

In the opinion of Brown Diven Hessell & Brewer LLP, Solana Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings, and judicial decisions, and assuming 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 "CONCLUDING INFORMATION — Tax Matters" herein.

\$5,105,000
CITY OF ESCONDIDO
REASSESSMENT DISTRICT NO. 98-1
(RANCHO SAN PASQUAL)
LIMITED OBLIGATION REFUNDING BONDS

Dated: Date of Delivery

Due: September 2, as shown below

The City of Escondido Reassessment District No. 98-1 (Rancho San Pasqual) Limited Obligation Refunding Bonds (the "Bonds") are being issued by the City of Escondido (the "City") pursuant to the provisions of the Refunding Act of 1984 for 1915 Improvement Act Bonds (Division 11.5 of the California Streets and Highways Code) and a Bond Indenture dated as of July 1, 1998 (the "Indenture") between the City and BNY Western Trust Company, fiscal agent (the "Fiscal Agent").

The Bonds will be issued as fully registered Bonds registered in the name of Cede & Co. as nominee of the Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof under the book-entry system maintained by DTC. Ultimate purchasers of the Bonds will not receive physical certificates representing their interest in the Bonds.

The Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE BONDS."

The Bonds are being issued to refund the City's Assessment District No. 95-1 (Rancho San Pasqual) Limited Obligation Improvement Bonds in the original principal amount of \$5,277,442 (the "Prior Bonds") previously issued by the City under the Improvement Bond Act of 1915 (Division 10 of the California Streets and Highways Code) with respect to Assessment District 95-1 (Rancho San Pasqual) (the "Original Assessment District") formed pursuant to the Municipal Improvement Act of 1913 (Division 12 of the California Streets and Highways Code).

The Bonds are issued upon and secured by unpaid Reassessments (as defined herein) upon real property located in City of Escondido Reassessment District No. 98-1 (Rancho San Pasqual) (the "Reassessment District") which comprises the same area as the Original Assessment District, proceeds of foreclosure proceedings related thereto, amounts held in the Redemption Fund and the Reserve Fund created and maintained under the Indenture, and the investment earnings thereon (except to the extent transferred to the Rebate Fund pursuant to the Indenture).

THE BONDS ARE NOT PAYABLE FROM ANY FUND OF THE CITY. THE CITY HAS DETERMINED THAT IT SHALL NOT BE OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM ITS TREASURY TO CURE ANY DEFICIENCY WHICH MAY OCCUR IN THE REDEMPTION FUND. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS.

MATURITY SCHEDULE

Table with 8 columns: Maturity Date, Amount, Interest Rate, Price, Maturity Date, Amount, Interest Rate, Price. Rows for years 1999 through 2006 and 2007 through 2013.

\$3,295,000 5.700% Term Bonds Maturing September 2, 2026, Price 100.000%

The Bonds are offered when, as and if issued, subject to approval as to validity by Brown Diven Hessell & Brewer LLP, Solana Beach, California, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Luce, Forward, Hamilton & Scripps, LLP, San Diego, California, Underwriter's Counsel, and for the City by Jeffrey Epp, Esq., City Attorney.

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 WITH RESPECT TO THE BONDS.

Stone & Youngberg LLC

CITY OF ESCONDIDO
San Diego County, California

CITY COUNCIL

Sid Hollins, *Mayor*

Lori Holt Pfeiler

Keith Beier

Jerry Harmon

June Rady

CITY OFFICIALS

Rolf Gunnarson
City Manager

Mike Adams
*Deputy City Manager and Public
Works Director*

Clay Phillips
*Director of Financial and
Administrative Services*

Ken Huggins
City Treasurer

Jeanne Bunch
City Clerk

Jeffrey Epp
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BNY Western Trust Company
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Underwriters Counsel
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San Diego, California

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CITY. THE INFORMATION AND EXPRESSIONS OF OPINION STATED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE. THE DELIVERY OF THIS OFFICIAL STATEMENT SHALL NOT, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY OR THE REASSESSMENT DISTRICT SINCE THE DATE HEREOF.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE CITY AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF THE UNDERWRITER.

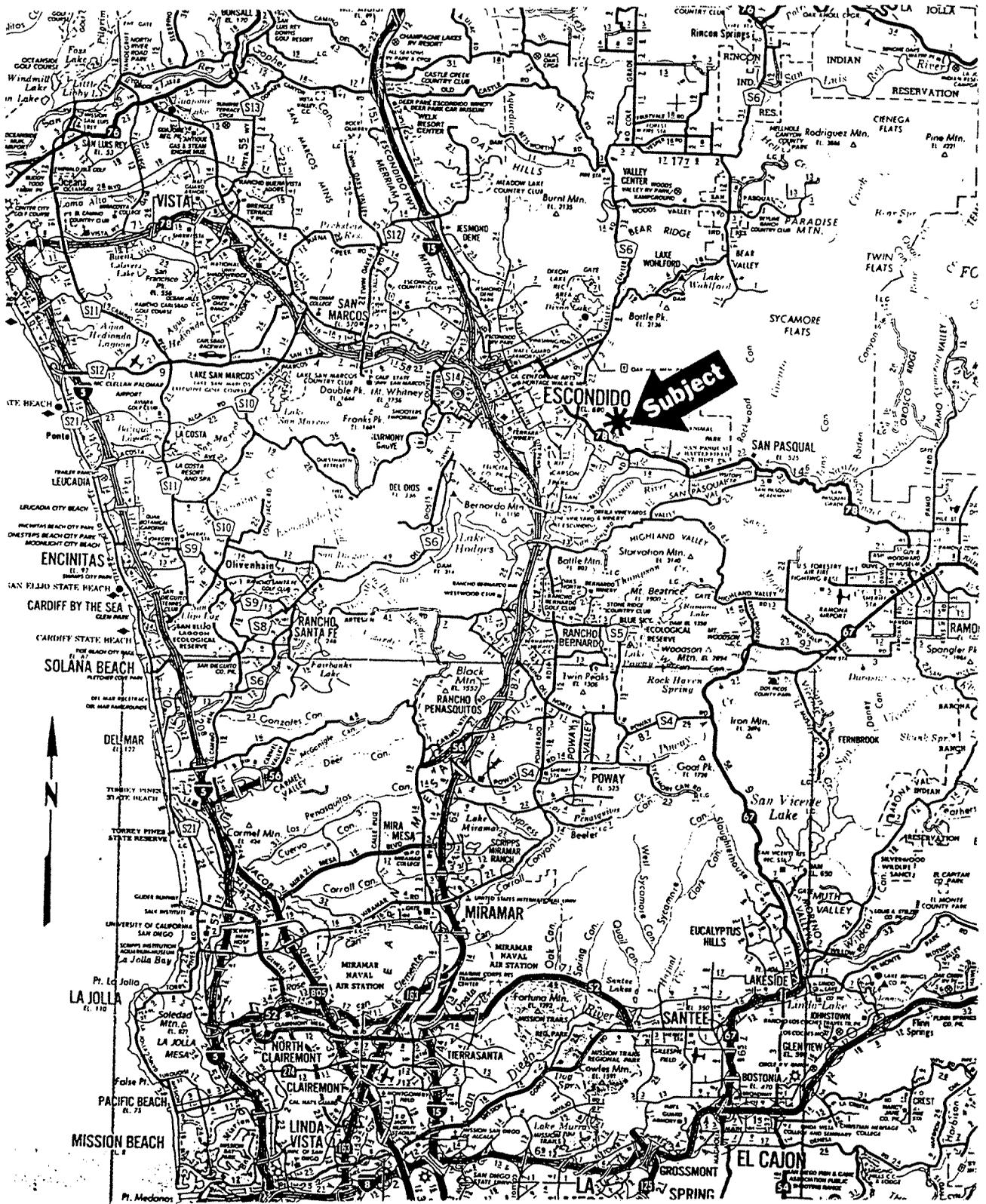
THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE BONDS. STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT WHICH INVOLVE ESTIMATES, FORECASTS OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO DESCRIBED HEREIN, ARE INTENDED SOLELY AS SUCH AND ARE NOT TO BE CONSTRUED AS REPRESENTATIONS OF FACT.

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.

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REGIONAL MAP



OFFICIAL STATEMENT

\$5,105,000

**CITY OF ESCONDIDO
REASSESSMENT DISTRICT NO. 98-1
(RANCHO SAN PASQUAL)
LIMITED OBLIGATION REFUNDING BONDS**

INTRODUCTORY STATEMENT

This introduction is not a summary of this Official Statement. It is only a brief description and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and the appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

This Official Statement, including the cover page and appendices hereto, is provided to furnish certain information regarding the City of Escondido (the "City") and its Reassessment District No. 98-1 (Rancho San Pasqual) (the "Reassessment District") in connection with the sale by the City of its Reassessment District No. 98-1 (Rancho San Pasqual) Limited Obligation Refunding Bonds (the "Bonds") in the aggregate principal amount of \$5,105,000.

Purpose of the Bonds

The Bonds are being executed and delivered (i) to refund the City of Escondido Assessment District No. 95-1 (Rancho San Pasqual) Limited Obligation Improvement Bonds (the "Prior Bonds"), (ii) to provide money for a reserve fund for the Bonds, and (iii) to pay the costs of issuance of the Bonds. See *"PLAN OF REFUNDING -- Sources and Uses of Funds."*

Sources of Payment for the Bonds

The Bonds are issued upon and secured solely by (i) payment and prepayment of installments of principal, interest and premium (if any) to be paid on the unpaid reassessments (the "Reassessments") levied by the City pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds, Division 11.5 of the California Streets and Highways Code (the "Refunding Act"), to be made by owners of real property within the Reassessment District, (ii) the proceeds of any foreclosure proceedings related thereto, and (iii) amounts held in the Redemption Fund and the Reserve Fund created and maintained under the Indenture and the investment earnings thereon (except to the extent transferred to the Rebate Fund pursuant to the Indenture). See *"SECURITY FOR THE BONDS."*

Pursuant to the Refunding Act, which incorporates various provisions of the Improvement Bond Act of 1915, Division 10 of the California Streets and Highways Code (the "1915 Act"), annual installments of the Reassessments levied upon parcels within the Reassessment District sufficient to meet annual debt service on the Bonds (including minimum sinking fund payments) will be billed by the City on the regular property tax bills sent to the respective owners of those parcels. These annual installments are to be deposited into the applicable account of the Redemption Fund, which shall be held by the Fiscal Agent and used to pay principal of and interest on the Bonds as they become due. The annual installment billed against a particular parcel represents the total principal and interest payments coming due that year with respect to that parcel.

The City will deposit an amount of Bond proceeds initially equal to \$304,376 with interest on such amount accruing until it reaches the least of (i) 125% of the average annual debt service on the Bonds, (ii) the maximum annual principal and interest on the Bonds, or (iii) 10% of the proceeds of the Bonds (the "Reserve Requirement") into a reserve fund (the "Reserve Fund") to be held by the Fiscal Agent. The City's obligation to transfer funds to the Redemption Fund in the event of delinquent installments is limited to the balance in the Reserve Fund. Pursuant to the Indenture, the City has no obligation to replenish the Reserve Fund except to the extent that delinquent Reassessments are paid or proceeds from foreclosure sales are realized.

As provided in the 1915 Act, the City has determined that it shall not be obligated to advance available funds from the treasury of the City to cure any deficiency which may occur in the Redemption Fund.

The City has covenanted with the owners of the Bonds that the City will commence or cause to be commenced an action in the superior court and will diligently prosecute such action, to foreclose the lien of the Reassessments or any installment

thereof which is delinquent as provided in the Refunding Act and the 1915 Act if certain conditions are met. Delinquency in payment of Reassessments does not result in an acceleration of the entire amount of the Reassessments; therefore, property may be sold at foreclosure sale for only the amount of the delinquent Reassessments, the penalties and interest on such delinquent amounts and the costs of the foreclosure action See "*SECURITY FOR THE BONDS -- Covenant to Foreclose.*"

The obligations of an assessee to pay Reassessments is secured solely by the reassessed parcel, and the only recourse for payment of delinquent Reassessments is through the foreclosure process described herein. The Reassessments are not personal obligations of the assesseees. See "RISK FACTORS."

The Bonds and interest thereon are not payable from any funds of the City. Neither the credit nor the taxing power of the City is pledged for the payment of the Bonds or the interest thereon, and no owner of the Bonds may compel the exercise of any taxing power by the City or force the forfeiture of any of its property. The principal of, premium (if any) and interest on the Bonds are not a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property, or upon any of its income receipts or revenues, except the Reassessments which are, pursuant to the Indenture and the Refunding Act set aside for the payment of the Bonds and interest thereon.

Engineer's Report

Special District Financing & Administration (the "Reassessment Engineer") has prepared a written report (the "Engineer's Report") for the Reassessment District which contains, among other things, the amount of each Reassessment and the method of allocation. See "*THE REASSESSMENT DISTRICT -- Assessed Value of Property Within the Reassessment District*" and "*APPENDIX A -- Reassessment Engineer's Report*" herein.

Appraisal Report

Andersen & Brabant (the "Appraiser") has prepared a written report (the "Appraisal") appraising the value of undeveloped and partially developed residential property within the Reassessment District. The Appraisal is qualified by certain assumptions and conditions described therein. See "*THE REASSESSMENT DISTRICT -- Appraisal Report*" and "*APPENDIX B -- APPRAISAL REPORT*".

The Reassessment District

The Reassessment District is located within the City which is situated in the northeastern portion of San Diego County, eighteen miles east and thirty miles north of the City of San Diego. The City has an estimated population of approximately 120,000.

The Rancho San Pasqual development covers approximately 870 acres including an eighteen hole golf course and residential development. The Eagle Crest Golf Course was opened to play in May of 1993. The Reassessment District is concentrated on the approximately 177 acres designated for residential use, which surround the Eagle Crest Golf Course. The residential development ranges in condition from raw undeveloped land to be completed and occupied homes. The undeveloped and partially developed parcels are owned by four separate developers. The Reassessment District currently represents 486 County Assessor's parcels. An additional 112 parcels are planned in connection with a second phase of homes to be constructed within the Reassessment District. Almost 96% of the reassessment lien is spread over the 177 acres of residential development (\$8,492 per house). The remainder of the reassessment is spread against the portion of the Eagle Crest Golf Course that includes the club house facilities (\$221,836). See "*THE REASSESSMENT DISTRICT.*"

Bond Owner's Risks

Prospective investors should review this Official Statement and the Appendices hereto in their entirety and should consider certain risk factors associated with the purchase of the Bonds, some of which have been summarized in the section entitled "*RISK FACTORS*" herein.

Continuing Disclosure

The City has covenanted for the benefit of the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the City and the Reassessment District by not later than December 1 following the end of the City's fiscal year ended June 30, commencing with the report for the 1998 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Fiscal Agent, as Dissemination Agent on behalf

of the City will file the Annual Report with each Nationally Recognized Municipal Securities Information Repository ("NRMSIR"). The notices of material events will be filed by the Dissemination Agent on behalf of the City with each NRMSIR and the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5). See "*APPENDIX C – Continuing Disclosure Agreement*" hereto.

Other Information

Brief descriptions of the Bonds, the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement, are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement are qualified in their entirety by reference to such documents. References herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Until the issuance and delivery of the Bonds, copies of the documents described herein may be obtained from the City, and after delivery of the Bonds, copies of such documents will be available at the corporate trust office of the Fiscal Agent located at 700 S. Flower Street, Suite 500, Los Angeles, California 90017. During the offering of the Bonds copies may also be obtained from the Underwriter at 50 California Street, 35th Floor, San Francisco, California 94111, attention: Tom Lockard, and 4350 La Jolla Village Drive, Suite 140, San Diego, California 92122, attention: John Gibson.

PLAN OF REFUNDING

Original Assessment District

The Bonds are being issued to refund and defease the Prior Bonds issued with respect to the City's Assessment District No. 95-1 (Rancho San Pasqual) (the "Original Assessment District"), which Prior Bonds were issued in the original aggregate principal amount of \$5,277,442. Proceeds of the Prior Bonds were used to fund the acquisition of street improvements, sewer improvements and other related work within the Original Assessment District. See "THE REASSESSMENT DISTRICT—Improvement Projects."

Concurrently with the issuance of the Bonds, the City will enter an Escrow Agreement, dated as of July 1, 1998 (the "Escrow Agreement"), with BNY Western Trust Company, as escrow agent (the "Escrow Agent"), for the purpose of defeasing all of the currently outstanding Prior Bonds. A portion of Bond proceeds, together with certain moneys held in certain funds and accounts relating to the Prior Bonds, will be deposited in an Escrow Fund established under the Escrow Agreement. See "*PLAN OF REFUNDING – Sources and Uses of Funds.*" Amounts maintained in the Escrow Funds will be invested solely in direct obligations of the United States Treasury, the principal of and interest on which, together with any available cash to be held and invested, as verified by Causey Demgen & Moore, Denver, Colorado, will be sufficient to defease the outstanding Prior Bonds and redeem the remaining Prior Bonds on September 2, 1998, at a price of 103% of the principal amount thereof.

The moneys and securities held in the Escrow Fund are pledged solely for the payment of the Prior Bonds. Neither such moneys nor such escrow securities deposited with the Escrow Agent nor any interest or other earnings thereon will be available for the payment of the Bonds.

Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds relating to the issuance of the Bonds.

Sources of Funds	
Principal Amount of Bonds	\$5,105,000.00
Prior Bonds Reserve Fund	443,881.25
Prior Bonds Prepayment Fund	10,300.00
Prior Bonds Construction Fund	114,238.37
Prior Bonds Redemption Fund	314,579.93
Total Sources	\$5,987,999.55
Uses of Funds	
Refunding Escrow Deposits ⁽¹⁾	\$5,522,258.13
Deposit to Reserve Fund	304,376.42
Costs of Issuance ⁽²⁾	95,000.00
Underwriter's Discount	66,365.00
Total Uses	\$5,987,999.55

⁽¹⁾ To be used to refund the Prior Bonds. See "*PLAN OF REFUNDING.*"

⁽²⁾ Includes Bond counsel fees, Official Statement printing, initial fees and expenses of the Fiscal Agent, appraisal, assessment engineering, verification and other costs of issuing the Bonds.

THE BONDS

Authority for Issuance of the Bonds

The proceedings for the Reassessment District were conducted pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds (Division 11.5 of the California Streets and Highways Code) (the "Refunding Act"), all as approved by resolutions adopted by the City Council. The Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), including provisions of the Improvement Bond Act of 1915 (the "1915 Act") incorporated by reference into the Refunding Act, Resolution No. 98-123, adopted by the City Council on July 1, 1998 (the "Resolution") and the Bond Indenture dated as of July 1, 1998 (the "Indenture") by and between the City and BNY, as fiscal agent (the "Fiscal Agent").

Denomination and Payment

The Bonds will be issued in the aggregate amount principal of \$5,105,000, will be dated the date of their delivery, and will be issued in denominations of \$5,000 each or any integral multiple thereof. They will bear interest payable on each March 2 and September 2, commencing March 2, 1999 and will mature on September 2 in each of the designated years, and in the principal amounts, shown on the inside cover page hereof.

Initially, the Bonds issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as a securities depository for the Bonds. See *"THE BONDS -- Book-Entry Only System."* All references herein to the owners or holders of the Bonds, as long as the Bonds are in book-entry only form, shall refer to DTC and not the beneficial owners of the Bonds.

The principal of, and premium, if any, on the Bonds will be payable upon maturity and surrender thereof at the office of the Fiscal Agent. Interest on the Bonds will be paid by check of the Fiscal Agent mailed by first class mail on each March 2 and September 2, commencing March 2, 1999 (the "Interest Payment Dates"), to the person in whose name the Bond is registered at the close of business on the fifteenth day of the month preceding the applicable Interest Payment Date (the "Record Date"), or by wire transfer to an account in the United States of America made on an Interest Payment Date upon written instructions received by the Fiscal Agent on or before the Record Date from an owner of \$1,000,000 or more in aggregate principal amount of Bonds. For as long as the Bonds are in book-entry form and DTC is the securities depository, DTC or its nominee, Cede & Co., will be the sole owner of the Bonds, and payment of principal and interest will be made only to such owner. Disbursal of such payments to DTC Participants is the responsibility of DTC; disbursal of such payment to beneficial owners is the responsibility of the DTC Participants. See *"THE BONDS -- Book-Entry Only System."*

Each Bond will bear interest from the Interest Payment Date next proceeding the date on which it is authenticated and registered, unless said Bond is authenticated as of an Interest Payment Date, or unless said Bond is authenticated prior to the first Interest Payment Date, in which case it shall bear interest from its date, until payment of its principal sum has been discharged. Interest shall be calculated based on a 360-day year comprised of twelve 30-day months.

Redemption of Bonds

Optional Redemption. Any Bond may be redeemed in whole or in part in integral multiples of \$5,000 on any March 2 or September 2, from any source of funds, at the following prices, expressed as a percentage of the principal amount of the Bonds called for redemption, together with accrued interest thereon to the date of redemption as follows:

- 103% if redeemed on or before September 2, 2005;
- 102% if redeemed on or before September 2, 2009;
- 101% if redeemed on or before September 2, 2012;
- 100% if redeemed on March 2, 2013 or thereafter.

Mandatory Redemption from Assessment Prepayments. Any Bond shall be redeemed in whole or in part in integral multiples of \$5,000 on any March 2 or September 2, commencing on March 2, 1999, from the proceeds of prepayments of Reassessments, in whole or in part on any parcel within the Reassessment District for which the Reassessment is unpaid. The Bond subject to such mandatory redemption shall be redeemed at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed) of 103% plus accrued interest on such amount to the date of redemption.

Sinking Fund Redemption. The Bonds maturing on September 2, 2026 (the "Term Bonds") are subject to mandatory sinking fund redemption, in part by lot, from sinking fund payments set forth in the following schedule commencing on September 2, 2011 and on September 2 in each year thereafter at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Redemption Date (September 2)	Principal Amount
2014	\$180,000
2015	190,000
2016	190,000
2017	210,000
2018	225,000
2019	235,000
2020	250,000
2021	265,000
2022	275,000
2023	295,000
2024	310,000
2025	325,000
2026*	345,000

* Final Maturity

If some but not all of the Term Bonds have been redeemed pursuant to mandatory or optional redemptions described below, the total amount of mandatory sinking fund payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Term Bonds so redeemed by reducing each such future mandatory sinking fund payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000.

Selection of Bonds for Redemption

If less than all of the outstanding Bonds or portions thereof are to be redeemed (other than mandatory sinking fund redemptions), the City shall designate the principal amount of Bonds of each maturity to be redeemed in such a way that the ratio of outstanding Bonds to issued Bonds shall be approximately the same in each maturity insofar as possible, and the Fiscal Agent shall select the particular Bonds to be redeemed from each maturity in said designated amount by lot in such manner as the Fiscal Agent may choose. The Fiscal Agent shall promptly notify the City in writing of the Bonds, or portions thereof, selected for redemption.

