandalay Bay (1-project), adjacent to CFD No. 3 & 4 (Seabridge).

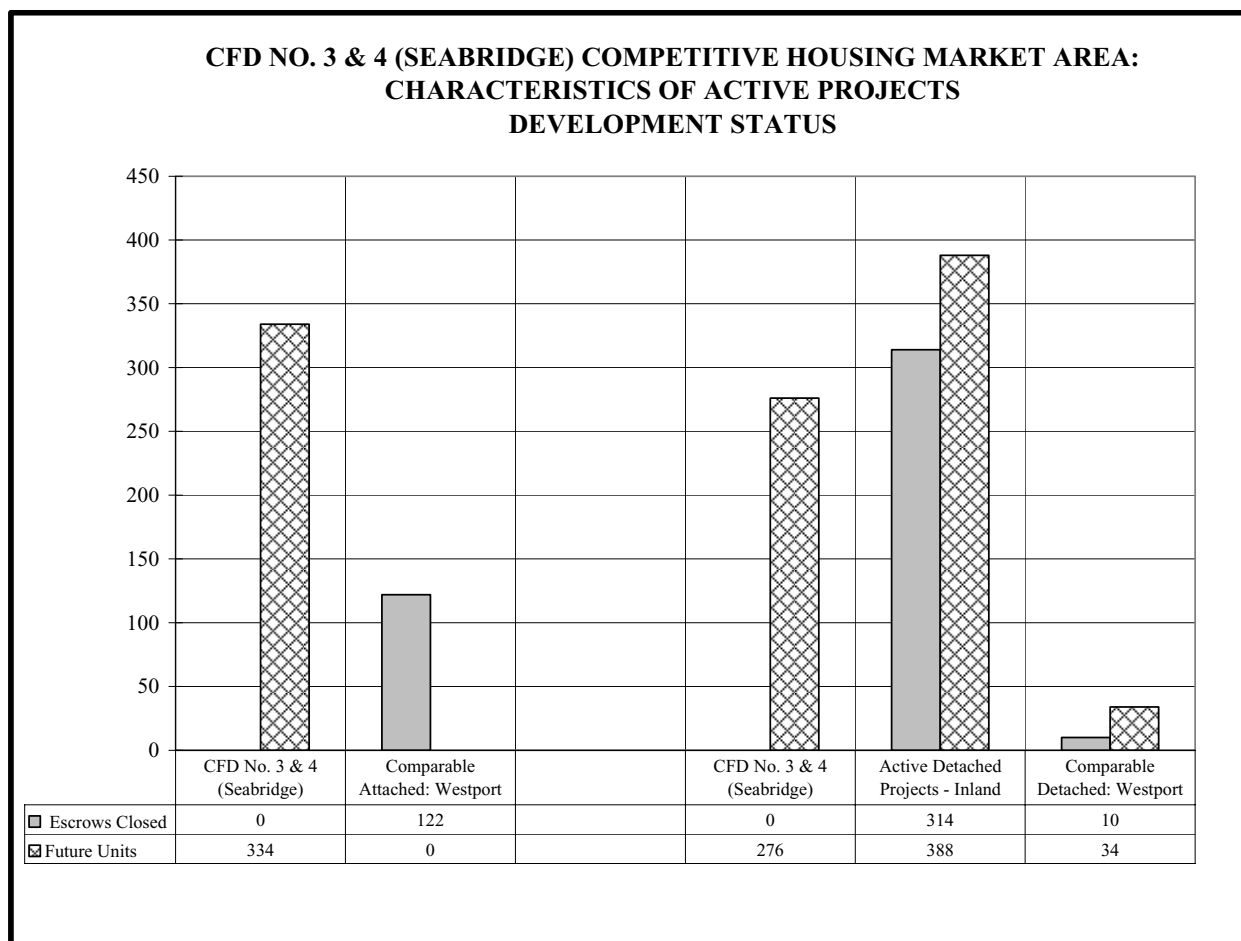
LOCATION OF COMPARABLE PROJECTS TO CFD NO. 3 & 4 (SEABRIDGE)