Purchase of Bonds

In lieu, or partially in lieu, of any such call and redemption, or in lieu, or partially in lieu, of any payment at maturity, moneys deposited in the Prepayment Account of the Redemption Fund may be used to purchase outstanding Bonds in the manner hereinafter provided. Purchases of outstanding Bonds may be made by the City prior to the selection of Bonds for redemption by the Fiscal Agent, at public or private sales as and when and at such prices as the City may in its discretion determine, but only at prices (including brokerage or other expenses) of not more than par, plus the premium, if any, which would be payable with respect to such Bonds upon the redemption thereof, plus accrued interest, and any accrued interest payable upon the purchase of Bonds may be paid from the amount in the Interest Account of the Redemption Fund for payment of interest on the next following Interest Payment Date. The Fiscal Agent shall disburse moneys in the Prepayment Account for such purpose upon written direction of the City.

Notice of Redemption

At least thirty (30) days but no more than forty-five (45) days prior to the redemption date, the Fiscal Agent shall give by registered or certified mail or by personal service a copy of such notice, to the respective owners of the Bonds to be redeemed 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 thereto, and failure to receive such notice or any defect therein shall not 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 provided in the Indenture shall be conclusive as against all parties, and it shall not be open to any Bondowner to show that he or she failed to receive notice of such redemption.

In addition to the notice described in the foregoing paragraph, such redemption notice shall also be given by Fiscal Agent (i) by first class mail, postage prepaid, or (ii) by facsimile transmission on the same day as the date of the mailing required by the preceding paragraph, to each of the securities depositories designated in the Indenture and to one (1) of the information services listed in the Indenture and selected by the City.

The Indenture provides that neither failure of a Bondowner to receive the notice described above nor any defect therein shall in any manner affect the redemption of the Bonds.

Effect of Redemption

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in the Indenture, together with interest to such redemption date, shall be available therefor on such redemption date, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue. All money held for the redemption of Bonds shall be held in trust for the account of the registered owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of the Indenture shall be canceled upon surrender thereof and be delivered to or upon the order of the City. All or any portion of a Bond purchased by the City shall be canceled by the Fiscal Agent.

When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of the Indenture, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Fiscal Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, all as provided in the Indenture, then such Bonds shall no longer be deemed outstanding and shall be surrendered to the Fiscal Agent for cancellation.

Book-Entry Only System

The following description of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Bonds and other related transactions by and between DTC, the Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the Participants, as the case may be.

The Depository Trust Company ("DTC"), New York, NY, 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). One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking law, a member of a Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trusts companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

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.

Redemption notices shall be sent to Cede & Co. 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. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of the Bonds 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 the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City or the Fiscal Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have the Bonds purchased or tendered, through its Participant, to the Fiscal Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's Interest in the Bonds, on DTC's records, to the Fiscal Agent. The requirement for physical delivery of the Bonds, on DTC's records, to the Fiscal Agent. The requirement for physical delivery of the Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City or the Fiscal Agent and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, if there is not a successor securities depository, the Bonds are required to be delivered as described in the Indenture. The Beneficial Owner upon registration of Bonds held in the Beneficial Owner's name will become the Owner of the Bonds.

The City may at times discontinue the use of the system of book-entry only transfers through DTC (or a successor securities depository). In such event, the Bonds will be required to be delivered as described in the Resolution. In the event that the book-entry only system is discontinued, payments of principal of and interest on the Bonds shall be payable to the registered owners of the Bonds in accordance with the procedures set forth in the Resolution.

The City cannot and does not give any assurances that DTC, Participants or others will distribute payments of principal, interest or premium with respect to the Bonds paid to DTC or its nominees as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City is not responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

DEBT SERVICE SCHEDULE

The following table presents the scheduled payments of principal of and interest on the Bonds.

Date	Principal	Interest	Total
March 2, 1999		143,777.12	143,777.12
September 2, 1999	80,000	139,891.25	219,891.25
March 2, 2000		138,251.25	138,251.25
September 2, 2000	90,000	138,251.25	228,251.25
March 2, 2001		136,338.75	136,338.75
September 2, 2001	95,000	136,338.75	231,338.75
March 2, 2002		134,201.25	134,201.25
September 2, 2002	95,000	134,201.25	229,201.25
March 2, 2003		132,016.25	132,016.25
September 2, 2003	95,000	132,016.25	227,016.25
March 2, 2004		129,783.75	129,783.75
September 2, 2004	105,000	129,783.75	234,783.75
March 2, 2005		127,237.50	127,237.50
September 2, 2005	110,000	127,237.50	237,237.50
March 2, 2006		124,487.50	124,487.50
September 2, 2006	120,000	124,487.50	244,487.50
March 2, 2007		121,427.50	121,427.50
September 2, 2007	125,000	121,427.50	246,427.50
March 2, 2008		118,177.50	118,177.50
September 2, 2008	130,000	118,177.50	248,177.50
March 2, 2009		114,732.50	114,732.50
September 2, 2009	135,000	114,732.50	249,732.50
March 2, 2010		111,121.25	111,121.25
September 2, 2010	145,000	111,121.25	256,121.25
March 2, 2011		107,206.25	107,206.25
September 2, 2011	155,000	107,206.25	262,206.25
March 2, 2012		102,982.50	102,982.50
September 2, 2012	160,000	102,982.50	262,982.50
March 2, 2013		98,582.50	98,582.50
September 2, 2013	170,000	98,582.50	268,582.50
March 2, 2014		93,907.50	93,907.50
September 2, 2014	180,000	93,907.50	273,907.50
March 2, 2015		88,777.50	88,777.50
September 2, 2015	190,000	88,777.50	278,777.50
March 2, 2016		83,362.50	83,362.50
September 2, 2016	190,000	83,362.50	273,362.50
March 2, 2017		77,947.50	77,947.50
September 2, 2017	210,000	77,947.50	287,947.50
March 2, 2018		71,962.50	71,962.50
September 2, 2018	225,000	71,962.50	296,962.50
March 2, 2019		65,550.00	65,550.00
September 2, 2019	235,000	65,550.00	300,550.00
March 2, 2020		58,852.50	58,852.50
September 2, 2020	250,000	58,852.50	308,852.50
March 2, 2021		51,727.50	51,727.50
September 2, 2021	265,000	51,727.50	316,727.50
March 2, 2022		44,175.00	44,175.00
September 2, 2022	275,000	44,175.00	319,175.00
March 2, 2023		36,337.50	36,337.50
September 2, 2023	295,000	36,337.50	331,337.50
March 2, 2024		27,930.00	27,930.00
September 2, 2024	310,000	27,930.00	337,930.00
March 2, 2025		19,095.00	19,095.00
September 2, 2025	325,000	19,095.00	344,095.00
March 2, 2026		9,832.50	9,832.50
September 2, 2026	345,000	9,832.50	354,832.50
TOTAL	\$5,105,000		

SECURITY FOR THE BONDS

Limited Obligation

The Bonds are limited obligations of the City secured by and payable from unpaid Reassessments on privately owned property within the Reassessment District, proceeds of foreclosure proceedings related thereto, and moneys held in the Reserve Fund and Redemption Fund created by the Indenture and the investment earnings thereon (except to the extent transferred to the Rebate Fund pursuant to the Indenture). Pursuant to the provisions of California Streets and Highways Code Section 8769, the City has determined not to obligate itself to advance funds from any funds, accounts or revenues of the City to cure any deficiency which may occur in the Redemption Fund. If a delinquency occurs in the payment of any Reassessment installment, the City, at the end of the fiscal year of delinquency, has no duty to transfer into the Redemption Fund the amount of the delinquency out of available funds of the City. NO OTHER FUNDS OF THIS CITY ARE PLEDGED FOR PAYMENT OF DELINQUENT ASSESSMENT INSTALLMENTS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS. NEITHER THE FAITH IN CREDIT, NOR THE TAXING POWER OF THE CITY (EXCEPT AS DESCRIBED HEREIN), THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. See "*RISK FACTORS -- Limited Obligation*" herein.

Lien of Reassessments

The Reassessments, together with interest on the declining balance of such Reassessments, will be included on the County of San Diego tax roll for general taxes on real property and will be collected and are payable and become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do general taxes, and the parcels upon which the Reassessments are levied are subject to the same provisions for sale and redemption as are properties for nonpayment of general taxes. The lien of the Reassessments will be independent of and co-equal to the lien of general ad valorem property taxes and other taxes, special taxes and charges collected on the property tax roll.

The annual installments of Reassessments are to be paid upon receipt into the Redemption Fund to be held by the Fiscal Agent and used to pay the principal of and interest on the Bonds as they become due. The annual installments of Reassessments billed against the parcels of property in the Reassessment District which are subject to the Reassessments will be equal to the total principal and interest coming due on all of the Bonds that year, plus an administrative charge. The installments billed against each property each year represent a pro rata share of the amount needed to pay the total principal and interest coming due that year, based on the percentage which the unpaid Reassessment levied against that property bears to the total of unpaid Reassessments levied to repay the Bonds.

The Bonds are issued upon and secured by unpaid Reassessments together with interest thereon, on parcels located within the Reassessment District. See "*PLAN OF REFUNDING*" and "*THE REASSESSMENT DISTRICT*." Each Reassessment and each installment thereof and any interest and penalties thereon constitutes a lien against the parcel of land on which it is levied until paid. The lien is subordinate to all fixed special assessment liens imposed prior to the date of recordation of the assessment lien for the Prior Bonds upon the same property, but has priority over all existing and future private liens and over all fixed special assessment liens which may thereafter be levied against the property. Upon the refunding of the Prior Bonds, there will be no prior fixed special assessment liens on parcels within the Reassessment District. The lien of the Reassessments is co-equal to and independent of the lien for general property taxes and special taxes.

Although the Reassessments constitute a fixed lien on the respective reassessed parcels, they do not constitute personal indebtedness of the affected property owners. Further, there are no restrictions on the ability of property owners to sell parcels subject to Reassessments. No assurance can be given as to the ability or the willingness of any assessee to pay the annual installments of the Reassessments when due. See "*RISK FACTORS -- Owners Not Obligated to Pay Bonds or Assessments*" herein. The failure of an assessee to pay an annual installment of a Reassessment will not result in an increase in Reassessments against other parcels in the Reassessment District.

In the event of a delinquency in the payment of any installment of a Reassessment, the Fiscal Agent will transfer from the Reserve Fund, to the extent of available funds therein, to the Redemption Fund, the amount necessary, in addition to any moneys on deposit therein, to pay the next maturing installment of principal of and interest on the Bonds.

In the proceedings for the authorization and issuance of the Bonds, the City has determined not to obligate itself to advance any available funds from the City treasury to cover any deficiency or delinquency that may occur in the Redemption Fund by reason of the failure of a property owner to pay an annual installment of a Reassessment.

Establishment of Funds and Flow of Funds

Redemption Fund. The Fiscal Agent is directed under the Indenture to establish and maintain a Redemption Fund (the "Redemption Fund") into which shall be placed (i) all sums received for the collection of the Reassessments and the interest thereon, together with all penalties, if applicable, (ii) all amounts received for the collection of unpaid original assessments of the Original Assessment District not refunded by the Reassessments, and (iii) any surplus in the Costs of Issuance Fund.

The City shall transfer or cause to be transferred all sums received for the collection of the Reassessments and of interest and penalties thereon, all sums received in payment of the original assessments of the Original Assessment District not refunded by the Reassessments, and all sums received for the prepayment of Reassessments to the Fiscal Agent within thirty (30) business days of the receipt thereof by the City.

Principal of and interest on the Bonds shall be paid by the Fiscal Agent to the registered owners out of the Redemption Fund to the extent funds on deposit in said Redemption Fund are available therefor.

In the event of a shortfall of funds within the Redemption Fund to pay principal and interest coming due on the Bonds, the Fiscal Agent shall use funds in the Reserve Fund.

Prepayment Subaccount. The Fiscal Agent is directed under the Indenture to establish a prepayment subaccount within the Redemption Fund to be known as the Prepayment Account (the "Prepayment Account"). The Fiscal Agent shall deposit in the Prepayment Account all moneys received from the Treasurer of the City representing the principal of and redemption premium on any prepaid Reassessments. Such amounts shall be identified in writing to the Fiscal Agent. Such moneys shall be applied solely to the payment of principal of and premium on Bonds to be redeemed prior to maturity pursuant to the provisions of the Indenture.

Reserve Fund. The Fiscal Agent is directed under the Indenture to establish and maintain a special reserve fund for the Bonds to be known as the "Reserve Fund." "Reserve Requirement" shall mean an amount of money equal, initially to \$304,376, which will be held in a separate account with interest accruing on such amount until it reaches the least of maximum annual principal and interest payable on the Bonds, 125% of the average annual principal and interest payable on the Bonds, or 10% of the principal amount of the Bonds originally issued. An amount equal to the Reserve Requirement shall be deposited into the Reserve Fund.

Moneys in the Reserve Fund shall be applied as follows:

- (1) Amounts in the Reserve Fund shall be transferred by the Fiscal Agent to the Redemption Fund upon the receipt of written instructions from the City directing such transfer if, as a result of delinquencies in the payment of Reassessments, there are insufficient moneys in said Redemption Fund to pay principal of and interest on the Bonds when due. Amounts so transferred shall be repaid to the Reserve Fund from proceeds from the redemption or foreclosure of property with respect to which a Reassessment is unpaid and from payments of the delinquent Reassessments.
- (2) Interest earned on the permitted investment of moneys on deposit in the Reserve Fund shall remain in the Reserve Fund to the extent required to maintain the Reserve Fund at the Reserve Requirement. On July 15 of each fiscal year the amount on deposit in the Reserve Fund in excess of the Reserve Requirement may in the sole discretion of the City and directed in writing to the Fiscal Agent be transferred from the Reserve Fund to the Redemption Fund and credited to the Reassessment installments payable during such fiscal year. The Auditor's record of the Reassessments shall reflect the credits against each of the Reassessments in amounts equal to each parcel's Proportionate share of such transfer.
- (3) Whenever moneys in the Reserve Fund are sufficient to retire all of the Bonds outstanding, plus accrued interest thereon, such money shall be transferred to the Redemption Fund upon the written

direction of the City and collection of a corresponding amount of the remaining Reassessments shall cease.

- (4) In the event Reassessment installments are prepaid in Cash, the City shall credit the prepaid Reassessment with a proportionate share of the Reserve Fund and transfer an amount equal to such credit to the Redemption Fund to be utilized for the advance retirement of Bonds.

Covenant to Foreclose

Bonds issued under the Refunding Act are subject to the provisions of the 1915 Act with respect to foreclosure remedies. The 1915 Act provides that upon default in the payment of any installment of an assessment, the parcel securing such assessment shall be sold (and shall be subject to the right of redemption by the owner) in the same manner in which real property is sold for the nonpayment of general *ad valorem* property taxes.

The 1915 Act also provides that, as a cumulative remedy, in the event any installment of an assessment is not paid when due, the City may order the collection of the installment by the institution of a court action to foreclose the lien of such assessment. In such an action, the real property subject to the unpaid assessment may be sold at a judicial foreclosure sale. This foreclosure sale procedure is not mandatory. In the Indenture, the City has covenanted that it will determine or cause to be determined, no later than August 1 of each year in which the Bonds are outstanding, whether or not any owners of the real property within the Reassessment District are delinquent in the payment of Reassessment installments. If such delinquencies exist, the City shall order and cause to be commenced an action in the Superior Court to foreclose the lien of any Reassessment or installment thereof not paid when due, no later than the next following November 1; provided, however, that the City shall not be required to order the commencement of foreclosure proceedings if the Reserve Fund was funded in an amount equal to the Reserve Requirement on the day following the interest payment date immediately preceding such November 1. Notwithstanding the immediately preceding sentence, the City shall order and commence foreclosure proceedings against any parcel that is subject to delinquencies in excess of \$5,000. The City further covenants in the Indenture to diligently prosecute any such foreclosure action.

In the event such judicial foreclosure or foreclosures are necessary, there may be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is also possible that no acceptable bid for the purchase of the applicable parcel would be received at the foreclosure sale.

Judicial Foreclosure Sale Proceedings

The 1915 Act provides that the court in a foreclosure proceeding has the power to order a parcel securing delinquent Reassessments to be sold for an amount not less than all delinquent annual installments of the Reassessments, interest, penalties, costs, fees and other charges that are delinquent at the time the foreclosure action is ordered and certain other fees and amounts as provided in the 1915 Act (the "Minimum Price"). The court may also include subsequent delinquent Reassessment installments and all other delinquent amounts.

If the parcel is sold to a purchaser other than the City, the City shall pay the proceeds from the sale of the parcel after payment of any expenses related to the foreclosure into the Redemption Fund. From such amount the City is required to pay into the Redemption Fund, the City shall reimburse the Reserve Fund for any amounts advanced therefrom to cover delinquent installments of the Reassessments on the parcel which is sold. The City has no obligation to advance any moneys (other than the foreclosure sale proceeds) to the Redemption Fund. However, if the City for any reason voluntarily chooses to advance funds, then the City shall be reimbursed, from the proceeds of a sale, first for amounts advanced by it to the Redemption Fund to cover delinquent installments of the Reassessments and interest with respect to the parcel or parcels sold in such proceedings. Any funds in excess of the amount necessary to reimburse the City may be applied by the City to reimburse other funds, if any, used to cover delinquent installments of the Reassessments and interest or to pay interest and penalties, costs, fees and other charges, to the extent they were included in the sale proceeds.

If the parcel or parcels to be sold fails to sell for the Minimum Price, the City may petition the court to modify the judgment so that the parcel or parcels may be sold at a lesser price or without a Minimum Price. In certain circumstances, as provided in the 1915 Act, the court may modify the judgment after a hearing if the court makes certain determinations, including determinations that the sale at less than the Minimum Price will not result in an ultimate loss to the owners of the Bonds or that the owners of at least seventy-five percent (75%) of the principal amount of the Bonds outstanding have consented to the petition and the sale will not result in an ultimate loss to nonconsenting bondholders. The court may also make such modification of the

judgment upon consent of the owners of at least seventy-five percent (75%) of the principal amount of the Bonds without determining that the sale will not result in an ultimate loss to the nonconsenting bondholders if: the City is not obligated to advance available funds to cure a deficiency; no bids equal to or greater than the Minimum Price have been received at the foreclosure sale; no funds remain in the special reserve fund; the City has reasonably determined that a reassessment and refunding proceeding is not practicable or has in good faith endeavored to accomplish a reassessment and refunding and has not been successful, or has completed reassessment and refunding arrangements which will, to the maximum extent feasible, minimize the ultimate loss to the bondholders; and no other remedy acceptable to the owners or holders of seventy-five percent (75%) or more of the principal amount of the outstanding Bonds, is reasonably available. Neither the parcel owner nor any holder of a security interest in the parcel nor any defendant in the foreclosure action nor any agent thereof may purchase the parcel at the foreclosure sale for less than the Minimum Price. The assessment lien upon property sold at a lesser price than the Minimum Price is to be reduced by the difference between the Minimum Price and the sale price.

No assurance can be given that in the event of a foreclosure proceeding a parcel could be sold for the full amount of the delinquency or that any bid would be received for such parcel. See "*RISK FACTORS -- Land Values*" herein. The ability of the City to foreclose the lien of a delinquent installment of a Reassessment may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by California law relating to judicial foreclosure. See "*RISK FACTORS -- Bankruptcy and Limitations on Enforcement of Remedies*."

Sales of Tax-Defaulted Property Generally

A parcel securing delinquent installments of a Reassessment that is not sold pursuant to the judicial foreclosure proceeding as described above may be sold, subject to redemption by the parcel owner, in the same manner and to the same extent as real property sold for nonpayment of general City property taxes. On or before June 30 of the year in which such delinquency occurs, the parcel becomes tax-defaulted. This initiates a five-year period during which the parcel owner may redeem the parcel. At the end of the five-year period the parcel becomes subject to sale by the County Treasurer and Tax Collector. Except in certain circumstances, as provided in the 1915 Act, the purchaser at any such sale takes such parcel subject to all delinquent installments of the Reassessment, interest and penalties, costs, fees and other charges which are not satisfied by application of the sales proceeds and subject to all prior assessments which may have priority.

THE REASSESSMENT DISTRICT

General

The Rancho San Pasqual development covers approximately 870 acres and includes an 18-hole golf course and a residential development. The Reassessment District is a portion of this overall development concentrated on the approximately 177 acres designated for residential development. The Reassessment District currently represents 468 County Assessor's parcels, with plans to ultimately create 580 separate residential lots. The residential development surrounds the existing 18 hole public golf course. The Eagle Crest Golf Course was opened to play in May of 1993. Over 96% of the reassessment lien is spread over the 177 acres of planned residential development (\$8,492 per house). The remainder of the reassessment is spread against the portion of the Eagle Crest Golf Course that includes the club house facilities (\$221,836).

Method of Reassessment Spread

The Refunding Act provides for the issuance of refunding bonds, payable from certain reassessments. Such refunding bonds may be issued to refund bonds originally issued under the 1915 Act, and the reassessments supersede the original assessments which secure such 1915 Act bonds. The Refunding Act generally requires each estimated annual installment of principal and interest on any reassessment to be less than the original assessment being superseded by the same percentage for all subdivisions of land within the Reassessment District. Therefore, the reassessment spread for each parcel will be roughly proportional to the original assessment spread. The City has retained Special District Financing & Administration, San Diego, California, as the Reassessment Engineer to calculate the Reassessments in accordance with the Refunding Act.

Pursuant to the Refunding Act, the Reassessment Engineer certifies in the Engineer's Report that:

1. each estimated annual installment of principal and interest on the Reassessments is less than the corresponding annual installment of principal and interest on the original assessments being superseded and supplanted by the same percentage for all subdivisions of land within the Reassessment District;
2. the number of years to maturity of the Bonds is not more than the number of years to the last maturity of the Prior Bonds being refunded; and
3. the principal amounts of the Reassessments on each subdivision of land within the Reassessment District is less than the unpaid principal amount of the portion of the original assessments being superseded and supplanted by the same percentage for each subdivision of land within the Reassessment District.

A copy of the Engineer's Report on the Reassessment apportionment for the Reassessment District prepared by the Reassessment Engineer is attached hereto. See "*APPENDIX A - Reassessment Engineer's Report.*"

Original Assessment Spreads

The 1915 Act requires that assessments, as levied pursuant to the provisions of the 1913 Act, must be based on the benefit that the subject properties receive from the works of improvement. The 1915 Act does not specify the method or formula that should be used in any particular special assessment district proceeding. That responsibility rests with the assessment engineer, who is retained by the City for the purpose of making an analysis of the facts and determining the correct apportionment of the assessment obligation. For the proceedings relating to the issuance of the Prior Bonds, the City retained Dick Jacobs Associates assessment engineers for the Original Assessment District.

The 1915 Act provides that the assessment engineer makes his recommendations as to the cost and method of apportionment of the assessments at the public hearing on the assessment district, and final authority and action with respect to the levy of the assessments rests with the City Council after hearing all testimony and evidence presented at the public hearing. Upon the conclusion of the public hearing, the City Council must take final action in determining whether or not the assessment apportionment has been made in direct proportion to the benefits received by the properties assessed.

In the Original Assessment District the assessment engineer, after first confirming that the proposed improvement project did in fact provide specially benefit to the parcels of land located within the Original Assessment District, assessed the total cost of the improvement project against the assessable parcels of land in the Original Assessment District.

Improvement Projects

All of the improvements financed by proceeds of the Prior Bonds issued with respect to the Original Assessment Districts have been completed. There is a surplus in the Improvement Fund for the Prior Bonds which will be transferred to the Escrow Fund to defease the Prior Bonds. See *"PLAN OF REFUNDING -- Estimated Sources and Uses of Funds."* The public improvements financed with the proceeds of the Prior Bonds (the "Improvement Projects") consisted of certain infrastructure improvements within the Reassessment District generally described as follows.

Sewer Improvements. The offsite sanitary sewer improvements include a gravity sewer system, a sanitary sewer pump station, and a sewer force main which connects to the Escondido sewer system on Via Rancho Parkway near the City's Vineyard Golf Course. By construction of these facilities, each of the properties that connect to the facility will receive special benefit in the form of the conveyance of wastewater from their property to the Escondido sanitary sewer system for safe treatment and disposal. The cost of the sewer improvements, therefore, are spread to the benefited properties in proportion to the benefit received by the various types of land use. For Rancho San Pasqual, the properties that will receive benefit include the 580 single family dwelling units and the golf course clubhouse facilities. The methodology used for spreading the cost of the sewer facilities was to establish equivalent dwelling unit factors (EDU's) based on the projected sewer flows per land use. In a study by Wilson Engineering dated January 19, 1995 on the Rancho San Pasqual Sewer System, it was assumed that each single family unit generated 219 gallons per day and therefore was assigned one (1) EDU (Equivalent Dwelling Unit factor). The golf course facilities in the Wilson Engineering study were assigned a total of 20 EDU's to represent their projected flow. This results in a total of 600 EDU's for the Rancho San Pasqual project. The cost of the sewer improvements, therefore, was apportioned as follows:

<u>Land Use</u>	<u>Intensity</u>	<u>Generation Rate Per Day</u>	<u>Total Flow</u>	<u>Spread Factor (EDU)</u>
Single Family Residential	580 Dwelling Units	219 gpd	127,020 gpd	1.00
Golf Course Facilities	—	4,380 gpd	4,380 gpd	20.00

Roadway Improvements. The offsite roadway access improvements include widening of Highway 78 from two to four lanes over a distance of approximately 2,500 feet and providing left and right turning lanes in each direction. In addition, the Cloverdale intersection with Highway 78 has been relocated and aligned with the existing Via Rancho Parkway intersection and the intersection has been signalized. This is the only means of access to the Rancho San Pasqual project and by construction of these improvements, the properties receive special benefit in the form of improved ingress and egress to the site through a widened intersection with sufficient capacity to make safe turning movements controlled by a new traffic signal with safety lighting. The cost of the roadway improvements, therefore, are spread to the benefited properties within the project in proportion to the benefit received by the various types of land use to include the 580 single family dwelling units and the golf course facility. The methodology used for spreading the costs of the roadway facilities is to establish equivalent dwelling unit factors (EDU's) based on the number of vehicle trips projected by the various land uses. In a traffic analysis prepared by Willdan Associates and referenced in the Transportation Section of the subsequent EIR certified in October 1989, it was projected that the land uses within the project would generate vehicle trips as follows:

<u>Land Use</u>	<u>Intensity</u>	<u>Trip Rate Per Day</u>	<u>Total Average Daily Trips</u>	<u>Spread Factor (EDU)</u>
Single Family Residential	580 Dwelling Units	10 per/DU	5,800	1.0
Golf Course Facilities	—	600/course	360	36.0

Though the golf course would generate 600 trips per day, it was estimated in the Willdan report that only 60% of these would originate external to the site. The total EDU's for the Rancho San Pasqual project equal 616 and the cost of the roadway improvements is apportioned to the single family lots and the golf course ownership based on EDU's.

Property Ownership in the Reassessment District

Title to all of the property within the Reassessment District was at one time held by Signal Landmark, a wholly-owned subsidiary of California Coastal Communities, Inc. (formerly known as Koll Real Estate Group, Inc.). The project was planned for an 18-hole golf course and 580 residential homes. In June 1996, Signal Landmark sold the golf course and clubhouse to Cobblestone Golf Group, Inc. for \$6.1 million. Signal Landmark sold the 468 lots comprising Phase I to four homebuilders, Richmond American, LMD Eagle Crest LLC, L&W Investments, Inc. and Beazer Homes Holding Corp. in a series of transactions in 1996 and 1997. The homebuilders each developed a separate subdivision within Phase I known as Madera, Monticeto, Catavina and Sedona, respectively. Most of the homes in Phase I have been completed and sold to, and are now owned by individual homeowners. The Assessor's data as of January 1, 1998 showed that 281 parcels had been sold to individual homeowners. According to the Appraisal, by July 1, 1998 an aggregate of 315 homes had been sold to individual homeowners, with an additional 36 homes completed and in escrow, and 117 homes that are model homes or under construction. The balance of 112 lots are owned by Signal Landmark and are undeveloped at this time. An affiliate of Signal Landmark intends to commence construction in 1998 on these lots which will be released as a Phase II. See "--Development Status" below.

Signal Landmark has been actively engaged in the real estate development business for several years. Signal Landmark is presently engaged in the business of holding real estate for sale or development purposes. Hearthside Homes, Inc., an affiliate of Signal Landmark and another wholly-owned subsidiary of California Coastal Communities, Inc. ("CALC") is a homebuilding company that intends to construct the homes in Phase II of the Reassessment District.

Aside from the Rancho San Pasqual development, the principal asset of Signal Landmark is a proposed 200 acre development in Orange County called Warner Mesa, located within the land area collectively known as Bolsa Chica. The planned community for the Warner Mesa area includes a mix of home choices, including primarily single-family homes as well as townhomes at a wide range of prices. A Local Coastal Program ("LCP") for development of up to 3300 homes (up to 2500 on Warner Mesa and up to 900 on the Bolsa Chica lowlands) was approved by the Orange County Board of Supervisors in December 1994 and by the California Coastal Commission in January 1996. On February 14, 1997, Signal Landmark completed the sale of an approximately 880 acre Bolsa Chica Lowlands parcel which had previously been planned for the development of up to 900 homes, to the California States Lands Commission for \$25 million. Under an interagency agreement, among various state and federal agencies, the agencies agreed to restore the Bolsa Chica wetlands habitat utilizing escrowed funds from the ports of Los Angeles and Long Beach.

A lawsuit challenging the approvals of the Board of Supervisors was filed in January 1995. In January 1997, the court entered a judgment in favor of Signal Landmark. Plaintiffs in the lawsuit appealed the court's decision and the appeal was decided in Signal Landmark's favor in June 1998.

In March 1996, a lawsuit was filed challenging the approvals of the California Coastal Commission. In August 1997, the court entered a judgment requiring the California Coastal Commission to reconsider permitting CALC to fill a 1.7 acre pond on the Warner Mesa and the development of homes on the Bolsa Chica lowlands. In October 1997, the California Coastal Commission approved modifications to the LCP which eliminated the filling of the Warner Pond and reduced the maximum density from 2500 homes on Warner Mesa to no more than 1,235. The Orange County Board of Supervisors subsequently accepted the Coastal Commissions suggested modifications to the LCP. However, on February 20, 1998, the court ruled that the California Coastal Commission should not have narrowed the scope of public comments during its October 1997 hearing and ordered the Coastal Commission to hold a third hearing on the LCP. CALC has appealed the trial court's latest decision and there remain numerous other appeals pending with respect to the lawsuit. CALC anticipates that the Court of Appeal may render a decision during the fourth quarter of 1998 or the first quarter of 1999 on these issues. However, no assurances can be given in that regard or that future delays will not result.

Signal Landmark has been engaged in the business of real estate ownership and development for some time. Accordingly, it is subject to potential liabilities for construction defects, environmental and other claims. On July 14, 1995, the Grandview/Crest Homeowners Association, representing owners of 341 condominium units, filed a lawsuit in the Orange County Superior Court naming as defendants Lake Forest Properties, Signal Landmark, Inc., now known as Signal Landmark, and Onyx Land Company, as well as various unaffiliated defendants (the "Grandview Lawsuit"). Lake Forest Properties was a California joint venture which was the developer of the subject 341-unit condominium project. Lake Forest Properties had two joint venture partners, Signal Landmark and Onyx Land Company which was a wholly-owned subsidiary of Signal Landmark, which was dissolved and its assets transferred to Signal Landmark on December 31, 1988. Lake Forest Properties also was dissolved effective December 31, 1988. The original complaint for construction defects alleges warranty, liability, negligence and breaches of covenants, conditions and restrictions, and of fiduciary duties. On June 25, 1996, the Plaintiff filed a First Amended

Complaint alleging the structural distress, life-safety hazards, and extensive water intrusion have resulted from the alleged defects in construction estimated in September 1997 at a preliminary cost of approximately \$20.4 million. On March 23, 1998, CALC entered into a mutual settlement agreement with the plaintiff as well as with CALC's insurance carriers which have responsibility for the claims. CALC and its insurance carriers have agreed that the insurance carriers will bear primary responsibility for the \$4.6 million settlement and related legal and other costs of defense.

On September 12, 1996, plaintiffs Edward and Helen Law, et al. filed a class action complaint in San Diego Superior Court for breach of warranties, strict liability, negligence, breach of contract, products, liability, intentional misrepresentation, fraud and deceit, and negligent representation against Signal Landmark, and a former subsidiary of Signal Landmark, for damages allegedly arising out of construction deficiencies at the plaintiffs' homes in Coronado, California (the "Coronado Lawsuit"). On September 17, 1997, plaintiffs filed an amended complaint for construction deficiencies in the names of 126 of the homeowners in Coronado, California, as well as the Homeowners Association. On March 3, 1998, the plaintiffs asserted a claim of \$13.0 million. According to its filings with the SEC, CALC is vigorously contesting this lawsuit and is holding discussions with its insurance carriers with responsibility for the claims.

CALC, the parent corporation of Signal Landmark, is a publicly traded real estate development and services company the business of which includes obtaining entitlements for land it owns and to improve the land for residential development. According to CALC's reports with the Securities and Exchange Commission, on September 2, 1997, CALC completed a recapitalization which became effective pursuant to a prepackaged plan of reorganization that was confirmed by the U.S. Bankruptcy Court for the District of Delaware on August 19, 1997 (the "Recapitalization"). The Recapitalization provided for a restructuring of CALC's capital structure. The restructuring impaired holders of CALC's 12% senior subordinated pay-in-kind debentures due March 15, 2002, the Company's 12% subordinated pay-in-kind debentures due March 15, 2002, liquidated, noncontingent claims, and equity securities of the Company. The prepackaged plan did not alter CALC's obligations to its other creditors, including its trade creditors, customers, employees, holders of contingent and unliquidated claims, holders of guaranteed claims and parties to contracts with CALC.

On September 2, 1997, the effective date of the Recapitalization, CALC adopted the provisions of Statement of Position No. 90-7 financial reporting by entities in reorganization under the Bankruptcy Code ("Fresh Start Reporting") as promulgated by the American Institute of Certified Public Accountants in November 1990. Accordingly, all assets and liabilities were revalued to reflect their reorganization value, approximating their fair value at the effective date of the recapitalization. In addition, the accumulated deficit of CALC was eliminated and its capital structure recast in conformity with the recapitalization.

On December 31, 1997, CALC's cash and cash equivalents totaled \$7.2 million. As of June 30, 1998, CALC reported to the SEC that cash and cash equivalents were \$33.3 million. In its 1997 annual report on Form 10-K filed with the SEC, CALC reported a loss from continuing operations for the 8-month period ended September 2, 1997 of \$(85.5) million and a loss for the 4-month period from September 2, 1997 to December 31, 1997 from continuing operations of \$(1.3) million. For the six month period ended June 30, 1998, the loss from continuing operations was reported to be \$(1.4) million.

On April 30, 1998 the Company completed the sale of its commercial development business to Koll Development Company LLC and Northstar Capital Investment Corp. for \$33.3 million in cash and the assumption by Koll Development Company LLC of all liabilities related to the commercial development business. Koll Development Company LLC is a newly formed limited liability company, whose members include CALC's former chairman and chief executive officer Donald M. Koll and its former president Richard M. Ortwien along with an affiliate of Northstar Capital Investment Corp. On completion of that transaction, Messrs. Koll and Ortwien resigned from their positions with CALC and Raymond J. Pacini, the Company's chief financial officer since 1992, was appointed as the Company's new president and chief executive officer. Effective May 1, 1998, the Company changed its name from Koll Real Estate Group, Inc. to California Coastal Communities, Inc.

Largest Estimated Reassessment Tax Payers

The table below shows the top five Reassessment assesseees and their remaining reassessments.

**Table 1
Five Largest Reassessment Assesses for Fiscal Year 1997/98**

<u>Property Owner</u>	<u>Property Description</u>	<u>Reassessment Lien</u>	<u>Percent of Total Lien</u>
Signal Landmark	Undeveloped - 112 residential lots development	\$951,156	18.63%
LMD Eagle Crest, LLC	Developed and partially developed - 67 residential lots	568,995	11.15
Richmond American	Developed and partially developed - 50 residential lots	424,623	8.32
L&W Investments	Developed and partially developed - 36 residential lots	305,729	5.99
Cobblestone Golf Group, Inc.	Golf Course Club House	221,833	4.35
	Totals	\$2,472,336	48.44%

Source: Special District Financing & Administration.

Development Status

The Eagle Crest Golf Course was opened to play in May of 1993. The 468 residential homesites which comprise Phase I of the development within the Reassessment District are completed or substantially completed. According to the County's 1997-98 Assessors role, 281 homesites have been sold to private homeowners as of January 1, 1998, the basis date of the 1997/98 Assessor's Records. Since that time, the Reassessment District has continued to develop.

Richmond American has developed the "Madera" Subdivision as a portion of Phase I of the residential portion of the Reassessment District. The Madera Subdivision is comprised of 136 residential home lots. According to the Appraisal, at July 1, 1997, 86, of the lots had been developed with homes and sold to individual home buyers. Many of the remaining 50 lots still owned by Richmond American have a completed home developed on the site, which are in escrow and waiting to close. Other lots are currently being developed with a home and are in escrow. Finally, some vacant finished lots are also in escrow waiting for a home to be built. The following table summarizes the status of development within the Madera subdivision.

Richmond American - Madera

<u>Development Status</u>	<u>Number of Lots</u>
Finished homes in Escrow	11
70% Finished Homes in Escrow	11
Finished Lots in Escrow	12
Finished Lots Not in Escrow	13
Model Homes	3

The homes range from 1,776 square feet to 2,391 square feet. The homes in the Madera Subdivision are based upon three floorplans, including one single level plan and 2 two-story plans. Lot sizes are a minimum of 5,500 square feet. Prices for homes in the Madera Subdivision currently range between \$197,000 to \$315,000.

LMD Eagle Crest LLC has developed the Monticeto Subdivision within the Reassessment District. The Monticeto Subdivision is comprised of 126 residential home lots. According to the Appraisal, at July 1, 1998, 59 lots had been developed with homes and sold to individual homebuyers. The remaining 67 lots range in condition from finished lots to partially finished home to finished homes. Many of the lots have a completed home developed on the site which are in escrow waiting to close. There are also other lots which are being developed with a home and are currently in escrow. Finally, some of the vacant finished lots are also in escrow waiting for a home to be built. The following Table summarizes the status of development within the Monticeto Subdivision.

LMD Eagle Crest LLC - Monticeto Development Status

<u>Development Status</u>	<u>Number of Lots</u>
Finished homes in Escrow	12
95% Finished Homes in Escrow	9
50% Finished Homes in Escrow	10
25% Finished Homes in Escrow	13
25% Finished Homes Not in Escrow	2
Finished Lots in Escrow	7
Finished Lots Not in Escrow	14
Model Homes	3

The homes range in size from 2,160 to 2,648 square feet. Lots within the Monticeto Subdivision are being developed with four separate floorplans including two-single level plans and 2 two-story plans. Minimum lot size is 6,600. Prices for homes in the Montecito Subdivision currently range between \$235,000 to \$340,000.

L&W Investments (Continental Homes) has developed the Catavina Subdivision within the Reassessment District. The Catavina Subdivision was originally comprised of 97 lots. According to the Appraisal, 61 lots have been developed with homes and sold to individual homebuyers. The remaining 36 lots range in condition from partially finished homes to finished homes. Many of the lots have a completed home developed on the site which are in escrow and waiting to close. There are also subject lots being developed with a home and are in escrow. The following table summarizes the status of development within the Catavina Subdivision:

L&W Investments - Catavina Development Status

<u>Development Status</u>	<u>Number of Lots</u>
Finished homes in Escrow	13
60% Finished Homes in Escrow	9
60% Finished Homes Not in Escrow	1
50% Finished Homes in Escrow	8
50% Finished Homes Not in Escrow	2
Model Homes	3

The subdivision contains 6 basic floor plans including 2 single-level floor plans and 4 two-story plans. Floorplans range from 2,597 square feet to 3,641 square feet. The minimum lot size for homes in the Catavina Subdivision is 6,600 square feet. Current market price for the homes range from \$290,000 to \$385,000.

Finally, Beazer Homes Holdings Corp. acquired 109 lots as part of the "Sedona" Subdivision. According to the Appraisal, all 109 lots have been sold to private homeowners.

The remaining 112 lots, which are referred to by Signal Landmark as Phase II, are located in the northern portion of the Reassessment District and are in raw condition. Signal Landmark has received tentative map approval for the 112 Lots. Signal Landmark is currently applying for a 4d permit to allow it to remove certain environmental habitat. Receipt of the 4d permit requires the approval of the U.S. Fish and Wildlife Service, the California Department of Fish and Game as well as the City Counsel, following a public hearing. Issuance of the 4d permit is a requirement for approval of Signal Landmark's final map. Signal Landmark has not yet submitted grading plans and final maps to the City for approval. It has not yet obtained its Construction Bond for grading. Signal Landmark hopes to receive its 4d permit within three months, to submit grading plans and receive final map approval at that time. Construction is anticipated to commence during calendar 1998 with homes available for sale during the first half of calendar 1999. No assurances can be given however that Signal Landmark will receive its

4d permit or final map approval within the time frames or at all. See "RISK FACTORS--Land Under Development." Phase II homes are expected to range in size from 2,000 to 2,800 square foot. Prices in Phase II are expected to range from \$250,00 to \$330,000. The size and price of homes produced in Phase II will ultimately depend on the price the market will bear at the time of sale to an individual homebuyer.

Assessed Value of Property Within the Reassessment District

The San Diego County Assessor assesses all real property within the County as of January 1 of each year at 100% "full cash value." Article XIII A of the California Constitution defines such "full cash value" as the appraised value as of March 1, 1975, plus adjustments not to exceed 2% per year to reflect inflation, and requires assessment of "full cash value" upon change of ownership or new construction. Accordingly, the assessed value valuation may not necessarily be representative of the actual market value of the property in the Reassessment District. Assessed values determined by the County Assessor are often more or less than actual market values, and often do not reflect the amount that would be bid for a property at foreclosure.

A table showing the Reassessment levy for each parcel in the Reassessment District is set forth in *APPENDIX D -- General Information Pertaining to Reassessment District Properties*, hereto. The Reassessment District has been given a 1997/98 assessed value valuation of \$28,407,853. The following table summarizes assessment values for certain groups of parcels within the Reassessment District.

**Table 2
Property Assessment Summary**

<u>Assessment Type</u>	<u>Number of Parcels</u>	<u>Reassessment Amount</u>	<u>Percent of Reassessment Lien</u>
Golf Course Club House	1	\$221,833.11	4.35%
Future Developable Parcel ⁽¹⁾	1	\$951,156.26	18.63
Single Family Lots	463 ⁽²⁾	\$3,932,010.63	77.02
Zero Assessments (Open Space/Streets)	45	\$0.00	0.00
Total:	510	\$5,105,000.00	100.00%

Source: Special District Financing Administration

- (1) Will be divided into 112 separate lots for residential development. See "THE REASSESSMENT DISTRICT--Development Status."
- (2) Five private homeowners have prepaid the original assessments.

Appraisal Report

The City has authorized the preparation of an appraisal of the value of the undeveloped and partially developed real property within the Reassessment District by Anderson & Brabant, Inc., Escondido, California. The Appraisal did not include an appraisal of value of the Eagle Crest Golf Course. Approximately \$221,833 is being levied against the approximately 5 acre parcel of the golf course that includes the clubhouse facilities. The Eagle Crest Golf Course was opened to play in May 1993. The total cost of constructing the course was approximately \$6 million. The Appraisal dated July 10, 1998 (the "Appraisal") is included in Appendix B, herein.

According to the Appraisal, the aggregate value of the undeveloped and partially developed real property within the Reassessment District as of July 1, 1998 is \$30,691,000, subject to the limiting conditions and assumptions in the Appraisal. Such value may vary to the extent that any assumptions are not realized or as a result of factors beyond such limiting conditions. The value breaks down among the various developers as follows:

**Table 3
Breakdown of Appraised Values**

Developer/Owner	Appraised Value
Signal Landmark	\$2,408,000
Richmond American	6,785,000
LMD	11,470,000
L&W Investments	10,028,000
Total	\$30,691,000

Source: Anderson & Brabant, Inc.

In considering the estimates of value set forth in the Appraisal, it should be noted that the Appraisal is based upon a number of standard and special assumptions which affected the estimates as to value. The Appraisal sets forth the Appraiser's opinion as to value as of July 1, 1998 based upon data available at that time; consequently it does not reflect any changes to value that might have occurred due to occurrences after the initial appraisal was prepared or which may occur in the future. The Appraiser's valuation assumes fee simple ownership of the property, free and clear of any liens or encumbrances and reflects the Appraiser's estimation of value based upon an independent bulk sale of the property in the Reassessment District. Included among the assumptions made in the Appraisal are assumptions that no conditions exist that are not discoverable through normal, diligent investigation which would affect the use and the value of the property and that no hazardous materials which may cause a loss in value of the property exist within the property appraised. The Appraiser did not observe any hazardous material in the Reassessment District; however, the Appraiser expressly disclaims in the Appraisal any expertise with respect to detection of such substances or responsibility for such substances.