STAR --- LOCATION OF CFD NO. 3 & 4



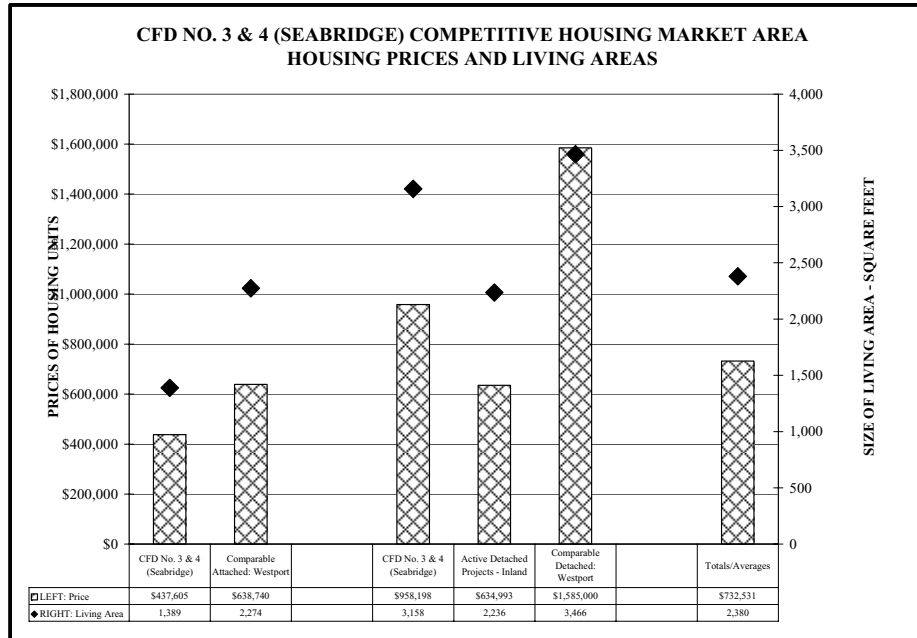
The projects, including the forthcoming projects in CFD No. 3 & 4, have a total of 17 recently/currently active/forthcoming projects with 1,478 housing units of which 446 have had their escrows closed and so they are considered to be occupied; the distribution of these projects among the various projects are as follows:

- Seabridge at Mandalay Bay Attached Products: 3 forthcoming projects with 334 units.
- Comparable Attached – Westport: 2 projects with 122 units of which 122 are occupied.
- Seabridge at Mandalay Detached Products: 4 forthcoming projects with 276 units.
- Currently Active Projects: 7 active projects with 702 units of which 314 are occupied.
- Comparable Detached – Westport: 1 project with 44 units of which 10 are occupied.



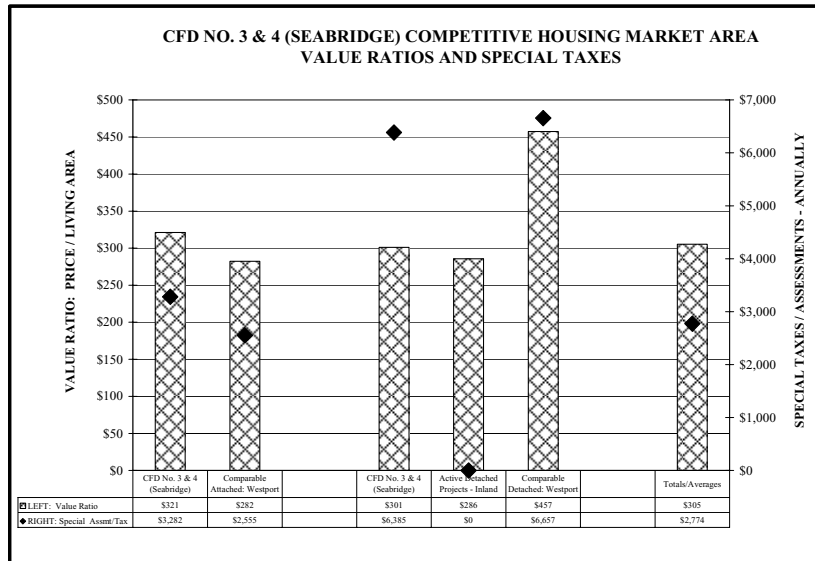
The prices of homes in these projects, based upon the recently/currently active as well as the forthcoming projects, are some \$732,531 as a whole; however, there is a substantial amount of variation among them. The prices, on the average, are as follows: For the townhome/condominiums projects, Seabridge: \$437,605 and the Comparable Attached - Westport: \$638,740. While for the single-family detached projects, Seabridge: \$958,198, Active Detached Projects - Inland: \$643,993 and Comparable Detached - Westport: \$1,585,000 (projects on channel with docks and slips).

The living area of homes in these projects, based upon their recently/currently active/forthcoming projects, are some 2,380 sq.ft., as a whole; however, there is also a substantial amount of variation among them as well. The square footages of living area for these projects are as follows: For the townhome/condominiums projects, Seabridge: 1,389 sq.ft. and the Comparable Attached - Westport: 2,274 sq.ft.. While for the single-family detached projects, Seabridge: 3,158 sq.ft., Active Detached Projects - Inland: 2,236 sq.ft. and Comparable Detached - Westport: 3,466 sq.ft. (projects on channel with docks and slips).



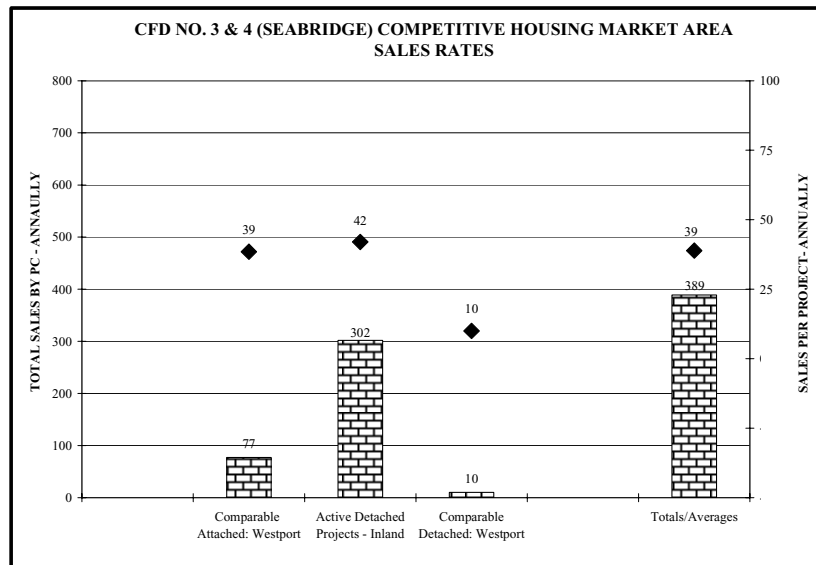
To compare the prices of the homes in these projects, their value ratios are utilized, the price per sq. ft. of living area, since this effectively makes adjustments for differences in their sizes of living areas. Accordingly, the value ratios for all of the projects amount to \$305 per sq. ft. of living area and their Special Taxes/Assessments amounts to some \$2,774/yr. (0.36% as a ratio to the housing prices); accordingly, the value ratios and Special Tax/Assessment characteristics for each of the projects are as follows:

- Seabridge at Mandalay Bay Townhomes/Condos have a value ratio of \$321 and their Special Taxes amount to \$3,282/yr. (0.75%).
- Comparable Attached – Westport have a value ratio of \$282 and their Special Taxes amount to \$2,555/yr. (0.40%).
- Seabridge at Mandalay Bay Detached have a value ratio of \$301 and their Special Taxes amount to \$6,385/yr. (0.68%).
- Active Detached Projects – Inland have a value ratio of \$307 and their Special Taxes amount to \$0/yr. (0.0%).
- Comparable Detached - Westport has a value ratio of \$457 and its Special Taxes amount to \$6,657/yr. (0.42%).



The ten recently/currently active projects have an estimated sales rate of some 389 homes per year, for an average of some 39 units per project per year; the distribution of these sales among the various market segments is as follows:

- Comparable Attached - Westport: 2 projects with sales of 77 homes annually, for an average of 39 per project.
- Active Detached Projects – Inland: 7 projects with sales of 302 homes annually, for an average of 43 per project.
- Comparable Detached - Westport: 1 project with sales of 10 homes annually.



Additionally, a new condominium project, located in Westport @ Mandalay Bay, called White Sails by John Laing Homes is expected to enter the market in mid-July with a total of 88 units. This project is on the channel and is expected to start its prices in the high \$500,000s or low \$600,000s for some 1,442 to 1968 sq.ft., and their Special Taxes are expected to equal some \$2,282 annually.