The complete Appraisal referred to in this "Appraisal Report" section is included in Appendix B. The information contained herein is a summary only of certain information contained in the Appraisal, and such information is qualified in its entirety by the complete Appraisal. While the City authorized the preparation of the Appraisal, the City does not warrant its conclusions or the reasonableness of any assumptions or limiting conditions contained therein.

Estimated Assessed and Appraised Value-to-Lien Ratios

According to the County Assessor's data, the total 1997/98 aggregate total assessed valuation of the developed real property within the Reassessment District is \$28,407,853, of which \$19,545,142 related to the 281 lots sold to private homeowners and \$4,473,334 related to the golf course. At January 1, 1998, the final date for the 1998 Assessor's roll, the Assessor had assigned land and improvement values to only 78 of the 281 lots on the roll. Those 78 lots were given an aggregate assessed value of \$14,218,544. The remaining 203 lots on the Assessor's 1998 roll did not include improvement values, and some did not include land values. The aggregate assessed value for these lots based on the average assessed value for lots with land and improvement values is \$36,093,227. In addition, 34 lots which were not included on the Assessor's 1998 roll have been completed and sold prior to July 1, 1998. The aggregate assessed value of those lots, based on the average assessed value for lots with land and improvement values is \$6,197,827. According to the Appraisal the total fair market value of the undeveloped and partially developed real property within the Reassessment District is \$30,691,000. The principal amount of the Bonds is \$5,105,000. Consequently, the aggregate estimated assessed value and appraised value of the real property within the Reassessment District is approximately \$88,091,007 or approximately 17.26 times the principal amount of the Bonds. See "SECURITY FOR THE BONDS -- Lien of Reassessments."

The following table illustrates the breakdown of the estimated value-to-lien ratios of the parcels within the Reassessment District:

**Table 4
Value-to-Lien Ratios**

<u>Property Description</u>	<u>Number of Lots</u>	<u>Aggregate Assessed or Appraised Value⁽¹⁾</u>	<u>Aggregate Reassessment Lien</u>	<u>Percentage of Reassessment Lien Total</u>	<u>Average Value/Lien Ratio</u>
• Parcels with improved assessed value as shown on the 1998 Assessor's roll	78	\$14,218,544	\$662,412	12.98%	21.46
• Parcels without improved assessed value as shown on the 1998 Assessor's roll	203	36,093,227 ⁽²⁾	1,681,507	32.94	21.46
• Parcels since sold to final users	34	6,197,827 ⁽²⁾	288,744	5.66	21.46
• Parcels in Construction or Escrow	153	28,283,000 ⁽³⁾	1,299,346	25.45	21.76
• Remaining Undeveloped Lots	112	2,408,000 ⁽³⁾	951,156	18.63	2.53
• Golf Course Clubhouse	1 ⁽⁴⁾	890,409	221,835	4.35	4.01
Total	581	\$88,091,007	\$5,105,000	100.00%	17.26

Source: Special District Financing & Administration

- (1) Assessed values only reflect improvements completed through January 1, 1998. Development data reflects status through July 1, 1998.
- (2) Value based on average assessed value for parcels with improved assessed value as shown on the 1998 Assessor's roll. Figure for 203 parcels does not include the value of 5 parcels which have prepaid the original assessment.
- (3) Value based on Appraisal.
- (4) The Golf Course itself is comprised of 8 parcels; however the reassessment lien is imposed only on the parcel improved with the Clubhouse. Clubhouse parcel was not included in Assessor's 1998 roll. Value indicated is taken from assessment value for prior parcel numbers.

The assessed value of a parcel represents the market value of such parcel as determined by the Assessor as of the parcel's most recent assessment, plus a 2% per year inflation factor since the date of such assessment. A new assessment of an assessed parcel to its then current fair market value will occur only upon a change of ownership, new construction with respect to such parcel or a successful appeal of the assessed value by the parcel owner. The appraised value of the undeveloped land represents the market value of those parcels as determined by the Appraiser.

While, in general, market value has tended historically to often be in excess of assessed value, as a result of the recent downturn in the California real estate market, no assurance can be given that the market values of the properties within the Reassessment District exceed or equal the assessed values of such properties. Additionally, there is no assurance that, in the event of a foreclosure sale for a delinquent reassessment installment, any bid would be received for such property or that any bid received would be sufficient to pay such delinquent reassessment installment. See "*SPECIAL RISK FACTORS -- Land Values*" herein.

Overlapping Debt

Contained within the Reassessment District's boundaries are overlapping local agencies providing public services, some of which have outstanding bonds or other indebtedness. The direct and overlapping debt of the Reassessment District is shown in the table below. Tax and revenue anticipation notes, and revenue bonds are excluded from the debt statement. The following table does not include authorized but unissued debt. Furthermore, other public agencies may levy assessments and special taxes on property within the Reassessment District.

Table 5
City of San Diego
Reassessment District No. 98-1
Statement of Direct and Overlapping Debt

1997-98 Assessed Valuation \$28,407,853

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 8/1/98
San Diego County Water Authority	0.021%	\$1,862
Metropolitan Water district	0.003	16,653
Escondido Union High School District	0.354	151,777
San Pasqual Union School District	20.741	8,089
City of Escondido	0.623	1,090
City of Escondido Assessment District #95-1	100.000	5,260,200 ⁽¹⁾
TOTAL DIRECT & OVERLAPPING TAX & ASSESSMENT DEBT		\$5,439,500
<u>OVERLAPPING LEASE OBLIGATION DEBT:</u>		
San Diego County General Fund Obligations	0.021%	\$111,503
San Diego County Pension Obligations	0.021	83,050
San Diego County Superintendent of Schools Certificates of Participation	0.021	485
Palomar Community College District Certificates of Participation	0.089	5,758
City of Escondido General Fund Obligations	0.623	608,282
TOTAL GROSS OVERLAPPING LEASE OBLIGATION DEBT		\$809,078
COMBINED TOTAL DEBT		\$6,248,578 ⁽²⁾

Direct Debt	18.52%
Total Direct and Overlapping Tax and Assessment Debt	19.15%
Combined Gross Debt	22.00%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/98: \$0

- (1) Will be replaced with the debt imposed by the Bonds.
- (2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics

RISK FACTORS

Prospective investors should carefully consider the following risk factors before making an investment in the Bonds.

Limited Obligation

Failure by owners of parcels within the Reassessment District to pay installments of reassessments as they become due, depletion of the Reserve Fund, or the inability of the City to sell property which has been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of reassessments levied against such property, may individually or collectively result in the inability of the City to make full or punctual payments of debt service on the Bonds, and Bond owners would therefore be adversely affected. If there are additional delinquencies after exhaustion of funds in the Reserve Fund, the City has no direct or contingent liability to transfer into the Redemption Fund the amount of the delinquency out of any other available moneys of the City pursuant to the Indenture.

NO OTHER FUNDS OF THE CITY ARE PLEDGED FOR PAYMENT OF DELINQUENT REASSESSMENT INSTALLMENTS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS. NEITHER THE FAITH IN CREDIT, NOR THE TAXING POWER OF THE CITY, (EXCEPT AS DESCRIBED HEREIN), THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS.

Delinquency in Payment of Assessments

Under the provisions of the Bond Law, reassessment installments, from which funds for the payment of annual installments of principal of and interest on the Bonds are derived, will be billed to properties against which there are unpaid assessments on an annual basis.

In order to pay debt service on the Bonds, it is necessary that installments are paid in a timely manner. Should the installments not be paid on time, the Reassessment District has established a Reserve Fund to cover delinquencies for a period of time. The City has covenanted in certain circumstances following a delinquency in the payment of reassessments to undertake and diligently prosecute judicial foreclosure proceedings. However, judicial foreclosure can be a slow and lengthy process due to crowded court calendars, active defense by a delinquent owner, bankruptcy filings by a delinquent owner or other factors beyond the City's control. There can be no assurance that the Reserve Fund would not be exhausted in the event of material delinquencies, long foreclosure proceedings or failed foreclosure sales.

Failure by owners of the parcels to pay installments of reassessment when due, depletion of the Reserve Fund, delay in foreclosure proceedings, or the failure to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of reassessments levied against such parcels may result in the inability of the City to make full or punctual payments of debt service on the Bonds and Bond owners would therefore be adversely affected.

Owners Not Obligated to Pay Bonds or Assessments

Unpaid reassessments do not constitute a personal indebtedness of the owners of the parcels within the Reassessment District and the owners have made no commitment to pay the principal of or interest on the Bonds or to support payment of the Bonds in any manner. There is no assurance that the owners have the ability to pay the reassessment installments or that, even if they have the ability, they will choose to pay such installments. An owner may elect to not pay the reassessments when due and cannot be legally compelled to do so. If an owner decides it is not economically feasible to develop or continue owning its property encumbered by the lien of the reassessment, or decides that for any other reason it does not want to retain title of the property, such owner may choose not to pay reassessments and to allow the property to be foreclosed. Such a choice may be made due to a decrease in the market value of the property, or for other reasons. A successful foreclosure of the property would result in such owner's interest being transferred to another party. Neither the City nor any Owner of the Bonds will have the ability to seek payment from the owners of the property of any reassessment or any principal or interest due on the Bonds, and will not have the ability to control who becomes a subsequent owner of any property within the Reassessment District.

Land Values

The value of the land within the Reassessment District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of an reassessment installment, the Reassessment District's only remedy

is to commence foreclosure proceedings in an attempt to obtain funds to pay the reassessment installment. Reductions in land values due to a downturn in the economy, physical events such as earthquakes or floods, stricter land use regulations, environmental constraints or other events could adversely impact the security of the reassessment and the Bonds.

The 1998 assessed value of the parcels is an estimate of the value as determined by the County. The appraised value of the undeveloped and partially developed land is an estimate of the value as determined by the Appraiser. Property values in the Escondido area have generally increased in value over the past two to three years. The appraised value for the Signal Landmark portion of the Reassessment District has been established in the Appraisal on the basis of current comparable sales. That appraised value is higher than the values for Phase I of the Reassessment District sold to other developers in 1996 and 1997. There can be no assurance that the County's assessed valuation of the parcels, or the Appraiser's appraised value of the undeveloped and partially developed land, is an accurate representation of their fair market value. No assurance can be given that the assumptions of the County Assessor and the Appraiser are correct, or that the values of the property in the Reassessment District will not decline in the future, if one or more events, such as natural disasters or adverse economic conditions, occur. No assurance can be given that, should a parcel with delinquent reassessments be foreclosed upon, any bid will be received for such property or, if a bid is received, that such bid will be sufficient to pay all delinquent assessments with respect thereto.

Land Development

The portion of the residential project within the Reassessment District owned by Signal Landmark is currently undeveloped. Other portions of the residential project are partially completed. Signal Landmark does not have final approval to commence construction of Phase II. The completion of development of the land may be adversely affected by changes in general economic conditions, water shortages, increased construction costs, fluctuations in the real estate market, regulatory changes, litigation, and other similar factors, including development in surrounding areas which may compete with the developments within the Reassessment District. There can be no assurance that development within the Reassessment District will not be adversely affected by these or other factors, including future governmental policies or environmental issues. By authorizing the issuance of the Bonds, the City has in no way restricted its future discretionary actions with respect to regulation or approval of the development of land within the Reassessment District owned by other developers.

The Reassessment installments are to be collected from the owners of property located within the Reassessment District, and are not dependent on any development of such property. Nevertheless, the extent of completion of the development of the property within the Reassessment District may affect the ability and willingness of landowners to pay the Reassessment and may affect the market value of any property foreclosed for nonpayment of installments of the reassessment.

No assurance can be given that the development in process or contemplated will be partially or fully completed, and in considering the investment quality of the Bonds relative to other investments prospective purchasers should evaluate the risks of noncompletion or nondevelopment especially as related to the concentration of ownership. Undeveloped land is less valuable than such land in a developed condition and provides less valuable security to the Bondowners should it be necessary for the City to foreclose due to the nonpayment of reassessment installments. In addition, if land in the Reassessment District continues to have no further private improvements, the number of potential purchasers bidding at the foreclosure sale, and the amounts of their bids, in the event the City forecloses the lien of a delinquent unpaid Reassessment, are likely to be reduced. Finally, a slowdown of the economic development process in the region could also adversely affect land values and reduce the proceeds received at a foreclosure sale in the event reassessment installments are not paid when due.

Concentration of Ownership

Signal Landmark and the other developers owned, as of July 1, 1998, 265 of the aggregate 580 residential lots in the Reassessment District. These lots secure over 44% of the reassessment liens. There may be subsequent transfers of ownership of the property within the Reassessment District prior to completion of development. The fact that a significant portion of the land within the Reassessment District to which responsibility for the reassessment has been assigned is currently controlled by a few entities will cause the bill for the payment of the annual reassessment initially to be sent only to those owners, without any personal obligation to pay the reassessment. Because of the existing concentration of ownership of Reassessment District land, the timely payment of the Bonds depends upon the willingness and ability of the owner to pay the reassessment when due. The only asset of the owner of property within the District which constitutes security for the Bonds is such owner's real property holdings located within the Reassessment District. See *"BONDOWNERS' RISKS -- Bankruptcy and Foreclosure"* and *"SECURITY FOR THE BONDS -- Covenant to Commence Foreclosure"* herein.

Bankruptcy and Limitations on Enforcement of Remedies

The payment of property owners' reassessment installments and the ability of the City to foreclose the lien of a delinquent unpaid reassessment, may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not cause the reassessment lien to become extinguished, bankruptcy of a property owner could result in a delay in the City prosecuting Superior Court foreclosure proceedings. Such a delay would increase the likelihood of a delay or a default in payment of the principal of and interest on the Bonds and the possibility that delinquent reassessment installments would eventually not be paid in full. Moreover, amounts received upon foreclosure sales may not be sufficient to fully repay outstanding Bonds. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

The Indenture does not contain a provision allowing for the acceleration of the principal of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture.

Future Overlapping Indebtedness

The ability of an owner of land within the Reassessment District to pay the assessments could be affected by the existence of other taxes and assessments imposed upon the property subsequent to the date of issuance of the Bonds. In addition, other public agencies whose boundaries overlap those of the Reassessment District could, without the consent of the City, and in certain cases without the consent of the owners of the land within the Reassessment District, impose additional taxes or assessment liens on the property within the Reassessment District to finance public improvements to be located inside of or outside of the Reassessment District.

The reassessment and each installment thereof and any interest and penalties thereon constitute a lien against the parcels on which they were imposed until the same are paid. Such lien is subordinate to all fixed special assessment liens previously imposed upon the same property, but has priority over all private liens and over all fixed special assessment liens which may thereafter be created against the property. Such lien is co-equal to and independent of the lien for general taxes and any lien imposed under the Mello-Roos Community Facilities Act of 1982, as amended.

CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS

Property Tax Rate Limitations - Article XIII A

On June 6, 1978, the California voters added Article XIII A to the California Constitution which limits the amount of any *ad valorem* taxes on real property to one percent (1%) of its full cash value, except that additional *ad valorem* property taxes may be levied to pay debt service on indebtedness approved prior to July 1, 1978 and (as a result of an amendment to Article XIII A approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978, by two-thirds of the voters voting on such indebtedness. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment period." This cash value may be increased at a rate not to exceed two percent (2%) per year to account for inflation. The United States Supreme Court has upheld the validity of Article XIII A in a case decided in June 1992.

Article XIII A as originally implemented has been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in various other minor or technical ways.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any *ad valorem* property tax. The 1% property tax is automatically levied annually by the county and distributed according to a formula among using agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1978. Any special tax to pay voter-approved indebtedness is levied in addition to the basic 1% property tax.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in the 1981-82 fiscal year, assessors in California no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as \$4.00 per \$100 of assessed value. All taxable property is now shown at full cash value on the tax rolls. Consequently, the basic tax rate is expressed as \$1 per \$100 of taxable value.

Appropriation Limitation - Article XIII B

On November 6, 1979, the voters of the State approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. On June 5, 1990, the voters approved Proposition 111, which amended Article XIII B in certain respects. Under Article XIII B, as amended, state and local government entities have an annual "appropriations limit" which limits the ability to spend certain moneys which are called "appropriations subject to limitation" (consisting of most tax revenues and certain state subventions, together called "proceeds of taxes" and certain other funds) in an amount higher than the "appropriations limit." Article XIII B does not affect the appropriation of moneys which are excluded from the definition of "appropriations limit," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by two-thirds of the voters.

In general terms, the "appropriations limit" is to be based on the adjusted fiscal year 1986-87 appropriations limit, which is traced back through an annual adjustment process to the 1978-79 fiscal year. Annual adjustments reflect changes in California per capita personal income (or, at the Reassessment District's option, changes in assessed value caused by local nonresidential new construction), population and services provided by these entities. Among other provisions of Article XIII B, if the revenues of such entities in any fiscal year and the following fiscal year exceed the amounts permitted to be spent in such years, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of the Reassessment District to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII D requires that, beginning July 1, 1997, the proceedings for the levy of any assessment (including, if applicable, any increase in such assessment or any supplemental assessment) must be conducted in conformity with the provisions of Section 4 of Article XIII D. Any challenge (including any constitutional challenge) to the proceedings or the assessment must be brought within 30 days after the date the assessment was levied. The assessments of the Original Assessment Districts were levied prior to the approval of Proposition 218 and the Reassessments relate back to and derive their lien priority from the date of the assessments of each respective Original Assessment District.

Article XIII C removes limitations on the initiative power in matters of local taxes, special taxes, assessments, fees and charges. In the case of the unpaid assessments which are pledged as security for payment of the Bonds, the laws of the State provide a mandatory, statutory duty of the Reassessment District and the County Auditor to post installments on account of the unpaid Reassessments to the property tax roll of the County each year while any of the Bonds are outstanding, commencing with property tax year 1998/99, in amounts equal to the principal of and interest on the Bonds coming due in the succeeding calendar year. While the matter is not free from doubt, it is likely that a court would hold that the initiative power cannot be used to reduce or repeal the levy of the Reassessment which is pledged as security for payment of the Bonds or to otherwise interfere with performance of the mandatory, statutory duty of the Reassessment District and the County Auditor with respect to the unpaid Reassessments which are pledged as security for payment of the Bonds.

Implementing legislation respecting Proposition 218 has been introduced in the State legislature that would supplement and add provisions to California statutory law. One piece of the legislation, SB 919, was signed by the Governor and became effective on July 1, 1997. SB 919 provides in pertinent part that a reassessment such as the reassessment levied for the Reassessment District is not subject to the provisions of Article XIII D. No assurance may be given as to the final terms of any other legislation, or the impact on the Reassessment District of SB 919 or such other legislation. The interpretation and application of Proposition 218 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 its affect on repayment of the Bonds.

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing state-assessed public utilities' property and property the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition property on the secured roll with respect to which taxes are due is delinquent on or about June 10 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1½% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector.

Historically, property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB 813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A ten percent (10%) penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1½% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer, (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (3) filing a certificate of delinquency in the county recorder's office, in order to obtain a lien on certain property of the taxpayer, and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

CONCLUDING INFORMATION

Certain Legal Matters

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Brown Diven Hessell & Brewer LLP, Solana Beach, California, Bond Counsel. Bond Counsel has not undertaken any responsibility for the accuracy, completeness or fairness of this Official Statement and expresses no opinion as to the matters set forth therein. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix B hereto and will accompany the Bonds. Payment of the fees and expenses of Bond Counsel is contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriter by Luce, Forward, Hamilton & Scripps LLP, San Diego, California, Underwriter's Counsel. Certain legal matters will be passed upon for the City by Jeffrey Epp, Esq., City Attorney.

Tax Matters

In the opinion of Brown Diven Hessell & Brewer LLP, Solana Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest and original issue discount 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 and original issue discount on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest and original issue discount on the Bonds will be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative maximum taxable 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 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.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest and original issue discount on the Bonds is based upon certain representations of fact and certifications made by the City, the Underwriter and others and is subject to the condition that the City complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bond 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 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 City has covenanted to comply with all such requirements.

Should the interest and original issue discount on the Bonds become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption as a result of such occurrence and will remain outstanding until maturity or until otherwise redeemed in accordance with the Indenture.

Bond Counsel's opinion may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds. Bond Counsel has not undertaken to determine, or to inform any person, whether any such action or events are taken or do occur, or whether such actions or events may adversely affect the value or tax treatment of a Bond, and Bond Counsel expresses no opinion with respect thereto.

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 City continues to comply with certain requirements of the Code, the accrual or receipt of interest on the Bonds may otherwise affect the tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences. Accordingly, all potential purchasers should consult their tax advisors before purchasing any of the Bonds.

No Rating

The City has not made, and does not contemplate making, application to any rating agency for the assignment of a rating to the Bonds.

No Litigation

There is no litigation pending and served or, to the City's knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the Bonds, to contest the validity of the Bonds or any proceedings of the City with respect thereto. In the opinion of the City and its counsel, there are no lawsuits or claims pending against the City which will materially affect the City's finances so as to impair its ability to pay principal of and interest on the Bonds when due.

Underwriting

The Bonds are being purchased for reoffering by Stone & Youngberg, LLC (the "Underwriter"). The Underwriter has agreed to purchase the Bonds for \$5,038,635. The purchase price represents an underwriter's discount of \$66,365. The purchase contract pursuant to which the Underwriter is purchasing the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in such purchase contract.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallow any such discounts on sales to other dealers.

In reoffering Bonds to the public, the Underwriter may over allocate or effect transactions which stabilize or maintain the market prices for Bonds at levels above those which might otherwise prevail. Such stabilization, if commenced, may be discontinued at any time.

The execution and delivery of this Official Statement by its City Manager has been duly authorized by the City.