For additional information on the recently/currently active projects in the CFD No. 3 & 4 Competitive Housing Market Area, please refer to the following table.

CHARACTERISTICS OF THE *COMPARABLE* ACTIVE PROJECTS IN THE COMPETITIVE HOUSING MARKET AREA BY GEOGRAPHICAL LOCATIONS

Project Location	Map Code	Project	Builder	Product Type Lot Size	Project Size and Sales				Housing Prices				Size of Living Area			Value Ratio	Special Assessments/Taxes		
					Total	Known Closed	Future	Sales Rate/Yr.	Lower	Average	Upper	Lower	Average	Upper	Amount Year		Rate/ Price		
Attached: Townhomes & Condominiums																			
CFD No. 3 & 4 (Seabridge)		Place Candors	DR Horton	Condominiums	110	0	110	N/A	\$321,700	\$373,150	\$565,800	717	1,064	2,360	\$331	\$2,799	0.75%		
CFD No. 3 & 4 (Seabridge)		Cluster	DR Horton	Condominiums	56	0	56	N/A	\$396,800	\$426,807	\$462,400	1,102	1,299	1,528	\$329	\$3,201	0.75%		
CFD No. 3 & 4 (Seabridge)		Stacked	DR Horton	Condominiums	168	0	168	N/A	\$500,000	\$512,857	\$545,000	1,720	1,803	2,015	\$284	\$3,846	0.75%		
Westport @ Mandalay Bay	1	Lighthouses @ Westport	Beazer Homes	Townhomes	88	88	0	50	\$564,990	\$589,490	\$613,990	1,822	2,006	2,189	\$294	\$1,945	0.33%		
Westport @ Mandalay Bay	2	Villas @ Westport	Beazer Homes	Townhomes	34	34	0	27	\$670,990	\$687,990	\$704,990	2,428	2,542	2,656	\$271	\$3,165	0.46%		
Single-Family Detached																			
CFD No. 3 & 4 (Seabridge)		Detached - 4800	DR Horton		133	0	133	N/A	\$692,200	\$719,816	\$755,500	2,653	2,796	2,868	\$257	\$5,399	0.75%		
CFD No. 3 & 4 (Seabridge)		Detached- 5040	DR Horton		29	0	29	N/A	\$797,100	\$823,479	\$886,100	2,983	3,186	3,405	\$258	\$6,176	0.75%		
CFD No. 3 & 4 (Seabridge)		Detached 5040 Ship Decks	DR Horton		30	0	30	N/A	\$1,069,900	\$1,100,000	\$1,138,900	2,983	3,199	3,405	\$344	\$6,710	0.61%		
CFD No. 3 & 4 (Seabridge)		Detached 6000 Ship Decks	DR Horton		84	0	84	N/A	\$1,126,000	\$1,189,496	\$1,239,000	3,129	3,451	3,758	\$345	\$7,256	0.61%		
Stand Alone	3	Casa Bonita	John Laing Homes		72	5	67	48	\$568,990	\$577,990	\$586,990	1,899	1,973	2,046	\$293	\$0	0.00%		
Stand Alone	4	Wingfield East	Centex Homes		115	45	70	36	\$588,000	\$598,500	\$609,000	1,787	1,849	1,911	\$324	\$0	0.00%		
Stand Alone	5	Amazaga Walk	The Olsen Company		49	40	9	45	\$573,990	\$621,990	\$669,990	1,771	2,217	2,662	\$281	\$0	0.00%		
Stand Alone	6	Cielo I & II	Capital Pacific Holdings		193	172	21	62	\$528,990	\$624,490	\$719,990	1,578	2,214	2,830	\$282	\$0	0.00%		
Stand Alone	7	Casa Dolce	John Laing Homes		58	4	54	38	\$625,990	\$655,990	\$645,990	2,281	2,375	2,469	\$268	\$0	0.00%		
Stand Alone	8	Casa Loma	John Laing Homes		89	9	80	43	\$675,990	\$691,490	\$706,990	2,405	2,621	2,837	\$264	\$0	0.00%		
Stand Alone	9	Wingfield West	Centex Homes		126	39	87	30	\$640,000	\$694,500	\$746,000	1,923	2,403	2,883	\$289	\$0	0.00%		
Westport @ Mandalay Bay	10	Sea Side	Larwin Homes		44	10	34	10	\$1,350,000	\$1,585,000	\$1,820,000	3,254	3,466	3,677	\$457	\$6,657	0.42%		
Statistical Summary																			
Attached: Townhomes/Condominiums																			
CFD No. 3 & 4 (Seabridge)			N/A		334	0	334	0	\$406,167	\$437,605	\$524,400	1,180	1,389	1,908	\$321	\$3,282	0.75%		
Comparable Attached Westport			39	2	122	122	0	77	\$617,990	\$687,740	\$659,490	2,125	2,274	2,423	\$282	\$2,855	0.40%		
Single-Family Detached																			
CFD No. 3 & 4 (Seabridge)			N/A	4	276	0	276	0	\$921,200	\$996,198	\$1,065,375	2,937	3,158	3,404	\$301	\$6,385	0.68%		
Active Detached Projects - Inland			43	7	702	314	388	302	\$600,279	\$654,493	\$669,707	1,949	2,236	2,523	\$286	\$0	0.00%		
Comparable Detached Westport			10	1	44	10	34	10	\$1,350,000	\$1,585,000	\$1,820,000	3,254	3,466	3,677	\$457	\$6,657	0.42%		
Total Averages																			
			39	17	1,478	446	1,032	389	\$687,743	\$732,531	\$798,598	2,143	2,380	2,688	\$305	\$2,774	0.56%		

ESTIMATED ABSORPTION SCHEDULES FOR THE PRODUCTS/PROJECTS IN CFD NO. 3 & 4 (SEABRIDGE AT MANDALAY BAY)

The purpose of this section is to estimate the absorption schedules for the forthcoming commercial-retail and residential products/projects in CFD No. 3 & 4; accordingly, this is based upon a consideration of the following:

First, the potential demand schedules for the commercial-retail and residential products/projects for CFD No. 3 & 4 were derived, based upon a consideration of the following:

- The growth prospects for the Southern California Market Region, in general, and Ventura County, in particular.
- How much of this growth the CFD No. 3 & 4 Market Area is expected to capture, in particular.
- The proportion of the Market Area demand that is expected to be captured by the projects in CFD No. 3 & 4, based upon an evaluation of their competitiveness in the marketplace.

Thus, the result of this analysis is the POTENTIAL demand for the commercial-retail and residential products/projects in CFD No. 3 & 4.

Next, the ability of the commercial-retail and residential products/projects in CFD No. 3 & 4 to respond to this demand is estimated. Accordingly, the infrastructure development schedule for the products/projects was obtained from D.R. Horton. Specifically, this represents, from a time perspective, when the products will have the infrastructure in place that is required to support their development. So, the result of this analysis is the INFRASTRUCTURE DEVELOPMENT of the properties in CFD No. 3 & 4, and this reflects their ability to respond to the demand in the marketplace.

Then, based upon a consideration of the POTENTIAL demand and the INFRASTRUCTURE DEVELOPMENT, the absorption rate for the commercial-retail and residential products/projects in the various market segments are calculated, from the year in which the products/projects are expected to enter the marketplace, and continuing thereafter on an annualized basis, until all of the units/lots are occupied/utilized.

The application of this algorithm results in the absorption schedules for the products/projects in CFD No. 3 & 4 (Seabridge at Mandalay Bay); absorption represents the structure being constructed as well as being occupied by a homeowner/final user.

CFD No. 3 & 4 (Seabridge), considering its coastal location, provides housing opportunities for two types of purchasers. The first type are “permanent residents” who purchase a home in the area for use as their primary residence. The other type are “resort residents” who buy a home here as a secondary residence for recreational purposes, and have their primary residence elsewhere. Recent discussions with sales representative at the adjacent residential projects in Westport @ Mandalay Bay have observed that some 60% of the purchasers of attached homes and some 50% of the purchasers for detached homes were resort or second home buyers.

The estimated absorption schedules for the residential products/projects in the CFD No. 3 & 4 is based upon the market demand from households in western Ventura County as well as second home-owners. The potential for additional demand from households in Santa Barbara County, which has significantly higher housing prices, is not considered herein.