CITY OF ESCONDIDO

/s/ ROLF GUNNARSON
Rolf Gunnarson, City Manager

SDF A

APPENDIX A

Reassessment Engineer's Report

ENGINEER'S REPORT REASSESSMENT DISTRICT NO. 98-1 (RANCHO SAN PASQUAL) CITY OF ESCONDIDO

(Final)

Sid Hollins
Mayor

Jerry Harmon
Lori Holt Pfeiler
Keith Beier
June Rady
Council Members

Rolf Gunnarson - City Manager
Jeffery Epp - City Attorney
Phyllis J. Laderman - Director of Finance
Jeanne Bunch - City Clerk

Professional Services

Brown, Diven, Hessell & Brewer, LLP - Bond Counsel
Special District Financing & Administration, LLC - Assessment Engineer
Stone & Youngberg, LLC - Underwriter
Luce, Forward, Hamilton & Scripps, LLP - Underwriter's Counsel
Not Determined - Paying Agent

July 1, 1998

(August 6, 1998: Pricing Date)

A-1

SPECIAL DISTRICT FINANCING & ADMINISTRATION

16980 Via Tazon, Suite 190
San Diego CA 92127
619-676-3684 Fax 676-3685

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ENGINEER'S REPORT
REASSESSMENT DISTRICT NO. 98-1
(RANCHO SAN PASQUAL)
CITY OF ESCONDIDO

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REFUNDING AND REASSESSMENT ENGINEER'S "REPORT"
PURSUANT TO THE PROVISIONS OF THE REFUNDING ACT OF 1984
FOR 1915 IMPROVEMENT ACT BONDS

The City Council of the City of Escondido, did previously undertake proceedings and confirm assessments in a special assessment district pursuant to the terms and provisions of the "Municipal Improvement Act of 1913", being Division 12 of the Streets and Highways Code of the State of California, said special assessment district known and designated as ASSESSMENT DISTRICT NO. 95-1 (RANCHO SAN PASQUAL) (hereinafter referred to as the "Assessment District"); and,

Improvement bonds representing the unpaid assessments within said Assessment District were issued and sold in the manner provided in the "Improvement Bond Act of 1915", being Division 10 of the Streets and Highways Code of the State of California; and

The legislative body is now desirous of initiating proceedings to refund all outstanding improvement bonds pursuant to the "Refunding Act of 1984 for 1915 Improvement Act Bonds", being Division 11.5 of the Streets and Highways Code of the State of California, (the "Refunding Act") said refunding bonds and Assessment District to be designated as REASSESSMENT DISTRICT NO. 98-1 (RANCHO SAN PASQUAL) (hereinafter referred to as the "Refunding District").

Pursuant to the provisions of Section 9523 of the Refunding Act, and in accordance with a resolution of the legislative body, the undersigned authorized and appointed ASSESSMENT ENGINEER, does herewith submit the following report for the refunding district generally consisting of the following documentation and parts:

PART I

A schedule setting forth all unpaid principal and interest on the outstanding bonds of the Assessment District to be refunded.

PART II

The total estimated amount of the reassessment and refunding bonds and the maximum interest rate thereon.

PART III

A cost estimate of the proposed reassessment, including all expenses for issuing refunding bonds, including the total estimated principal amount of the reassessment and refunding bonds.

PART IV

A copy of the Auditors Report for the Assessment District, showing the schedule of all principal installments and interest on unpaid original assessments, including the total amounts thereof.

PART V

The estimated amount of each individual reassessment identified by its corresponding reassessment number on the reassessment diagram.

PART VI

A copy of the new proposed Auditor's Report for the Refunding District, showing the schedule of all principal installments and interest on unpaid refunding reassessments, including the total amounts thereof.

PART VII

A reassessment diagram showing the Refunding District and the boundaries and dimensions of the subdivisions of land within the District. Each subdivision, including any separate condominium interest, shall be given a separate number upon the diagram. Each subdivision of land shall be by reference to its Assessor's parcel number as shown on the Assessor's maps of the County, and for any further complete description of the property, reference is made to the deeds and maps as on file in the Office of the County Recorder.

Refunding bonds to represent unpaid reassessments shall be issued, and the interest rate on said refunding bonds shall not exceed the current legal maximum rate of 12% per annum. Said refunding bonds shall be issued hereunder in the manner and form as provided by the Refunding Act. The last installment of said refunding bonds shall mature a term of years not to exceed 28 years from the 2nd day of September next succeeding twelve months from their date.

The last installment of the original bonds issued for the original Assessment District was to mature on the 2nd day of September, 2026, and the last installment of said refunding bonds shall mature on the 2nd day of September, 2026.

Based upon this Report of the Engineer as submitted herewith and as Assessment Engineer, I do hereby certify under penalty of perjury the following:

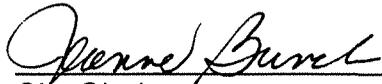
- A. That each estimated annual installment of principal and interest on the reassessment is less than the corresponding annual installment of principal and interest on the original assessment being superseded and supplanted by the same percentage for all subdivisions of land within the Assessment District.
- B. That the number of years to maturity of the refunding bonds is not more that the number of years to the last maturity of the bonds being refunded.
- C. That the principal amounts of the reassessments on each subdivision of land within the Refunding District is less than the unpaid principal amount of the portion of the original assessment being superseded and supplanted by the same percentage for each subdivision of land within the Assessment District.

DATED: July 1, 1998.

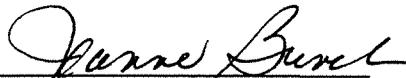
SPECIAL DISTRICT FINANCING & ADMINISTRATION

By: 
Barbara Hale-Carter
Reassessment Engineer

Approved by the City Council of the City of Escondido, California, on the 1st
day of July, 1998.


City Clerk
City of Escondido
State of California

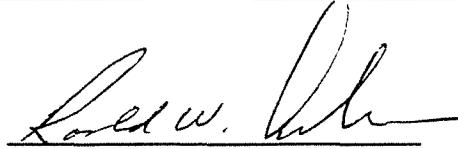
I, Jeanne Bunch, as City Clerk of the City of Escondido, California, do hereby certify that the foregoing Report of the Engineer, together with the reassessment and reassessment diagram was filed in my office on the 19th day of June, 1998.


City Clerk
City of Escondido
State of California

I, Jeanne Bunch, as City Clerk of the City of Escondido, California, do hereby certify that the reassessments in the amounts as set forth in the reassessment as submitted herein were approved and confirmed by the legislative body on the 1st day of July, 1998.


City Clerk
City of Escondido
State of California

I, Ronald Anderson, as Superintendent of Streets of the City of Escondido, California, do hereby certify that the foregoing reassessment, together with the diagram attached thereto, was recorded in my office on the 6th day of AUG, 1998.



Superintendent of Streets
City of Escondido
State of California

I, Jeanne Bunch, as City Clerk of the City of Escondido, California, do hereby certify that the reassessment diagram was recorded in the Office of the County Recorder on the 7th day of AUGUST, 1998.



City Clerk
City of Escondido
State of California

I, Jeanne Bunch, as City Clerk of the City of Escondido, California, do hereby certify that the Notice of Reassessment was recorded in the Office of the County Recorder on the 12th day of AUGUST, 1998.



City Clerk
City of Escondido
State of California

REFUNDING AND REASSESSMENT ENGINEER'S "REPORT"

PART I

A schedule setting forth all unpaid principal and interest on the outstanding bonds of the Assessment District to be refunded.

Year Ending September 2nd	Interest Rate	Principal Due	Interest Due	Total Debt Service
1998	5.000%	\$65,000.00	\$188,808.13	\$253,808.13
1999	5.250%	65,000.00	374,366.25	439,366.25
2000	5.500%	70,000.00	370,953.75	440,953.75
2001	5.750%	75,000.00	367,103.75	442,103.75
2002	6.000%	75,000.00	362,791.25	437,791.25
2003	6.200%	75,000.00	358,291.25	433,291.25
2004	6.400%	85,000.00	353,641.25	438,641.25
2005	6.600%	90,000.00	348,201.25	438,201.25
2006	6.700%	100,000.00	342,261.25	442,261.25
2007	6.800%	105,000.00	335,561.25	440,561.25
2008	6.900%	115,000.00	328,421.25	443,421.25
2009	7.000%	120,000.00	320,486.25	440,486.25
2010	7.000%	130,000.00	312,086.25	442,086.25
2011	7.100%	140,000.00	302,986.25	442,986.25
2012	7.200%	150,000.00	293,046.25	443,046.25
2013	7.300%	160,000.00	282,246.25	442,246.25
2014	7.350%	170,000.00	270,566.25	440,566.25
2015	7.400%	185,000.00	258,071.25	443,071.25
2016	7.625%	190,000.00	244,381.25	434,381.25
2017	7.625%	210,000.00	229,893.75	439,893.75
2018	7.625%	230,000.00	213,881.25	443,881.25
2019	7.625%	245,000.00	196,343.75	441,343.75
2020	7.625%	265,000.00	177,662.50	442,662.50
2021	7.625%	285,000.00	157,456.25	442,456.25
2022	7.625%	305,000.00	135,725.00	440,725.00
2023	7.625%	330,000.00	112,468.75	442,468.75
2024	7.265%	355,000.00	87,306.25	442,306.25
2025	7.625%	380,000.00	60,237.50	440,237.50
2026	7.625%	410,000.00	31,262.50	441,262.50
Total:		\$5,180,000.00	\$7,416,508.13	\$12,596,508.13

REFUNDING AND REASSESSMENT ENGINEER'S "REPORT"

PART II

A schedule setting forth the total estimated principal amount of the reassessment and of the refunding bonds and the maximum interest rate thereon.

Year Ending September 2nd	Interest Rate	Principal Due	Interest Due	Total Debt Service
1999	4.100%	\$80,000.00	\$283,668.37	\$363,668.37
2000	4.250%	90,000.00	276,502.50	366,502.50
2001	4.500%	95,000.00	272,677.50	367,677.50
2002	4.600%	95,000.00	268,402.50	363,402.50
2003	4.700%	95,000.00	264,032.50	359,032.50
2004	4.850%	105,000.00	259,567.50	364,567.50
2005	5.000%	110,000.00	254,475.00	364,475.00
2006	5.100%	120,000.00	248,975.00	368,975.00
2007	5.200%	125,000.00	242,855.00	367,855.00
2008	5.300%	130,000.00	236,355.00	366,355.00
2009	5.350%	135,000.00	229,465.00	364,465.00
2010	5.400%	145,000.00	222,242.50	367,242.50
2011	5.450%	155,000.00	214,412.50	369,412.50
2012	5.500%	160,000.00	205,965.00	365,965.00
2013	5.500%	170,000.00	197,165.00	367,165.00
2014	5.700%	180,000.00	187,815.00	367,815.00
2015	5.700%	190,000.00	177,555.00	367,555.00
2016	5.700%	190,000.00	166,725.00	356,725.00
2017	5.700%	210,000.00	155,895.00	365,895.00
2018	5.700%	225,000.00	143,925.00	368,925.00
2019	5.700%	235,000.00	131,100.00	366,100.00
2020	5.700%	250,000.00	117,705.00	367,705.00
2021	5.700%	265,000.00	103,455.00	368,455.00
2022	5.700%	275,000.00	88,350.00	363,350.00
2023	5.700%	295,000.00	72,675.00	367,675.00
2024	5.700%	310,000.00	55,860.00	365,860.00
2025	5.700%	325,000.00	38,190.00	363,190.00
2026	5.700%	345,000.00	19,665.00	364,665.00
Total:		\$5,105,000.00	\$5,135,675.87	\$10,240,675.87

REFUNDING AND REASSESSMENT ENGINEER'S "REPORT"

PART III

The following is an estimate of cost for the refunding of the prior issue:

COST ESTIMATE

Reassessment Refunding Costs:	
Refunding Escrow Deposit	\$5,522,258.13
Underwriter's Discount (2%)	66,365.00
Refunding Bonds Reserve Fund	304,376.42
Cost of Issuance	95,000.00
Total Reassessment Refunding Costs	\$5,978,533.50
Contributions:	
Transfer from Special Reserve Fund for Bonds to be Refunded	\$443,881.25
Transfer from Redemption Fund for Bonds to be Refunded	314,579.93
Transfer from Prepayment Fund for Bonds to be Refunded	10,300.00
Transfer from Construction Fund for Bonds to be Refunded	114,238.37
Total Contributions	\$873,533.50
Balance to Reassessment	\$5,105,000.00

ASSESSMENT ENGINEER'S "REPORT"

PART IV

Auditor's Report from the Assessment District

The complete Auditor's Report which contains an Auditor's Record for each assessment has been bound separately due to size. The following is a summary of the information.

The Assessment District is comprised of 486 parcels which make up 510 assessment numbers. There are four unique types of assessments. Each type, the original and outstanding assessment is shown below:

Summary of Assessments

Assessment Type	Number of Lots	Original Assessment	Outstanding Assessment
Golf Course Club House	1	\$227,434.52	\$221,835.50
Future Developable Parcel	1	\$975,173.92	\$951,155.52
Single Family Lots	463*	\$4,074,833.98	\$3,932,008.98
Zero Assessments (Open Space/Streets)	45	\$0.00	\$0.00
Total:	510	\$5,277,442.42	\$5,105,000.00

* Since formation five single family lots have paid off the assessment. The Outstanding Assessment shown reflects five of the currently existing 463 Single Family Lots with a zero assessment.

Following is an Auditor's Record for each of the four types of assessment listed above and a sample single family lot assessment. An Auditor's Record shows the outstanding unpaid assessment, and a schedule showing the payment of principal and interest. The final page is a summary of all records confirming the total outstanding assessment shown above.

CITY OF ESCONDIDO
Assessment District No. 95-1
Original Auditor's Record

Assessment Number: 1
Assessor's Parcel(s): 240-250-06-00

Outstanding Assessment: \$951,155.52

Tax Year	Outstanding Principal (Prior to Levy)	Principal Due	Interest Due	Total Debt Service	Outstanding Principal (Subsequent to Levy)
1998/99	\$951,155.52	\$12,110.70	\$69,616.01	\$81,726.71	\$939,044.82
1999/00	\$939,044.82	\$13,042.29	\$68,980.20	\$82,022.49	\$926,002.53
2000/01	\$926,002.53	\$13,973.88	\$68,262.88	\$82,236.76	\$912,028.65
2001/02	\$912,028.65	\$13,973.88	\$67,459.38	\$81,433.26	\$898,054.77
2002/03	\$898,054.77	\$13,973.88	\$66,620.94	\$80,594.82	\$884,080.89
2003/04	\$884,080.89	\$15,837.07	\$65,754.56	\$81,591.63	\$868,243.82
2004/05	\$868,243.82	\$16,768.66	\$64,740.99	\$81,509.65	\$851,475.16
2005/06	\$851,475.16	\$18,631.84	\$63,634.26	\$82,266.10	\$832,843.32
2006/07	\$832,843.32	\$19,563.43	\$62,385.93	\$81,949.36	\$813,279.89
2007/08	\$813,279.89	\$20,495.03	\$61,055.61	\$81,550.64	\$792,784.86
2008/09	\$792,784.86	\$22,358.21	\$59,641.46	\$81,999.67	\$770,426.65
2009/10	\$770,426.65	\$24,221.39	\$58,076.38	\$82,297.77	\$746,205.26
2010/11	\$746,205.26	\$26,084.58	\$56,380.88	\$82,465.46	\$720,120.68
2011/12	\$720,120.68	\$27,947.76	\$54,528.88	\$82,476.64	\$692,172.92
2012/13	\$692,172.92	\$29,810.95	\$52,516.64	\$82,327.59	\$662,361.97
2013/14	\$662,361.97	\$31,674.13	\$50,340.44	\$82,014.57	\$630,687.84
2014/15	\$630,687.84	\$34,468.91	\$48,012.39	\$82,481.30	\$596,218.93
2015/16	\$596,218.93	\$35,400.50	\$45,461.69	\$80,862.19	\$560,818.43
2016/17	\$560,818.43	\$39,126.87	\$42,762.41	\$81,889.28	\$521,691.56
2017/18	\$521,691.56	\$41,921.64	\$39,778.98	\$81,700.62	\$479,769.92
2018/19	\$479,769.92	\$45,648.01	\$36,079.96	\$81,727.97	\$434,121.91
2019/20	\$434,121.91	\$49,374.38	\$33,101.80	\$82,476.18	\$384,747.53
2020/21	\$384,747.53	\$53,100.75	\$29,337.00	\$82,437.75	\$331,646.78
2021/22	\$331,646.78	\$56,827.12	\$25,288.07	\$82,115.19	\$274,819.66
2022/23	\$274,819.66	\$61,485.08	\$20,955.00	\$82,440.08	\$213,334.58
2023/24	\$213,334.58	\$66,143.04	\$16,266.76	\$82,409.80	\$147,191.54
2024/25	\$147,191.54	\$70,801.00	\$11,223.36	\$82,024.36	\$76,390.54
2025/26	\$76,390.54	\$76,390.54	\$5,824.78	\$82,215.32	\$0.00
Total:	\$0.00	\$951,155.52	\$1,344,087.64	\$2,295,243.16	

CITY OF ESCONDIDO
 Assessment District No. 95-1
Original Auditor's Record

Assessment Number: 9 Outstanding Assessment: \$221,835.50
 Assessor's Parcel(s): 241-202-14-00

Tax Year	Outstanding Principal (Prior to Levy)	Principal Due	Interest Due	Total Debt Service	Outstanding Principal (Subsequent to Levy)
1998/99	\$221,835.50	\$2,824.55	\$16,236.36	\$19,060.91	\$219,010.95
1999/00	\$219,010.95	\$3,041.82	\$16,088.07	\$19,129.89	\$215,969.13
2000/01	\$215,969.13	\$3,259.09	\$15,920.77	\$19,179.86	\$212,710.04
2001/02	\$212,710.04	\$3,259.09	\$15,733.37	\$18,992.46	\$209,450.95
2002/03	\$209,450.95	\$3,259.09	\$15,537.83	\$18,796.92	\$206,191.86
2003/04	\$206,191.86	\$3,693.64	\$15,335.76	\$19,029.40	\$202,498.22
2004/05	\$202,498.22	\$3,910.91	\$15,099.37	\$19,010.28	\$198,587.31
2005/06	\$198,587.31	\$4,345.46	\$14,841.25	\$19,186.71	\$194,241.85
2006/07	\$194,241.85	\$4,562.73	\$14,550.11	\$19,112.84	\$189,679.12
2007/08	\$189,679.12	\$4,780.00	\$14,239.84	\$19,019.84	\$184,899.12
2008/09	\$184,899.12	\$5,214.55	\$13,910.02	\$19,124.57	\$179,684.57
2009/10	\$179,684.57	\$5,649.09	\$13,545.00	\$19,194.09	\$174,035.48
2010/11	\$174,035.48	\$6,083.64	\$13,149.57	\$19,233.21	\$167,951.84
2011/12	\$167,951.84	\$6,518.18	\$12,717.63	\$19,235.81	\$161,433.66
2012/13	\$161,433.66	\$6,952.73	\$12,248.32	\$19,201.05	\$154,480.93
2013/14	\$154,480.93	\$7,387.27	\$11,740.77	\$19,128.04	\$147,093.66
2014/15	\$147,093.66	\$8,039.09	\$11,197.80	\$19,236.89	\$139,054.57
2015/16	\$139,054.57	\$8,256.37	\$10,602.91	\$18,859.28	\$130,798.20
2016/17	\$130,798.20	\$9,125.46	\$9,973.36	\$19,098.82	\$121,672.74
2017/18	\$121,672.74	\$9,777.27	\$9,277.55	\$19,054.82	\$111,895.47
2018/19	\$111,895.47	\$10,646.37	\$8,414.83	\$19,061.20	\$101,249.10
2019/20	\$101,249.10	\$11,515.46	\$7,720.24	\$19,235.70	\$89,733.64
2020/21	\$89,733.64	\$12,384.55	\$6,842.19	\$19,226.74	\$77,349.09
2021/22	\$77,349.09	\$13,253.64	\$5,897.87	\$19,151.51	\$64,095.45
2022/23	\$64,095.45	\$14,340.00	\$4,887.28	\$19,227.28	\$49,755.45
2023/24	\$49,755.45	\$15,426.37	\$3,793.85	\$19,220.22	\$34,329.08
2024/25	\$34,329.08	\$16,512.73	\$2,617.59	\$19,130.32	\$17,816.35
2025/26	\$17,816.35	\$17,816.35	\$1,358.50	\$19,174.85	\$0.00
Total:	\$0.00	\$221,835.50	\$313,478.01	\$535,313.51	

CITY OF ESCONDIDO
 Assessment District No. 95-1
Original Auditor's Record

Assessment Number: 16 Outstanding Assessment: \$8,492.46
 Assessor's Parcel(s): 241-220-01-00

Tax Year	Outstanding Principal (Prior to Levy)	Principal Due	Interest Due	Total Debt Service	Outstanding Principal (Subsequent to Levy)
1998/99	\$8,492.46	\$108.13	\$621.57	\$729.70	\$8,384.33
1999/00	\$8,384.33	\$116.45	\$615.89	\$732.34	\$8,267.88
2000/01	\$8,267.88	\$124.77	\$609.49	\$734.26	\$8,143.11
2001/02	\$8,143.11	\$124.77	\$602.32	\$727.09	\$8,018.34
2002/03	\$8,018.34	\$124.77	\$594.83	\$719.60	\$7,893.57
2003/04	\$7,893.57	\$141.40	\$587.09	\$728.49	\$7,752.17
2004/05	\$7,752.17	\$149.72	\$578.04	\$727.76	\$7,602.45
2005/06	\$7,602.45	\$166.36	\$568.16	\$734.52	\$7,436.09
2006/07	\$7,436.09	\$174.67	\$557.02	\$731.69	\$7,261.42
2007/08	\$7,261.42	\$182.99	\$545.14	\$728.13	\$7,078.43
2008/09	\$7,078.43	\$199.63	\$532.51	\$732.14	\$6,878.80
2009/10	\$6,878.80	\$216.26	\$518.54	\$734.80	\$6,662.54
2010/11	\$6,662.54	\$232.90	\$503.40	\$736.30	\$6,429.64
2011/12	\$6,429.64	\$249.53	\$486.86	\$736.39	\$6,180.11
2012/13	\$6,180.11	\$266.17	\$468.90	\$735.07	\$5,913.94
2013/14	\$5,913.94	\$282.80	\$449.47	\$732.27	\$5,631.14
2014/15	\$5,631.14	\$307.76	\$428.68	\$736.44	\$5,323.38
2015/16	\$5,323.38	\$316.08	\$405.91	\$721.99	\$5,007.30
2016/17	\$5,007.30	\$349.35	\$381.81	\$731.16	\$4,657.95
2017/18	\$4,657.95	\$374.30	\$355.17	\$729.47	\$4,283.65
2018/19	\$4,283.65	\$407.57	\$322.14	\$729.71	\$3,876.08
2019/20	\$3,876.08	\$440.84	\$295.55	\$736.39	\$3,435.24
2020/21	\$3,435.24	\$474.11	\$261.94	\$736.05	\$2,961.13
2021/22	\$2,961.13	\$507.38	\$225.79	\$733.17	\$2,453.75
2022/23	\$2,453.75	\$548.97	\$187.10	\$736.07	\$1,904.78
2023/24	\$1,904.78	\$590.56	\$145.24	\$735.80	\$1,314.22
2024/25	\$1,314.22	\$632.15	\$100.21	\$732.36	\$682.07
2025/26	\$682.07	\$682.07	\$52.01	\$734.08	\$0.00
Total:	\$0.00	\$8,492.46	\$12,000.78	\$20,493.24	