Accordingly, the estimated absorption schedules for the 610 homes in CFD No. 3 & 4 are as follows:

- **Multi-family Flats/Condos:** 110 flats/condos that are expected to be priced from \$321,700 to \$565,800 for some 717 to 2,360 sq.ft. of living area, for a value ratio (price/living area of \$351). These are expected to be absorbed at a rate of 30 homes in 2006, 60 homes in 2007 and then the remaining 20 homes in 2008.
- **Multi-family Cluster:** 56 multi-family units that are expected to be priced from \$396,800 to \$462,400 for some 1,102 to 1,528 sq.ft. of living area, for a value ratio of \$321. These are expected to be absorbed at a rate of 25 homes in 2006 and then the remaining 31 homes in 2008.
- **Multi-family Stacked:** 168 multi-family stacked units priced from \$500,000 to \$545,000 for some 1,720 to 2,015 sq.ft. of living area, for a value ratio of \$281. These are expected to be absorbed at a rate of 23 homes in 2006, 45 homes in 2007, 50 homes in 2008, and then the remaining 50 homes in 2009.
- **Single-Family Detached on 4080 sq.ft. Lots:** 133 single-family homes on lots of some 4,080 sq.ft. priced from \$692,200 to \$757,500 for some 2,653 to 2,868 sq.ft. of living area, for a value ratio of \$253. These are expected to be absorbed at a rate of 20 homes in 2006, 40 homes per year during 2007 and 2008, and then the remaining 33 homes in 2009.
- **Single-Family Detached on 5040 sq.ft. Lots:** 29 single-family homes on lots of some 5,040 sq.ft. priced from \$797,100 to \$866,100 for some 2,983 to 3,495 sq.ft. of living area, for a value ratio of \$258. These are expected to be absorbed at a rate of 5 homes in 2006, 10 homes in 2007, another 10 homes in 2008, and then the remaining 4 homes in 2009.
- **Single-Family Detached on 5040 sq.ft. Lots (Docks/Slips):** 30 single-family homes on lots of 5,040 sq.ft. priced from \$1,069,900 to \$1,138,900 for some 2,983 to 3,495 sq.ft. of living area; these homes all have docks/slips, for a value ratio of \$343. These are expected to be absorbed at a rate of 6 homes in 2006, 12 homes during 2007, and then the remaining 12 homes in 2008.
- **Single-Family Detached on 6000 sq.ft. Lots (Docks/Slips):** 84 single-family homes on lots of 6,000 sq.ft. priced from \$1,126,000 to \$1,239,000 for some 3,129 to 3,748 sq.ft. of living area; all of these have docks/slips, for a value ratio of \$339. These are expected to be absorbed at a rate of 12 homes in 2006, 20 homes per year during 2007 to 2009, and then the remaining 12 homes in 2010.

So, the 610 attached and detached homes in CFD No. 3 & 4 are expected to be absorbed during the mid-2006 to early-2010 time period at a rate of some 218 homes per year when all of the projects are on the marketplace. The absorption rate starts at 121 in 2006 as the projects enter the marketplace, 218 homes in 2007 when all of the projects are on the marketplace, and then declines thereafter as the projects are closed-out, to 152 homes in 2008 to 107 homes in 2009 and the remaining 12 homes in 2010.

The expected absorption schedule for the residential projects in CFD No. 3 & 4 Seabridge can also be expressed as a capture rate of the expected market demand for the CFD No. 3 & 4 Market Area, the Southwest portion of Ventura County. Specifically, the residential capture rate reflects the percentage of the MA's demand that is fulfilled by the absorption of the homes in CFD No. 3 & 4. For the 2007-2009 time period, as a whole, the capture rate amounts to some 9.3%, on the average. During 2006 to 2008 when most of the projects are on the marketplace, the CFD No. 3 & 4's capture rate on the MA's demand is some 8.2% to 14.2%. Then, during 2009 and 2010, as the various projects are closed-out, the capture rates decline to 6.1% and 0.7%, respectively.

CFD No. 3 & 4 also has some 160,000 sq.ft. of commercial-retail, and this is expected to be absorbed during the 2007-2010 time period.