CITY OF ESCONDIDO
Assessment District No. 95-1
Original Auditor's Record

Total Assessments: 486
Total Parcels: 486

Aggregate Outstanding Assessments: \$5,105,000.00

Tax Year	Outstanding Principal (Prior to Levy)	Principal Due	Interest Due	Total Debt Service	Outstanding Principal (Subsequent to Levy)
1998/99	\$5,105,000.00	\$64,999.47	\$373,639.32	\$438,638.79	\$5,040,000.53
1999/00	\$5,040,000.53	\$70,000.44	\$370,225.45	\$440,225.89	\$4,970,000.09
2000/01	\$4,970,000.09	\$75,001.41	\$366,377.52	\$441,378.93	\$4,894,998.68
2001/02	\$4,894,998.68	\$75,001.41	\$362,066.82	\$437,068.23	\$4,819,997.27
2002/03	\$4,819,997.27	\$75,001.41	\$357,565.06	\$432,566.47	\$4,744,995.86
2003/04	\$4,744,995.86	\$84,998.96	\$352,913.09	\$437,912.05	\$4,659,996.90
2004/05	\$4,659,996.90	\$89,999.93	\$347,472.99	\$437,472.92	\$4,569,996.97
2005/06	\$4,569,996.97	\$100,001.88	\$341,533.66	\$441,535.54	\$4,469,995.09
2006/07	\$4,469,995.09	\$104,998.45	\$334,836.24	\$439,834.69	\$4,364,996.64
2007/08	\$4,364,996.64	\$109,999.43	\$327,695.26	\$437,694.69	\$4,254,997.21
2008/09	\$4,254,997.21	\$120,001.38	\$320,103.68	\$440,105.06	\$4,134,995.83
2009/10	\$4,134,995.83	\$129,998.92	\$311,705.38	\$441,704.30	\$4,004,996.91
2010/11	\$4,004,996.91	\$140,000.87	\$302,604.67	\$442,605.54	\$3,864,996.04
2011/12	\$3,864,996.04	\$149,998.41	\$292,662.80	\$442,661.21	\$3,714,997.63
2012/13	\$3,714,997.63	\$160,000.37	\$281,865.63	\$441,866.00	\$3,554,997.26
2013/14	\$3,554,997.26	\$169,997.91	\$270,185.78	\$440,183.69	\$3,384,999.35
2014/15	\$3,384,999.35	\$185,000.84	\$257,689.08	\$442,689.92	\$3,199,998.51
2015/16	\$3,199,998.51	\$190,001.82	\$244,000.88	\$434,002.70	\$3,009,996.69
2016/17	\$3,009,996.69	\$210,001.31	\$229,513.74	\$439,515.05	\$2,799,995.38
2017/18	\$2,799,995.38	\$224,999.82	\$213,500.23	\$438,500.05	\$2,574,995.56
2018/19	\$2,574,995.56	\$244,999.33	\$193,645.67	\$438,645.00	\$2,329,996.23
2019/20	\$2,329,996.23	\$264,998.82	\$177,661.73	\$442,660.55	\$2,064,997.41
2020/21	\$2,064,997.41	\$284,998.32	\$157,457.35	\$442,455.67	\$1,779,999.09
2021/22	\$1,779,999.09	\$304,997.81	\$135,726.63	\$440,724.44	\$1,475,001.28
2022/23	\$1,475,001.28	\$329,998.28	\$112,469.54	\$442,467.82	\$1,145,003.00
2023/24	\$1,145,003.00	\$354,998.76	\$87,306.71	\$442,305.47	\$790,004.24
2024/25	\$790,004.24	\$379,999.22	\$60,238.15	\$440,237.37	\$410,005.02
2025/26	\$410,005.02	\$410,005.02	\$31,263.84	\$441,268.86	\$0.00
Total:	\$0.00	\$5,105,000.00	\$7,213,926.90	\$12,318,926.90	

REFUNDING AND REASSESSMENT ENGINEER'S "REPORT"

PART V Reassessment Roll

By virtue of the authority of the "Refunding Act of 1984 for 1915 Improvement Act Bonds", being Division 11.5 of the Streets and Highways Code of the State of California, I, the undersigned ASSESSMENT ENGINEER, hereby makes the following reassessment to cover the costs and expenses of the proposed reassessment and refunding for said Refunding District based upon the total costs as follows:

PRINCIPAL AMOUNT OF REFUNDED BONDS	\$5,180,000.00
INCIDENTAL EXPENSES	\$948,533.50
TOTAL CONTRIBUTIONS	\$873,533.50
BALANCE TO REASSESSMENT	\$5,105,000.00

The undersigned ASSESSMENT ENGINEER, by virtue of authorization of the legislative body, hereby makes the following reassessment identified by a reassessment number corresponding to a reassessment number on the reassessment diagram for all unpaid assessments of the original Assessment District:

**City of Escondido
Reassessment District No. 98-1
(Rancho San Pasqual)
Reassessment Roll**

Amended Assessment Number	Reassessment Number	Assessor's Parcel Number	Additional Identification	Original Assessment Amount	Outstanding Assessment Amount	Reassessment Amount
2	2R	240-241-05-00		\$0.00	\$0.00	\$0.00
1	1R	240-250-06-00	PORTION	\$975,173.92	\$951,155.52	\$951,155.52
3	510R	241-060-31-00	PORTION	\$0.00	\$0.00	\$0.00
5	4R	241-060-33-00		\$0.00	\$0.00	\$0.00
4	3R	241-060-34-00	PORTION	\$0.00	\$0.00	\$0.00
136	134R	241-200-01-00		\$8,706.91	\$8,492.46	\$8,492.46
137	135R	241-200-02-00		\$8,706.91	\$8,492.46	\$8,492.46
138	136R	241-200-03-00		\$8,706.91	\$8,492.46	\$8,492.46
139	137R	241-200-04-00		\$8,706.91	\$8,492.46	\$8,492.46
140	138R	241-200-05-00		\$8,706.91	\$8,492.46	\$8,492.46
141	139R	241-200-06-00		\$8,706.91	\$8,492.46	\$8,492.46
142	140R	241-200-07-00		\$8,706.91	\$8,492.46	\$8,492.46
143	141R	241-200-08-00		\$8,706.91	\$8,492.46	\$8,492.46
144	142R	241-200-09-00		\$8,706.91	\$0.00	\$0.00
145	143R	241-200-10-00		\$8,706.91	\$8,492.46	\$8,492.46
146	144R	241-200-11-00		\$8,706.91	\$8,492.46	\$8,492.46
147	145R	241-200-12-00		\$8,706.91	\$8,492.46	\$8,492.46
148	146R	241-200-13-00		\$8,706.91	\$8,492.46	\$8,492.46
149	147R	241-200-14-00		\$8,706.91	\$8,492.46	\$8,492.46
150	148R	241-200-15-00		\$8,706.91	\$0.00	\$0.00
103	101R	241-201-01-00		\$8,706.91	\$8,492.46	\$8,492.46
104	102R	241-201-02-00		\$8,706.91	\$8,492.46	\$8,492.46
105	103R	241-201-03-00		\$8,706.91	\$8,492.46	\$8,492.46
106	104R	241-201-04-00		\$8,706.91	\$8,492.46	\$8,492.46
107	105R	241-201-05-00		\$8,706.91	\$8,492.46	\$8,492.46
117	115R	241-201-06-00		\$8,706.91	\$8,492.46	\$8,492.46
118	116R	241-201-07-00		\$8,706.91	\$8,492.46	\$8,492.46
119	117R	241-201-08-00		\$8,706.91	\$8,492.46	\$8,492.46
120	118R	241-201-09-00		\$8,706.91	\$8,492.46	\$8,492.46
121	119R	241-201-10-00		\$8,706.91	\$8,492.46	\$8,492.46
122	120R	241-201-11-00		\$8,706.91	\$8,492.46	\$8,492.46
123	121R	241-201-12-00		\$8,706.91	\$8,492.46	\$8,492.46
124	122R	241-201-13-00		\$8,706.91	\$8,492.46	\$8,492.46
125	123R	241-201-14-00		\$8,706.91	\$8,492.46	\$8,492.46
126	124R	241-201-15-00		\$8,706.91	\$8,492.46	\$8,492.46
127	125R	241-201-16-00		\$8,706.91	\$8,492.46	\$8,492.46
128	126R	241-201-17-00		\$8,706.91	\$8,492.46	\$8,492.46
129	127R	241-201-18-00		\$8,706.91	\$8,492.46	\$8,492.46
130	128R	241-201-19-00		\$8,706.91	\$8,492.46	\$8,492.46
131	129R	241-201-20-00		\$8,706.91	\$8,492.46	\$8,492.46
132	130R	241-201-21-00		\$8,706.91	\$8,492.46	\$8,492.46
133	131R	241-201-22-00		\$8,706.91	\$8,492.46	\$8,492.46
134	132R	241-201-23-00		\$8,706.91	\$8,492.46	\$8,492.46
135	133R	241-201-24-00		\$8,706.91	\$8,492.46	\$8,492.46
108	106R	241-201-25-00		\$8,706.91	\$8,492.46	\$8,492.46
109	107R	241-201-26-00		\$8,706.91	\$8,492.46	\$8,492.46
110	108R	241-201-27-00		\$8,706.91	\$8,492.46	\$8,492.46
111	109R	241-201-28-00		\$8,706.91	\$8,492.46	\$8,492.46
112	110R	241-201-29-00		\$8,706.91	\$8,492.46	\$8,492.46
153	151R	241-202-01-00		\$0.00	\$0.00	\$0.00
97	95R	241-202-02-00		\$8,706.91	\$8,492.46	\$8,492.46
98	96R	241-202-03-00		\$8,706.91	\$8,492.46	\$8,492.46

City of Escondido
Reassessment District No. 98-1
(Rancho San Pasqual)
Reassessment Roll

Amended Assessment Number	Reassessment Number	Assessor's Parcel Number	Additional Identification	Original Assessment Amount	Outstanding Assessment Amount	Reassessment Amount
99	97R	241-202-04-00		\$8,706.91	\$8,492.46	\$8,492.46
100	98R	241-202-05-00		\$8,706.91	\$8,492.46	\$8,492.46
101	99R	241-202-06-00		\$8,706.91	\$8,492.46	\$8,492.46
102	100R	241-202-07-00		\$8,706.91	\$8,492.46	\$8,492.46
113	111R	241-202-08-00		\$8,706.91	\$8,492.46	\$8,492.46
114	112R	241-202-09-00		\$8,706.91	\$8,492.46	\$8,492.46
115	113R	241-202-10-00		\$8,706.91	\$8,492.46	\$8,492.46
116	114R	241-202-11-00		\$8,706.91	\$8,492.46	\$8,492.46
10	8R	241-202-13-00		\$0.00	\$0.00	\$0.00
9	7R	241-202-14-00		\$227,434.52	\$221,835.50	\$221,835.50
154	152R	241-210-01-00		\$0.00	\$0.00	\$0.00
152	150R	241-210-03-00		\$0.00	\$0.00	\$0.00
11	9R	241-210-04-00		\$0.00	\$0.00	\$0.00
12	10R	241-210-05-00		\$0.00	\$0.00	\$0.00
13	11R	241-210-06-00		\$0.00	\$0.00	\$0.00
14	12R	241-210-07-00		\$0.00	\$0.00	\$0.00
15	13R	241-210-08-00		\$0.00	\$0.00	\$0.00
151	149R	241-210-09-00		\$0.00	\$0.00	\$0.00
6	5R	241-211-01-00		\$0.00	\$0.00	\$0.00
7	6R	241-211-02-00		\$0.00	\$0.00	\$0.00
16	14R	241-220-01-00		\$8,706.91	\$8,492.46	\$8,492.46
17	15R	241-220-02-00		\$8,706.91	\$8,492.46	\$8,492.46
18	16R	241-220-03-00		\$8,706.91	\$8,492.46	\$8,492.46
19	17R	241-220-04-00		\$8,706.91	\$8,492.46	\$8,492.46
20	18R	241-220-05-00		\$8,706.91	\$8,492.46	\$8,492.46
21	19R	241-220-06-00		\$8,706.91	\$0.00	\$0.00
22	20R	241-220-07-00		\$8,706.91	\$8,492.46	\$8,492.46
23	21R	241-220-08-00		\$8,706.91	\$8,492.46	\$8,492.46
24	22R	241-220-09-00		\$8,706.91	\$8,492.46	\$8,492.46
25	23R	241-220-10-00		\$8,706.91	\$8,492.46	\$8,492.46
26	24R	241-220-11-00		\$8,706.91	\$8,492.46	\$8,492.46
27	25R	241-220-12-00		\$8,706.91	\$8,492.46	\$8,492.46
28	26R	241-220-13-00		\$8,706.91	\$8,492.46	\$8,492.46
29	27R	241-220-14-00		\$8,706.91	\$8,492.46	\$8,492.46
30	28R	241-220-15-00		\$8,706.91	\$8,492.46	\$8,492.46
31	29R	241-220-16-00		\$8,706.91	\$8,492.46	\$8,492.46
32	30R	241-220-17-00		\$8,706.91	\$8,492.46	\$8,492.46
33	31R	241-220-18-00		\$8,706.91	\$8,492.46	\$8,492.46
34	32R	241-220-19-00		\$8,706.91	\$8,492.46	\$8,492.46
35	33R	241-220-20-00		\$8,706.91	\$8,492.46	\$8,492.46
36	34R	241-220-21-00		\$8,706.91	\$8,492.46	\$8,492.46
37	35R	241-220-22-00		\$8,706.91	\$8,492.46	\$8,492.46
38	36R	241-220-23-00		\$8,706.91	\$8,492.46	\$8,492.46
39	37R	241-220-24-00		\$8,706.91	\$8,492.46	\$8,492.46
40	38R	241-220-25-00		\$8,706.91	\$8,492.46	\$8,492.46
41	39R	241-220-26-00		\$8,706.91	\$8,492.46	\$8,492.46
42	40R	241-220-27-00		\$8,706.91	\$8,492.46	\$8,492.46
43	41R	241-220-28-00		\$8,706.91	\$8,492.46	\$8,492.46
44	42R	241-220-29-00		\$8,706.91	\$8,492.46	\$8,492.46
45	43R	241-220-30-00		\$8,706.91	\$8,492.46	\$8,492.46
46	44R	241-220-31-00		\$8,706.91	\$8,492.46	\$8,492.46
47	45R	241-220-32-00		\$8,706.91	\$8,492.46	\$8,492.46

**City of Escondido
Reassessment District No. 98-1
(Rancho San Pasqual)
Reassessment Roll**

Amended Assessment Number	Reassessment Number	Assessor's Parcel Number	Additional Identification	Original Assessment Amount	Outstanding Assessment Amount	Reassessment Amount
48	46R	241-220-33-00		\$8,706.91	\$8,492.46	\$8,492.46
49	47R	241-220-34-00		\$8,706.91	\$8,492.46	\$8,492.46
50	48R	241-220-35-00		\$8,706.91	\$8,492.46	\$8,492.46
51	49R	241-220-36-00		\$8,706.91	\$8,492.46	\$8,492.46
52	50R	241-220-37-00		\$8,706.91	\$8,492.46	\$8,492.46
53	51R	241-220-38-00		\$8,706.91	\$8,492.46	\$8,492.46
54	52R	241-220-39-00		\$8,706.91	\$8,492.46	\$8,492.46
55	53R	241-220-40-00		\$8,706.91	\$8,492.46	\$8,492.46
71	69R	241-220-41-00		\$8,706.91	\$8,492.46	\$8,492.46
72	70R	241-220-42-00		\$8,706.91	\$8,492.46	\$8,492.46
73	71R	241-220-43-00		\$8,706.91	\$8,492.46	\$8,492.46
56	54R	241-220-44-00		\$8,706.91	\$8,492.46	\$8,492.46
57	55R	241-220-45-00		\$8,706.91	\$8,492.46	\$8,492.46
58	56R	241-220-46-00		\$8,706.91	\$8,492.46	\$8,492.46
59	57R	241-220-47-00		\$8,706.91	\$8,492.46	\$8,492.46
60	58R	241-220-48-00		\$8,706.91	\$8,492.46	\$8,492.46
61	59R	241-220-49-00		\$8,706.91	\$8,492.46	\$8,492.46
62	60R	241-220-50-00		\$8,706.91	\$8,492.46	\$8,492.46
63	61R	241-220-51-00		\$8,706.91	\$8,492.46	\$8,492.46
64	62R	241-220-52-00		\$8,706.91	\$8,492.46	\$8,492.46
65	63R	241-220-53-00		\$8,706.91	\$8,492.46	\$8,492.46
66	64R	241-220-54-00		\$8,706.91	\$8,492.46	\$8,492.46
67	65R	241-220-55-00		\$8,706.91	\$8,492.46	\$8,492.46
68	66R	241-220-56-00		\$8,706.91	\$8,492.46	\$8,492.46
69	67R	241-220-57-00		\$8,706.91	\$8,492.46	\$8,492.46
70	68R	241-220-58-00		\$8,706.91	\$8,492.46	\$8,492.46
74	72R	241-220-59-00		\$8,706.91	\$8,492.46	\$8,492.46
75	73R	241-220-60-00		\$8,706.91	\$8,492.46	\$8,492.46
76	74R	241-220-61-00		\$8,706.91	\$8,492.46	\$8,492.46
77	75R	241-220-62-00		\$8,706.91	\$8,492.46	\$8,492.46
78	76R	241-220-63-00		\$8,706.91	\$8,492.46	\$8,492.46
79	77R	241-220-64-00		\$8,706.91	\$8,492.46	\$8,492.46
80	78R	241-220-65-00		\$8,706.91	\$8,492.46	\$8,492.46
81	79R	241-220-66-00		\$8,706.91	\$8,492.46	\$8,492.46
82	80R	241-220-67-00		\$8,706.91	\$8,492.46	\$8,492.46
83	81R	241-220-68-00		\$8,706.91	\$8,492.46	\$8,492.46
84	82R	241-220-69-00		\$8,706.91	\$8,492.46	\$8,492.46
85	83R	241-220-70-00		\$8,706.91	\$8,492.46	\$8,492.46
86	84R	241-220-71-00		\$8,706.91	\$8,492.46	\$8,492.46
87	85R	241-220-72-00		\$8,706.91	\$8,492.46	\$8,492.46
88	86R	241-220-73-00		\$8,706.91	\$8,492.46	\$8,492.46
89	87R	241-220-74-00		\$8,706.91	\$8,492.46	\$8,492.46
90	88R	241-220-75-00		\$8,706.91	\$8,492.46	\$8,492.46
91	89R	241-220-76-00		\$8,706.91	\$8,492.46	\$8,492.46
92	90R	241-220-77-00		\$8,706.91	\$8,492.46	\$8,492.46
93	91R	241-220-78-00		\$0.00	\$0.00	\$0.00
96	94R	241-220-79-00		\$0.00	\$0.00	\$0.00
95	93R	241-220-80-00		\$0.00	\$0.00	\$0.00
94	92R	241-220-81-00		\$0.00	\$0.00	\$0.00
155	153R	241-230-01-00		\$8,706.91	\$8,492.46	\$8,492.46
156	154R	241-230-02-00		\$8,706.91	\$8,492.46	\$8,492.46
157	155R	241-230-03-00		\$8,706.91	\$8,492.46	\$8,492.46

City of Escondido
Reassessment District No. 98-1
(Rancho San Pasqual)
Reassessment Roll

Amended Assessment Number	Reassessment Number	Assessor's Parcel Number	Additional Identification	Original Assessment Amount	Outstanding Assessment Amount	Reassessment Amount
158	156R	241-230-04-00		\$8,706.91	\$8,492.46	\$8,492.46
159	157R	241-230-05-00		\$8,706.91	\$8,492.46	\$8,492.46
160	158R	241-230-06-00		\$8,706.91	\$8,492.46	\$8,492.46
161	159R	241-230-07-00		\$8,706.91	\$8,492.46	\$8,492.46
162	160R	241-230-08-00		\$8,706.91	\$8,492.46	\$8,492.46
163	161R	241-230-09-00		\$8,706.91	\$8,492.46	\$8,492.46
164	162R	241-230-10-00		\$8,706.91	\$8,492.46	\$8,492.46
165	163R	241-230-11-00		\$8,706.91	\$8,492.46	\$8,492.46
166	164R	241-230-12-00		\$8,706.91	\$8,492.46	\$8,492.46
167	165R	241-230-13-00		\$8,706.91	\$8,492.46	\$8,492.46
168	166R	241-230-14-00		\$8,706.91	\$8,492.46	\$8,492.46
169	167R	241-230-15-00		\$8,706.91	\$8,492.46	\$8,492.46
170	168R	241-230-16-00		\$8,706.91	\$8,492.46	\$8,492.46
171	169R	241-230-17-00		\$8,706.91	\$8,492.46	\$8,492.46
172	170R	241-230-18-00		\$8,706.91	\$8,492.46	\$8,492.46
173	171R	241-230-19-00		\$8,706.91	\$8,492.46	\$8,492.46
174	172R	241-230-20-00		\$8,706.91	\$8,492.46	\$8,492.46
175	173R	241-230-21-00		\$8,706.91	\$8,492.46	\$8,492.46
176	174R	241-230-22-00		\$8,706.91	\$8,492.46	\$8,492.46
193	191R	241-230-23-00		\$0.00	\$0.00	\$0.00
177	175R	241-230-24-00		\$8,706.91	\$8,492.46	\$8,492.46
178	176R	241-230-25-00		\$8,706.91	\$8,492.46	\$8,492.46
179	177R	241-230-26-00		\$8,706.91	\$8,492.46	\$8,492.46
180	178R	241-230-27-00		\$8,706.91	\$8,492.46	\$8,492.46
181	179R	241-230-28-00		\$8,706.91	\$0.00	\$0.00
182	180R	241-230-29-00		\$8,706.91	\$8,492.46	\$8,492.46
183	181R	241-230-30-00		\$8,706.91	\$8,492.46	\$8,492.46
184	182R	241-230-31-00		\$8,706.91	\$8,492.46	\$8,492.46
185	183R	241-230-32-00		\$8,706.91	\$8,492.46	\$8,492.46
186	184R	241-230-33-00		\$8,706.91	\$8,492.46	\$8,492.46
187	185R	241-230-34-00		\$8,706.91	\$8,492.46	\$8,492.46
188	186R	241-230-35-00		\$8,706.91	\$8,492.46	\$8,492.46
189	187R	241-230-36-00		\$8,706.91	\$8,492.46	\$8,492.46
190	188R	241-230-37-00		\$8,706.91	\$8,492.46	\$8,492.46
191	189R	241-230-38-00		\$8,706.91	\$8,492.46	\$8,492.46
192	190R	241-230-39-00		\$0.00	\$0.00	\$0.00
194	192R	241-240-01-00		\$8,706.91	\$8,492.46	\$8,492.46
195	193R	241-240-02-00		\$8,706.91	\$8,492.46	\$8,492.46
196	194R	241-240-03-00		\$8,706.91	\$8,492.46	\$8,492.46
197	195R	241-240-04-00		\$8,706.91	\$8,492.46	\$8,492.46
198	196R	241-240-05-00		\$8,706.91	\$8,492.46	\$8,492.46
199	197R	241-240-06-00		\$8,706.91	\$8,492.46	\$8,492.46
200	198R	241-240-07-00		\$8,706.91	\$8,492.46	\$8,492.46
201	199R	241-240-08-00		\$8,706.91	\$8,492.46	\$8,492.46
202	200R	241-240-09-00		\$8,706.91	\$8,492.46	\$8,492.46
203	201R	241-240-10-00		\$8,706.91	\$8,492.46	\$8,492.46
204	202R	241-240-11-00		\$8,706.91	\$8,492.46	\$8,492.46
205	203R	241-240-12-00		\$8,706.91	\$8,492.46	\$8,492.46
206	204R	241-240-13-00		\$8,706.91	\$8,492.46	\$8,492.46
207	205R	241-240-14-00		\$8,706.91	\$8,492.46	\$8,492.46
208	206R	241-240-15-00		\$8,706.91	\$8,492.46	\$8,492.46
209	207R	241-240-16-00		\$8,706.91	\$8,492.46	\$8,492.46