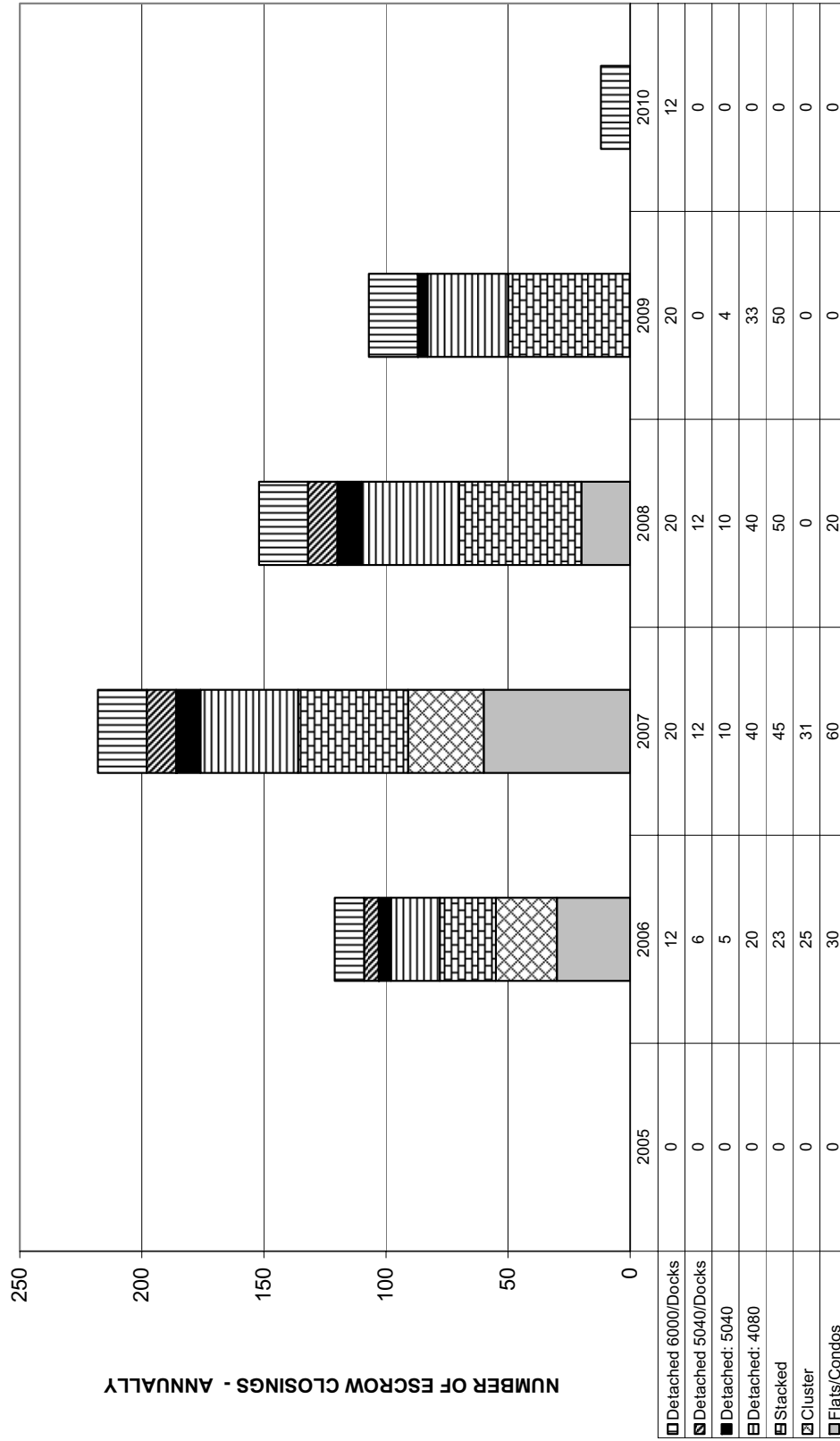
Closing Comments

The estimated absorption schedule for the forthcoming commercial-retail and residential products/projects in the CFD No. 3 & 4 is subject to change due to potential shifts in economic/real estate market conditions and/or the development strategy by D.R. Horton, the property owner/developer.

Furthermore, special consideration should be given to the projects in CFD No. 3 & 4 having Special Taxes. Although the adjoining community of Westport @ Mandalay Bay, which also has Special Taxes, successfully marketed most of its homes, this was accomplished in a robust real estate market during the past several years. However, in the event of an economic or real estate slowdown, CFD No. 3 & 4 could face strong competition from the projects located inland which offer homes at lower prices without Special Taxes.