**City of Escondido
Reassessment District No. 98-1
(Rancho San Pasqual)
Reassessment Roll**

Amended Assessment Number	Reassessment Number	Assessor's Parcel Number	Additional Identification	Original Assessment Amount	Outstanding Assessment Amount	Reassessment Amount
210	208R	241-240-17-00		\$8,706.91	\$8,492.46	\$8,492.46
211	209R	241-240-18-00		\$8,706.91	\$8,492.46	\$8,492.46
212	210R	241-240-19-00		\$8,706.91	\$8,492.46	\$8,492.46
213	211R	241-240-20-00		\$8,706.91	\$8,492.46	\$8,492.46
214	212R	241-240-21-00		\$0.00	\$0.00	\$0.00
215	213R	241-240-22-00		\$8,706.91	\$8,492.46	\$8,492.46
216	214R	241-240-23-00		\$8,706.91	\$8,492.46	\$8,492.46
217	215R	241-240-24-00		\$8,706.91	\$8,492.46	\$8,492.46
218	216R	241-240-25-00		\$8,706.91	\$8,492.46	\$8,492.46
219	217R	241-240-26-00		\$8,706.91	\$8,492.46	\$8,492.46
220	218R	241-240-27-00		\$8,706.91	\$8,492.46	\$8,492.46
221	219R	241-240-28-00		\$8,706.91	\$8,492.46	\$8,492.46
222	220R	241-240-29-00		\$8,706.91	\$8,492.46	\$8,492.46
223	221R	241-240-30-00		\$0.00	\$0.00	\$0.00
224	222R	241-241-01-00		\$8,706.91	\$8,492.46	\$8,492.46
225	223R	241-241-02-00		\$8,706.91	\$8,492.46	\$8,492.46
226	224R	241-241-03-00		\$8,706.91	\$8,492.46	\$8,492.46
227	225R	241-241-04-00		\$8,706.91	\$8,492.46	\$8,492.46
228	226R	241-241-05-00		\$8,706.91	\$8,492.46	\$8,492.46
229	227R	241-241-06-00		\$8,706.91	\$8,492.46	\$8,492.46
230	228R	241-241-07-00		\$8,706.91	\$8,492.46	\$8,492.46
231	229R	241-241-08-00		\$8,706.91	\$8,492.46	\$8,492.46
232	230R	241-241-09-00		\$8,706.91	\$8,492.46	\$8,492.46
233	231R	241-241-10-00		\$8,706.91	\$8,492.46	\$8,492.46
234	232R	241-241-11-00		\$8,706.91	\$8,492.46	\$8,492.46
235	233R	241-241-12-00		\$8,706.91	\$8,492.46	\$8,492.46
236	234R	241-241-13-00		\$8,706.91	\$8,492.46	\$8,492.46
237	235R	241-241-14-00		\$8,706.91	\$8,492.46	\$8,492.46
238	236R	241-241-15-00		\$8,706.91	\$8,492.46	\$8,492.46
239	237R	241-241-16-00		\$8,706.91	\$8,492.46	\$8,492.46
240	238R	241-241-17-00		\$8,706.91	\$8,492.46	\$8,492.46
241	239R	241-241-18-00		\$8,706.91	\$8,492.46	\$8,492.46
242	240R	241-241-19-00		\$8,706.91	\$8,492.46	\$8,492.46
243	241R	241-241-20-00		\$8,706.91	\$8,492.46	\$8,492.46
244	242R	241-241-21-00		\$8,706.91	\$8,492.46	\$8,492.46
245	243R	241-242-01-00		\$8,706.91	\$8,492.46	\$8,492.46
246	244R	241-242-02-00		\$8,706.91	\$8,492.46	\$8,492.46
247	245R	241-242-03-00		\$8,706.91	\$8,492.46	\$8,492.46
248	246R	241-242-04-00		\$8,706.91	\$0.00	\$0.00
249	247R	241-242-05-00		\$8,706.91	\$8,492.46	\$8,492.46
250	248R	241-242-06-00		\$8,706.91	\$8,492.46	\$8,492.46
251	249R	241-242-07-00		\$8,706.91	\$8,492.46	\$8,492.46
252	250R	241-242-08-00		\$8,706.91	\$8,492.46	\$8,492.46
253	251R	241-242-09-00		\$8,706.91	\$8,492.46	\$8,492.46
254	252R	241-242-10-00		\$8,706.91	\$8,492.46	\$8,492.46
255	253R	241-242-11-00		\$8,706.91	\$8,492.46	\$8,492.46
256	254R	241-242-12-00		\$8,706.91	\$8,492.46	\$8,492.46
257	255R	241-242-13-00		\$8,706.91	\$8,492.46	\$8,492.46
258	256R	241-242-14-00		\$8,706.91	\$8,492.46	\$8,492.46
259	257R	241-242-15-00		\$8,706.91	\$8,492.46	\$8,492.46
260	258R	241-242-16-00		\$8,706.91	\$8,492.46	\$8,492.46
261	259R	241-242-17-00		\$8,706.91	\$8,492.46	\$8,492.46

**City of Escondido
Reassessment District No. 98-1
(Rancho San Pasqual)
Reassessment Roll**

Amended Assessment Number	Reassessment Number	Assessor's Parcel Number	Additional Identification	Original Assessment Amount	Outstanding Assessment Amount	Reassessment Amount
262	260R	241-242-18-00		\$8,706.91	\$8,492.46	\$8,492.46
263	261R	241-242-19-00		\$8,706.91	\$8,492.46	\$8,492.46
264	262R	241-242-20-00		\$8,706.91	\$8,492.46	\$8,492.46
265	263R	241-242-21-00		\$8,706.91	\$8,492.46	\$8,492.46
266	264R	241-242-22-00		\$8,706.91	\$8,492.46	\$8,492.46
267	265R	241-242-23-00		\$8,706.91	\$8,492.46	\$8,492.46
268	266R	241-250-01-00		\$8,706.91	\$8,492.46	\$8,492.46
269	267R	241-250-02-00		\$8,706.91	\$8,492.46	\$8,492.46
270	268R	241-250-03-00		\$8,706.91	\$8,492.46	\$8,492.46
271	269R	241-250-04-00		\$8,706.91	\$8,492.46	\$8,492.46
272	270R	241-250-05-00		\$8,706.91	\$8,492.46	\$8,492.46
273	271R	241-250-06-00		\$8,706.91	\$8,492.46	\$8,492.46
274	272R	241-250-07-00		\$8,706.91	\$8,492.46	\$8,492.46
275	273R	241-250-08-00		\$8,706.91	\$8,492.46	\$8,492.46
276	274R	241-250-09-00		\$8,706.91	\$8,492.46	\$8,492.46
277	275R	241-250-10-00		\$8,706.91	\$8,492.46	\$8,492.46
278	276R	241-250-11-00		\$8,706.91	\$8,492.46	\$8,492.46
279	277R	241-250-12-00		\$8,706.91	\$8,492.46	\$8,492.46
280	278R	241-250-13-00		\$8,706.91	\$8,492.46	\$8,492.46
281	279R	241-250-14-00		\$8,706.91	\$8,492.46	\$8,492.46
282	280R	241-250-15-00		\$0.00	\$0.00	\$0.00
283	281R	241-250-16-00		\$8,706.91	\$8,492.46	\$8,492.46
284	282R	241-250-17-00		\$8,706.91	\$8,492.46	\$8,492.46
285	283R	241-250-18-00		\$8,706.91	\$8,492.46	\$8,492.46
286	284R	241-250-19-00		\$8,706.91	\$8,492.46	\$8,492.46
287	285R	241-250-20-00		\$8,706.91	\$8,492.46	\$8,492.46
288	286R	241-250-21-00		\$8,706.91	\$8,492.46	\$8,492.46
289	287R	241-250-22-00		\$8,706.91	\$8,492.46	\$8,492.46
290	288R	241-250-23-00		\$8,706.91	\$8,492.46	\$8,492.46
291	289R	241-250-24-00		\$8,706.91	\$8,492.46	\$8,492.46
292	290R	241-250-25-00		\$8,706.91	\$8,492.46	\$8,492.46
293	291R	241-250-26-00		\$8,706.91	\$8,492.46	\$8,492.46
294	292R	241-250-27-00		\$8,706.91	\$8,492.46	\$8,492.46
295	293R	241-250-28-00		\$8,706.91	\$8,492.46	\$8,492.46
296	294R	241-250-29-00		\$8,706.91	\$8,492.46	\$8,492.46
297	295R	241-250-30-00		\$8,706.91	\$8,492.46	\$8,492.46
298	296R	241-250-31-00		\$8,706.91	\$8,492.46	\$8,492.46
299	297R	241-250-32-00		\$8,706.91	\$8,492.46	\$8,492.46
300	298R	241-250-33-00		\$8,706.91	\$8,492.46	\$8,492.46
301	299R	241-250-34-00		\$8,706.91	\$8,492.46	\$8,492.46
302	300R	241-250-35-00		\$8,706.91	\$8,492.46	\$8,492.46
303	301R	241-250-36-00		\$8,706.91	\$8,492.46	\$8,492.46
304	302R	241-250-37-00		\$8,706.91	\$8,492.46	\$8,492.46
305	303R	241-250-38-00		\$8,706.91	\$8,492.46	\$8,492.46
306	304R	241-250-39-00		\$8,706.91	\$8,492.46	\$8,492.46
307	305R	241-250-40-00		\$8,706.91	\$8,492.46	\$8,492.46
308	306R	241-250-41-00		\$8,706.91	\$8,492.46	\$8,492.46
309	307R	241-250-42-00		\$8,706.91	\$8,492.46	\$8,492.46
310	308R	241-250-43-00		\$8,706.91	\$8,492.46	\$8,492.46
311	309R	241-250-44-00		\$8,706.91	\$8,492.46	\$8,492.46
312	310R	241-250-45-00		\$8,706.91	\$8,492.46	\$8,492.46
313	311R	241-250-46-00		\$8,706.91	\$8,492.46	\$8,492.46

**City of Escondido
Reassessment District No. 98-1
(Rancho San Pasqual)
Reassessment Roll**

Amended Assessment Number	Reassessment Number	Assessor's Parcel Number	Additional Identification	Original Assessment Amount	Outstanding Assessment Amount	Reassessment Amount
314	312R	241-250-47-00		\$8,706.91	\$8,492.46	\$8,492.46
315	313R	241-250-48-00		\$8,706.91	\$8,492.46	\$8,492.46
316	314R	241-250-49-00		\$8,706.91	\$8,492.46	\$8,492.46
317	315R	241-250-50-00		\$8,706.91	\$8,492.46	\$8,492.46
318	316R	241-250-51-00		\$8,706.91	\$8,492.46	\$8,492.46
319	317R	241-250-52-00		\$8,706.91	\$8,492.46	\$8,492.46
320	318R	241-250-53-00		\$8,706.91	\$8,492.46	\$8,492.46
321	319R	241-250-54-00		\$0.00	\$0.00	\$0.00
322	320R	241-251-01-00		\$8,706.91	\$8,492.46	\$8,492.46
323	321R	241-251-02-00		\$8,706.91	\$8,492.46	\$8,492.46
324	322R	241-251-03-00		\$8,706.91	\$8,492.46	\$8,492.46
325	323R	241-251-04-00		\$8,706.91	\$8,492.46	\$8,492.46
326	324R	241-251-05-00		\$8,706.91	\$8,492.46	\$8,492.46
327	325R	241-251-06-00		\$8,706.91	\$8,492.46	\$8,492.46
328	326R	241-251-07-00		\$8,706.91	\$8,492.46	\$8,492.46
329	327R	241-251-08-00		\$8,706.91	\$8,492.46	\$8,492.46
330	328R	241-251-09-00		\$8,706.91	\$8,492.46	\$8,492.46
331	329R	241-251-10-00		\$8,706.91	\$8,492.46	\$8,492.46
332	330R	241-251-11-00		\$8,706.91	\$8,492.46	\$8,492.46
333	331R	241-251-12-00		\$8,706.91	\$8,492.46	\$8,492.46
334	332R	241-251-13-00		\$8,706.91	\$8,492.46	\$8,492.46
335	333R	241-251-14-00		\$8,706.91	\$8,492.46	\$8,492.46
336	334R	241-251-15-00		\$8,706.91	\$8,492.46	\$8,492.46
337	335R	241-251-16-00		\$8,706.91	\$8,492.46	\$8,492.46
338	336R	241-251-17-00		\$8,706.91	\$8,492.46	\$8,492.46
339	337R	241-251-18-00		\$8,706.91	\$8,492.46	\$8,492.46
340	338R	241-251-19-00		\$8,706.91	\$8,492.46	\$8,492.46
341	339R	241-251-20-00		\$8,706.91	\$8,492.46	\$8,492.46
342	340R	241-251-21-00		\$8,706.91	\$8,492.46	\$8,492.46
343	341R	241-251-22-00		\$8,706.91	\$8,492.46	\$8,492.46
344	342R	241-251-23-00		\$8,706.91	\$8,492.46	\$8,492.46
345	343R	241-251-24-00		\$8,706.91	\$8,492.46	\$8,492.46
346	344R	241-251-25-00		\$8,706.91	\$8,492.46	\$8,492.46
347	345R	241-251-26-00		\$0.00	\$0.00	\$0.00
348	346R	241-260-01-00		\$8,706.91	\$8,492.46	\$8,492.46
349	347R	241-260-02-00		\$8,706.91	\$8,492.46	\$8,492.46
350	348R	241-260-03-00		\$8,706.91	\$8,492.46	\$8,492.46
351	349R	241-260-04-00		\$8,706.91	\$8,492.46	\$8,492.46
352	350R	241-260-05-00		\$8,706.91	\$8,492.46	\$8,492.46
353	351R	241-260-06-00		\$8,706.91	\$8,492.46	\$8,492.46
354	352R	241-260-07-00		\$8,706.91	\$8,492.46	\$8,492.46
355	353R	241-260-08-00		\$8,706.91	\$8,492.46	\$8,492.46
356	354R	241-260-09-00		\$8,706.91	\$8,492.46	\$8,492.46
357	355R	241-260-10-00		\$8,706.91	\$8,492.46	\$8,492.46
358	356R	241-260-11-00		\$8,706.91	\$8,492.46	\$8,492.46
359	357R	241-260-12-00		\$8,706.91	\$8,492.46	\$8,492.46
360	358R	241-260-13-00		\$8,706.91	\$8,492.46	\$8,492.46
361	359R	241-260-14-00		\$8,706.91	\$8,492.46	\$8,492.46
362	360R	241-260-15-00		\$8,706.91	\$8,492.46	\$8,492.46
363	361R	241-260-16-00		\$8,706.91	\$8,492.46	\$8,492.46
364	362R	241-260-17-00		\$8,706.91	\$8,492.46	\$8,492.46
365	363R	241-260-18-00		\$8,706.91	\$8,492.46	\$8,492.46

**City of Escondido
Reassessment District No. 98-1
(Rancho San Pasqual)
Reassessment Roll**

Amended Assessment Number	Reassessment Number	Assessor's Parcel Number	Additional Identification	Original Assessment Amount	Outstanding Assessment Amount	Reassessment Amount
366	364R	241-260-19-00		\$8,706.91	\$8,492.46	\$8,492.46
367	365R	241-260-20-00		\$8,706.91	\$8,492.46	\$8,492.46
368	366R	241-260-21-00		\$8,706.91	\$8,492.46	\$8,492.46
369	367R	241-260-22-00		\$8,706.91	\$8,492.46	\$8,492.46
370	368R	241-260-23-00		\$8,706.91	\$8,492.46	\$8,492.46
371	369R	241-260-24-00		\$8,706.91	\$8,492.46	\$8,492.46
372	370R	241-260-25-00		\$8,706.91	\$8,492.46	\$8,492.46
373	371R	241-260-26-00		\$8,706.91	\$8,492.46	\$8,492.46
374	372R	241-260-27-00		\$8,706.91	\$8,492.46	\$8,492.46
375	373R	241-260-28-00		\$8,706.91	\$8,492.46	\$8,492.46
376	374R	241-260-29-00		\$8,706.91	\$8,492.46	\$8,492.46
377	375R	241-260-30-00		\$8,706.91	\$8,492.46	\$8,492.46
378	376R	241-260-31-00		\$8,706.91	\$8,492.46	\$8,492.46
379	377R	241-260-32-00		\$8,706.91	\$8,492.46	\$8,492.46
380	378R	241-260-33-00		\$8,706.91	\$8,492.46	\$8,492.46
381	379R	241-260-34-00		\$8,706.91	\$8,492.46	\$8,492.46
382	380R	241-260-35-00		\$8,706.91	\$8,492.46	\$8,492.46
383	381R	241-260-36-00		\$8,706.91	\$8,492.46	\$8,492.46
384	382R	241-260-37-00		\$8,706.91	\$8,492.46	\$8,492.46
385	383R	241-260-38-00		\$0.00	\$0.00	\$0.00
386	384R	241-260-39-00		\$0.00	\$0.00	\$0.00
387	385R	241-261-01-00		\$8,706.91	\$8,492.46	\$8,492.46
388	386R	241-261-02-00		\$8,706.91	\$8,492.46	\$8,492.46
389	387R	241-261-03-00		\$8,706.91	\$8,492.46	\$8,492.46
390	388R	241-261-04-00		\$8,706.91	\$8,492.46	\$8,492.46
391	389R	241-261-05-00		\$8,706.91	\$8,492.46	\$8,492.46
392	390R	241-261-06-00		\$8,706.91	\$8,492.46	\$8,492.46
393	391R	241-261-07-00		\$8,706.91	\$8,492.46	\$8,492.46
394	392R	241-261-08-00		\$8,706.91	\$8,492.46	\$8,492.46
395	393R	241-261-09-00		\$8,706.91	\$8,492.46	\$8,492.46
396	394R	241-261-10-00		\$8,706.91	\$8,492.46	\$8,492.46
397	395R	241-261-11-00		\$8,706.91	\$8,492.46	\$8,492.46
398	396R	241-261-12-00		\$8,706.91	\$8,492.46	\$8,492.46
399	397R	241-261-13-00		\$8,706.91	\$8,492.46	\$8,492.46
400	398R	241-261-14-00		\$8,706.91	\$8,492.46	\$8,492.46
401	399R	241-261-15-00		\$8,706.91	\$8,492.46	\$8,492.46
402	400R	241-261-16-00		\$8,706.91	\$8,492.46	\$8,492.46
403	401R	241-261-17-00		\$8,706.91	\$8,492.46	\$8,492.46
404	402R	241-261-18-00		\$8,706.91	\$8,492.46	\$8,492.46
405	403R	241-261-19-00		\$8,706.91	\$8,492.46	\$8,492.46
406	404R	241-261-20-00		\$8,706.91	\$8,492.46	\$8,492.46
407	405R	241-261-21-00		\$8,706.91	\$8,492.46	\$8,492.46
408	406R	241-261-22-00		\$8,706.91	\$8,492.46	\$8,492.46
409	407R	241-261-23-00		\$8,706.91	\$8,492.46	\$8,492.46
410	408R	241-261-24-00		\$8,706.91	\$8,492.46	\$8,492.46
411	409R	241-261-25-00		\$8,706.91	\$8,492.46	\$8,492.46
412	410R	241-261-26-00		\$8,706.91	\$8,492.46	\$8,492.46
413	411R	241-261-27-00		\$8,706.91	\$8,492.46	\$8,492.46
414	412R	241-261-28-00		\$8,706.91	\$8,492.46	\$8,492.46
415	413R	241-261-29-00		\$8,706.91	\$8,492.46	\$8,492.46
416	414R	241-261-30-00		\$8,706.91	\$8,492.46	\$8,492.46
417	415R	241-261-31-00		\$8,706.91	\$8,492.46	\$8,492.46