For additional information on the estimated absorption schedules for the commercial-retail and residential products/projects in CFD No. 3 & 4 (Seabridge at Mandalay Bay), please refer to the following graph and table.

CFD NO. 3 & 4 (SEABRIDGE) ESTIMATED RESIDENTIAL ABSORPTION SCHEDULES



CITY OF OXNARD: CFD NO. 3 & 4 SEABRIDGE

ESTIMATED ABSORPTION SCHEUDLE - ADJUSTED FOR SCHOOL SITE

AUGUST 12, 2005; SUBJECT TO REVISION

	Product Characteristics							Totals		Commercial
Product Types >	Multi-Family			Single-Family Detached				Annually	Cumulative	Retail
	Flats/ Condos	Cluster	Stacked	Detached: 4080	Detached 5040	Detached: 5040 Slips & Docks	Detached: 6000 Slips & Docks			Sq.Ft.
Development Status										
Maximum Units - No School Site	121	101	210	133	29	30	84	708		160,000
Probable Units - School Site	110	56	168	133	29	30	84	610		160,000
Occupied	0	0	0	0	0	0	0	0		0
Forthcoming:	110	56	168	133	29	30	84	610		160,000
Share - Forthcoming	18.0%	9.2%	27.5%	21.8%	4.8%	4.9%	13.8%	100.0%		
Base Prices - Builder										
August 2004										
Lower	\$321,700	\$396,800	\$500,000	\$692,200	\$797,100	\$1,069,900	\$1,126,000	\$628,635		
Average	\$373,150	\$416,564	\$506,000	\$706,771	\$823,479	\$1,097,950	\$1,169,231	\$653,143		
Upper	\$565,800	\$462,400	\$545,000	\$757,500	\$886,100	\$1,138,900	\$1,239,000	\$728,491		
Base Prices - Empire Economics										
September 2004										
Lower	Same	Same	Same	Same	Same	\$872,000	\$917,700			
Average	Same	Same	Same	Same	Same	\$896,513	\$969,450			
Upper	Same	Same	Same	Same	Same	\$928,000	\$1,009,800			
						-18.3%	-17.1%			
Living Area - Builder										
Lower	717	1,102	1,720	2,653	2,983	2,983	3,129	2,002		
Average	1,064	1,299	1,803	2,796	3,186	3,199	3,451	2,201		
Upper	2,360	1,528	2,015	2,868	3,495	3,495	3,748	2,600		
Value Ratio - Builder	\$351	\$321	\$281	\$253	\$258	\$343	\$339	\$297		
Commence Closings:	. July - 2006	. July - 2006	. July - 2006	. June - 2006	. June - 2006	. June - 2006	. June - 2006			
2005	0	0	0	0	0	0	0	0	0	0
2006	30	25	23	20	5	6	12	121	121	0
2007	60	31	45	40	10	12	20	218	339	50,000
2008	20	0	50	40	10	12	20	152	491	50,000
2009	0	0	50	33	4	0	20	107	598	50,000
2010	0	0	0	0	0	0	12	12	610	10,000
Totals	110	56	168	133	29	30	84	610		160,000

ASSUMPTIONS AND LIMITING CONDITIONS

The Market Absorption Study for CFD No. 3 & 4 is based upon various assumptions and limiting conditions; accordingly, these are as follows:

Title to Property
Property Boundaries
Accuracy of Information from Others
Date of Study
Hidden or Unapparent Conditions
Opinions of a Legal/Specialized Nature
Right of Publication of Report
Soil and Geological Studies
Earthquakes and Seismic Hazards
Testimony or Court Attendance
Maps and Exhibits
Environmental and Other Regulations
Required Permits and Other Governmental Authority
Liability of Market Analyst
Presence and Impact of Hazardous Material
Structural Deficiencies of Improvements
Presence of Asbestos
Acreage of Property
Designated Economic Scenario
Provision of the Infrastructure; Role of Coordinator
Developer/Builders Responsiveness to Market Conditions
Financial Strength of the Project Developer/Builder
Market Absorption Study Timeliness of Results

For additional information on the various assumptions and limiting conditions, please refer to the comprehensive Market Absorption Study.