**City of Escondido
Reassessment District No. 98-1
(Rancho San Pasqual)
Reassessment Roll**

Amended Assessment Number	Reassessment Number	Assessor's Parcel Number	Additional Identification	Original Assessment Amount	Outstanding Assessment Amount	Reassessment Amount
418	416R	241-261-32-00		\$8,706.91	\$8,492.46	\$8,492.46
419	417R	241-261-33-00		\$8,706.91	\$8,492.46	\$8,492.46
420	418R	241-261-34-00		\$8,706.91	\$8,492.46	\$8,492.46
421	419R	241-261-35-00		\$8,706.91	\$8,492.46	\$8,492.46
422	420R	241-261-36-00		\$0.00	\$0.00	\$0.00
423	421R	241-261-37-00		\$0.00	\$0.00	\$0.00
424	422R	241-261-38-00		\$0.00	\$0.00	\$0.00
425	423R	241-261-39-00		\$0.00	\$0.00	\$0.00
426	424R	241-270-01-00		\$8,706.91	\$8,492.46	\$8,492.46
427	425R	241-270-02-00		\$8,706.91	\$8,492.46	\$8,492.46
428	426R	241-270-03-00		\$8,706.91	\$8,492.46	\$8,492.46
429	427R	241-270-04-00		\$8,706.91	\$8,492.46	\$8,492.46
430	428R	241-270-05-00		\$8,706.91	\$8,492.46	\$8,492.46
431	429R	241-270-06-00		\$8,706.91	\$8,492.46	\$8,492.46
432	430R	241-270-07-00		\$8,706.91	\$8,492.46	\$8,492.46
433	431R	241-270-08-00		\$8,706.91	\$8,492.46	\$8,492.46
434	432R	241-270-09-00		\$8,706.91	\$8,492.46	\$8,492.46
435	433R	241-270-10-00		\$8,706.91	\$8,492.46	\$8,492.46
436	434R	241-270-11-00		\$8,706.91	\$8,492.46	\$8,492.46
437	435R	241-270-12-00		\$8,706.91	\$8,492.46	\$8,492.46
438	436R	241-270-13-00		\$8,706.91	\$8,492.46	\$8,492.46
439	437R	241-270-14-00		\$8,706.91	\$8,492.46	\$8,492.46
440	438R	241-270-15-00		\$8,706.91	\$8,492.46	\$8,492.46
441	439R	241-270-16-00		\$8,706.91	\$8,492.46	\$8,492.46
442	440R	241-270-17-00		\$8,706.91	\$8,492.46	\$8,492.46
443	441R	241-270-18-00		\$8,706.91	\$8,492.46	\$8,492.46
444	442R	241-270-19-00		\$8,706.91	\$8,492.46	\$8,492.46
445	443R	241-270-20-00		\$8,706.91	\$8,492.46	\$8,492.46
446	444R	241-270-21-00		\$8,706.91	\$8,492.46	\$8,492.46
447	445R	241-270-22-00		\$8,706.91	\$8,492.46	\$8,492.46
448	446R	241-270-23-00		\$8,706.91	\$8,492.46	\$8,492.46
449	447R	241-270-24-00		\$8,706.91	\$8,492.46	\$8,492.46
450	448R	241-270-25-00		\$8,706.91	\$8,492.46	\$8,492.46
451	449R	241-270-26-00		\$8,706.91	\$8,492.46	\$8,492.46
452	450R	241-270-27-00		\$8,706.91	\$8,492.46	\$8,492.46
453	451R	241-270-28-00		\$8,706.91	\$8,492.46	\$8,492.46
454	452R	241-270-29-00		\$8,706.91	\$8,492.46	\$8,492.46
455	453R	241-270-30-00		\$8,706.91	\$8,492.46	\$8,492.46
456	454R	241-270-31-00		\$8,706.91	\$8,492.46	\$8,492.46
457	455R	241-270-32-00		\$8,706.91	\$8,492.46	\$8,492.46
458	456R	241-270-33-00		\$8,706.91	\$8,492.46	\$8,492.46
459	457R	241-270-34-00		\$8,706.91	\$8,492.46	\$8,492.46
460	458R	241-270-35-00		\$8,706.91	\$8,492.46	\$8,492.46
461	459R	241-270-36-00		\$8,706.91	\$8,492.46	\$8,492.46
462	460R	241-270-37-00		\$0.00	\$0.00	\$0.00
463	461R	241-270-38-00		\$0.00	\$0.00	\$0.00
464	462R	241-280-01-00		\$8,706.91	\$8,492.46	\$8,492.46
465	463R	241-280-02-00		\$8,706.91	\$8,492.46	\$8,492.46
466	464R	241-280-03-00		\$8,706.91	\$8,492.46	\$8,492.46
467	465R	241-280-04-00		\$8,706.91	\$8,492.46	\$8,492.46
468	466R	241-280-05-00		\$8,706.91	\$8,492.46	\$8,492.46
469	467R	241-280-06-00		\$8,706.91	\$8,492.46	\$8,492.46

**City of Escondido
Reassessment District No. 98-1
(Rancho San Pasqual)
Reassessment Roll**

Amended Assessment Number	Reassessment Number	Assessor's Parcel Number	Additional Identification	Original Assessment Amount	Outstanding Assessment Amount	Reassessment Amount
470	468R	241-280-07-00		\$8,706.91	\$8,492.46	\$8,492.46
471	469R	241-280-08-00		\$8,706.91	\$8,492.46	\$8,492.46
472	470R	241-280-09-00		\$8,706.91	\$8,492.46	\$8,492.46
473	471R	241-280-10-00		\$8,706.91	\$8,492.46	\$8,492.46
474	472R	241-280-11-00		\$0.00	\$0.00	\$0.00
475	473R	241-280-12-00		\$0.00	\$0.00	\$0.00
476	474R	241-280-13-00		\$8,706.91	\$8,492.46	\$8,492.46
477	475R	241-280-14-00		\$8,706.91	\$8,492.46	\$8,492.46
478	476R	241-280-15-00		\$8,706.91	\$8,492.46	\$8,492.46
479	477R	241-280-16-00		\$8,706.91	\$8,492.46	\$8,492.46
480	478R	241-280-17-00		\$8,706.91	\$8,492.46	\$8,492.46
481	479R	241-280-18-00		\$8,706.91	\$8,492.46	\$8,492.46
482	480R	241-280-19-00		\$8,706.91	\$8,492.46	\$8,492.46
483	481R	241-280-20-00		\$8,706.91	\$8,492.46	\$8,492.46
484	482R	241-280-21-00		\$8,706.91	\$8,492.46	\$8,492.46
485	483R	241-280-22-00		\$8,706.91	\$8,492.46	\$8,492.46
486	484R	241-280-23-00		\$0.00	\$0.00	\$0.00
487	485R	241-280-24-00		\$0.00	\$0.00	\$0.00
488	486R		Lot 312 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
489	487R		Lot 313 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
490	488R		Lot 314 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
491	489R		Lot 315 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
492	490R		Lot 316 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
493	491R		Lot 317 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
494	492R		Lot 318 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
495	493R		Lot 319 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
496	494R		Lot 320 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
497	495R		Lot 321 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
498	496R		Lot 322 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
499	497R		Lot 323 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
500	498R		Lot 324 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
501	499R		Lot 521 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
502	500R		Lot 522 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
503	501R		Lot 523 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
511	509R		Lot 328 Map 13547	\$0.00	\$0.00	\$0.00
504	502R		Lot 524 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
505	503R		Lot 525 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
506	504R		Lot 526 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
507	505R		Lot 527 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
508	506R		Lot 528 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
509	507R		Lot 529 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
510	508R		Lot 530 Map 13547	\$8,706.91	\$8,492.46	\$8,492.46
Total				\$5,277,442.32	\$5,105,000.00	\$5,105,000.00

ASSESSMENT ENGINEER'S "REPORT"

PART VI

Auditor's Report for the Refunding District

The complete Auditor's Report which contains an Auditor's Record for each assessment has been bound separately due to size. The following is a summary of the information.

The Reassessment District is comprised of 486 assessor parcels and 510 distinct assessments. There are four unique types of assessments. For each type of assessment, the reassessment amount is shown in the table below:

Summary of Reassessments

<u>Assessment Type</u>	<u>Number of Lots</u>	<u>Reassessment Amount</u>
Golf Course Club House	1	\$221,835.50
Future Developable Parcel	1	\$951,155.52
Single Family Lots	463	\$3,932,008.98
Zero Assessments (Open Space/Streets)	45	\$0.00
Total:	510	\$5,105,000.00

Following is an Auditor's Record for each of the four types of assessments listed above and a sample single family lot assessment. An Auditor's Record identifies the outstanding unpaid assessment, and shows a schedule of the payment of principal and interest.

CITY OF ESCONDIDO
 Reassessment District No. 98-1
Refunding Auditor's Record

Reassessment Number: 1R
 Assessor's Parcel(s): 240-250-06-00

Original Reassessment: \$951,155.52

Tax Year	Outstanding Principal (Prior to Levy)	Principal Due	Interest Due	Total Debt Service	Outstanding Principal (Subsequent to Levy)
1998/99	\$951,155.52	\$14,905.47	\$52,852.64	\$67,758.11	\$936,250.05
1999/00	\$936,250.05	\$16,768.66	\$51,517.51	\$68,286.17	\$919,481.39
2000/01	\$919,481.39	\$17,700.25	\$50,804.84	\$68,505.09	\$901,781.14
2001/02	\$901,781.14	\$17,700.25	\$50,008.33	\$67,708.58	\$884,080.89
2002/03	\$884,080.89	\$17,700.25	\$49,194.12	\$66,894.37	\$866,380.64
2003/04	\$866,380.64	\$19,563.43	\$48,362.21	\$67,925.64	\$846,817.21
2004/05	\$846,817.21	\$20,495.03	\$47,413.38	\$67,908.41	\$826,322.18
2005/06	\$826,322.18	\$22,358.21	\$46,388.63	\$68,746.84	\$803,963.97
2006/07	\$803,963.97	\$23,289.80	\$45,248.36	\$68,538.16	\$780,674.17
2007/08	\$780,674.17	\$24,221.39	\$44,037.29	\$68,258.68	\$756,452.78
2008/09	\$756,452.78	\$25,152.99	\$42,753.56	\$67,906.55	\$731,299.79
2009/10	\$731,299.79	\$27,016.17	\$41,407.87	\$68,424.04	\$704,283.62
2010/11	\$704,283.62	\$28,879.35	\$39,949.00	\$68,828.35	\$675,404.27
2011/12	\$675,404.27	\$29,810.95	\$38,375.07	\$68,186.02	\$645,593.32
2012/13	\$645,593.32	\$31,674.13	\$36,735.47	\$68,409.60	\$613,919.19
2013/14	\$613,919.19	\$33,537.32	\$34,993.39	\$68,530.71	\$580,381.87
2014/15	\$580,381.87	\$35,400.50	\$33,081.77	\$68,482.27	\$544,981.37
2015/16	\$544,981.37	\$35,400.50	\$31,063.94	\$66,464.44	\$509,580.87
2016/17	\$509,580.87	\$39,126.87	\$29,046.11	\$68,172.98	\$470,454.00
2017/18	\$470,454.00	\$41,921.64	\$26,815.88	\$68,737.52	\$428,532.36
2018/19	\$428,532.36	\$43,784.83	\$24,426.34	\$68,211.17	\$384,747.53
2019/20	\$384,747.53	\$46,579.60	\$21,930.61	\$68,510.21	\$338,167.93
2020/21	\$338,167.93	\$49,374.38	\$19,275.57	\$68,649.95	\$288,793.55
2021/22	\$288,793.55	\$51,237.56	\$16,461.23	\$67,698.79	\$237,555.99
2022/23	\$237,555.99	\$54,963.93	\$13,540.69	\$68,504.62	\$182,592.06
2023/24	\$182,592.06	\$57,758.71	\$10,407.75	\$68,166.46	\$124,833.35
2024/25	\$124,833.35	\$60,553.49	\$7,115.50	\$67,668.99	\$64,279.86
2025/26	\$64,279.86	\$64,279.86	\$3,663.95	\$67,943.81	\$0.00
Total:	\$0.00	\$951,155.52	\$956,871.01	\$1,908,026.53	

CITY OF ESCONDIDO
Reassessment District No. 98-1
Refunding Auditor's Record

Reassessment Number: 7R Original Reassessment: \$221,835.50
Assessor's Parcel(s): 241-202-14-00

Tax Year	Outstanding Principal (Prior to Levy)	Principal Due	Interest Due	Total Debt Service	Outstanding Principal (Subsequent to Levy)
1998/99	\$221,835.50	\$3,476.36	\$12,326.68	\$15,803.04	\$218,359.14
1999/00	\$218,359.14	\$3,910.91	\$12,015.29	\$15,926.20	\$214,448.23
2000/01	\$214,448.23	\$4,128.18	\$11,849.08	\$15,977.26	\$210,320.05
2001/02	\$210,320.05	\$4,128.18	\$11,663.31	\$15,791.49	\$206,191.87
2002/03	\$206,191.87	\$4,128.18	\$11,473.41	\$15,601.59	\$202,063.69
2003/04	\$202,063.69	\$4,562.73	\$11,279.39	\$15,842.12	\$197,500.96
2004/05	\$197,500.96	\$4,780.00	\$11,058.10	\$15,838.10	\$192,720.96
2005/06	\$192,720.96	\$5,214.55	\$10,819.10	\$16,033.65	\$187,506.41
2006/07	\$187,506.41	\$5,431.82	\$10,553.16	\$15,984.98	\$182,074.59
2007/08	\$182,074.59	\$5,649.09	\$10,270.70	\$15,919.79	\$176,425.50
2008/09	\$176,425.50	\$5,866.36	\$9,971.30	\$15,837.66	\$170,559.14
2009/10	\$170,559.14	\$6,300.91	\$9,657.45	\$15,958.36	\$164,258.23
2010/11	\$164,258.23	\$6,735.46	\$9,317.20	\$16,052.66	\$157,522.77
2011/12	\$157,522.77	\$6,952.73	\$8,950.12	\$15,902.85	\$150,570.04
2012/13	\$150,570.04	\$7,387.27	\$8,567.72	\$15,954.99	\$143,182.77
2013/14	\$143,182.77	\$7,821.82	\$8,161.42	\$15,983.24	\$135,360.95
2014/15	\$135,360.95	\$8,256.37	\$7,715.57	\$15,971.94	\$127,104.58
2015/16	\$127,104.58	\$8,256.37	\$7,244.96	\$15,501.33	\$118,848.21
2016/17	\$118,848.21	\$9,125.46	\$6,774.35	\$15,899.81	\$109,722.75
2017/18	\$109,722.75	\$9,777.27	\$6,254.20	\$16,031.47	\$99,945.48
2018/19	\$99,945.48	\$10,211.82	\$5,696.89	\$15,908.71	\$89,733.66
2019/20	\$89,733.66	\$10,863.64	\$5,114.82	\$15,978.46	\$78,870.02
2020/21	\$78,870.02	\$11,515.46	\$4,495.59	\$16,011.05	\$67,354.56
2021/22	\$67,354.56	\$11,950.00	\$3,839.21	\$15,789.21	\$55,404.56
2022/23	\$55,404.56	\$12,819.09	\$3,158.06	\$15,977.15	\$42,585.47
2023/24	\$42,585.47	\$13,470.91	\$2,427.37	\$15,898.28	\$29,114.56
2024/25	\$29,114.56	\$14,122.73	\$1,659.53	\$15,782.26	\$14,991.83
2025/26	\$14,991.83	\$14,991.83	\$854.53	\$15,846.36	\$0.00
Total:	\$0.00	\$221,835.50	\$223,168.51	\$445,004.01	

CITY OF ESCONDIDO
 Reassessment District No. 98-1
Refunding Auditor's Record

Reassessment Number: 14R
 Assessor's Parcel(s): 241-220-01-00

Original Reassessment: \$8,492.46

Tax Year	Outstanding Principal (Prior to Levy)	Principal Due	Interest Due	Total Debt Service	Outstanding Principal (Subsequent to Levy)
1998/99	\$8,492.46	\$133.08	\$471.90	\$604.98	\$8,359.38
1999/00	\$8,359.38	\$149.72	\$459.98	\$609.70	\$8,209.66
2000/01	\$8,209.66	\$158.04	\$453.61	\$611.65	\$8,051.62
2001/02	\$8,051.62	\$158.04	\$446.50	\$604.54	\$7,893.58
2002/03	\$7,893.58	\$158.04	\$439.23	\$597.27	\$7,735.54
2003/04	\$7,735.54	\$174.67	\$431.81	\$606.48	\$7,560.87
2004/05	\$7,560.87	\$182.99	\$423.33	\$606.32	\$7,377.88
2005/06	\$7,377.88	\$199.63	\$414.18	\$613.81	\$7,178.25
2006/07	\$7,178.25	\$207.94	\$404.00	\$611.94	\$6,970.31
2007/08	\$6,970.31	\$216.26	\$393.19	\$609.45	\$6,754.05
2008/09	\$6,754.05	\$224.58	\$381.73	\$606.31	\$6,529.47
2009/10	\$6,529.47	\$241.22	\$369.71	\$610.93	\$6,288.25
2010/11	\$6,288.25	\$257.85	\$356.69	\$614.54	\$6,030.40
2011/12	\$6,030.40	\$266.17	\$342.63	\$608.80	\$5,764.23
2012/13	\$5,764.23	\$282.80	\$328.00	\$610.80	\$5,481.43
2013/14	\$5,481.43	\$299.44	\$312.44	\$611.88	\$5,181.99
2014/15	\$5,181.99	\$316.08	\$295.37	\$611.45	\$4,865.91
2015/16	\$4,865.91	\$316.08	\$277.36	\$593.44	\$4,549.83
2016/17	\$4,549.83	\$349.35	\$259.34	\$608.69	\$4,200.48
2017/18	\$4,200.48	\$374.30	\$239.43	\$613.73	\$3,826.18
2018/19	\$3,826.18	\$390.94	\$218.09	\$609.03	\$3,435.24
2019/20	\$3,435.24	\$415.89	\$195.81	\$611.70	\$3,019.35
2020/21	\$3,019.35	\$440.84	\$172.10	\$612.94	\$2,578.51
2021/22	\$2,578.51	\$457.48	\$146.98	\$604.46	\$2,121.03
2022/23	\$2,121.03	\$490.75	\$120.90	\$611.65	\$1,630.28
2023/24	\$1,630.28	\$515.70	\$92.93	\$608.63	\$1,114.58
2024/25	\$1,114.58	\$540.66	\$63.53	\$604.19	\$573.92
2025/26	\$573.92	\$573.92	\$32.71	\$606.63	\$0.00
Total:	\$0.00	\$8,492.46	\$8,543.48	\$17,035.94	

CITY OF ESCONDIDO
Reassessment District No. 98-1
Refunding Auditor's Record

Total Reassessments:	486	Aggregate Original Reassessments:	\$5,105,000.00
Total Parcels:	486		

Tax Year	Outstanding Principal (Prior to Levy)	Principal Due	Interest Due	Total Debt Service	Outstanding Principal (Subsequent to Levy)
1998/99	\$5,105,000.00	\$79,997.98	\$283,668.99	\$363,666.97	\$5,025,002.02
1999/00	\$5,025,002.02	\$89,999.93	\$276,503.49	\$366,503.42	\$4,935,002.09
2000/01	\$4,935,002.09	\$95,000.90	\$272,675.46	\$367,676.36	\$4,840,001.19
2001/02	\$4,840,001.19	\$95,000.90	\$268,401.21	\$363,402.11	\$4,745,000.29
2002/03	\$4,745,000.29	\$95,000.90	\$264,031.09	\$359,031.99	\$4,649,999.39
2003/04	\$4,649,999.39	\$104,998.45	\$259,569.52	\$364,567.97	\$4,545,000.94
2004/05	\$4,545,000.94	\$109,999.43	\$254,473.36	\$364,472.79	\$4,435,001.51
2005/06	\$4,435,001.51	\$120,001.38	\$248,973.17	\$368,974.55	\$4,315,000.13
2006/07	\$4,315,000.13	\$124,997.95	\$242,853.59	\$367,851.54	\$4,190,002.18
2007/08	\$4,190,002.18	\$129,998.92	\$236,354.96	\$366,353.88	\$4,060,003.26
2008/09	\$4,060,003.26	\$134,999.90	\$229,465.81	\$364,465.71	\$3,925,003.36
2009/10	\$3,925,003.36	\$145,001.84	\$222,241.12	\$367,242.96	\$3,780,001.52
2010/11	\$3,780,001.52	\$154,999.39	\$214,413.61	\$369,413.00	\$3,625,002.13
2011/12	\$3,625,002.13	\$160,000.37	\$205,962.99	\$365,963.36	\$3,465,001.76
2012/13	\$3,465,001.76	\$169,997.91	\$197,167.08	\$367,164.99	\$3,295,003.85
2013/14	\$3,295,003.85	\$179,999.87	\$187,814.55	\$367,814.42	\$3,115,003.98
2014/15	\$3,115,003.98	\$190,001.82	\$177,553.72	\$367,555.54	\$2,925,002.16
2015/16	\$2,925,002.16	\$190,001.82	\$166,726.50	\$356,728.32	\$2,735,000.34
2016/17	\$2,735,000.34	\$210,001.31	\$155,894.89	\$365,896.20	\$2,524,999.03
2017/18	\$2,524,999.03	\$224,999.82	\$143,926.11	\$368,925.93	\$2,299,999.21
2018/19	\$2,299,999.21	\$235,001.78	\$131,098.95	\$366,100.73	\$2,064,997.43
2019/20	\$2,064,997.43	\$250,000.29	\$117,705.44	\$367,705.73	\$1,814,997.14
2020/21	\$1,814,997.14	\$264,998.82	\$103,453.54	\$368,452.36	\$1,549,998.32
2021/22	\$1,549,998.32	\$275,000.76	\$88,352.07	\$363,352.83	\$1,274,997.56
2022/23	\$1,274,997.56	\$295,000.26	\$72,675.43	\$367,675.69	\$979,997.30
2023/24	\$979,997.30	\$309,998.78	\$55,861.63	\$365,860.41	\$669,998.52
2024/25	\$669,998.52	\$325,001.71	\$38,189.45	\$363,191.16	\$344,996.81
2025/26	\$344,996.81	\$344,996.81	\$19,663.30	\$364,660.11	\$0.00
Total:	\$0.00	\$5,105,000.00	\$5,135,671.03	\$10,240,671.03	

REFUNDING AND REASSESSMENT ENGINEER'S "REPORT"

PART VII

Reassessment Diagram

REASSESSMENT DIAGRAM REASSESSMENT DISTRICT NO. 98-1 (RANCHO SAN PASQUAL)

CITY OF ESCONDIDO
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA

INDEX MAP

A REASSESSMENT WAS LEVIED BY THE CITY COUNCIL ON THE LOTS, PIECES AND PARCELS OF LAND SHOWN ON THIS REASSESSMENT DIAGRAM, SAID REASSESSMENT WAS LEVIED ON THE _____ DAY OF _____ 1998. SAID REASSESSMENT DIAGRAM AND REASSESSMENT ROLL WERE RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS OF SAID CITY ON THE _____ DAY OF _____ 1998. REFERENCE IS MADE TO THE REASSESSMENT ROLL RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS FOR THE EXACT AMOUNT OF EACH REASSESSMENT LEVIED AGAINST EACH PARCEL OF LAND SHOWN ON THIS REASSESSMENT DIAGRAM.

CITY CLERK
CITY OF ESCONDIDO
STATE OF CALIFORNIA

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF ESCONDIDO
THIS _____ DAY OF _____ 1998.

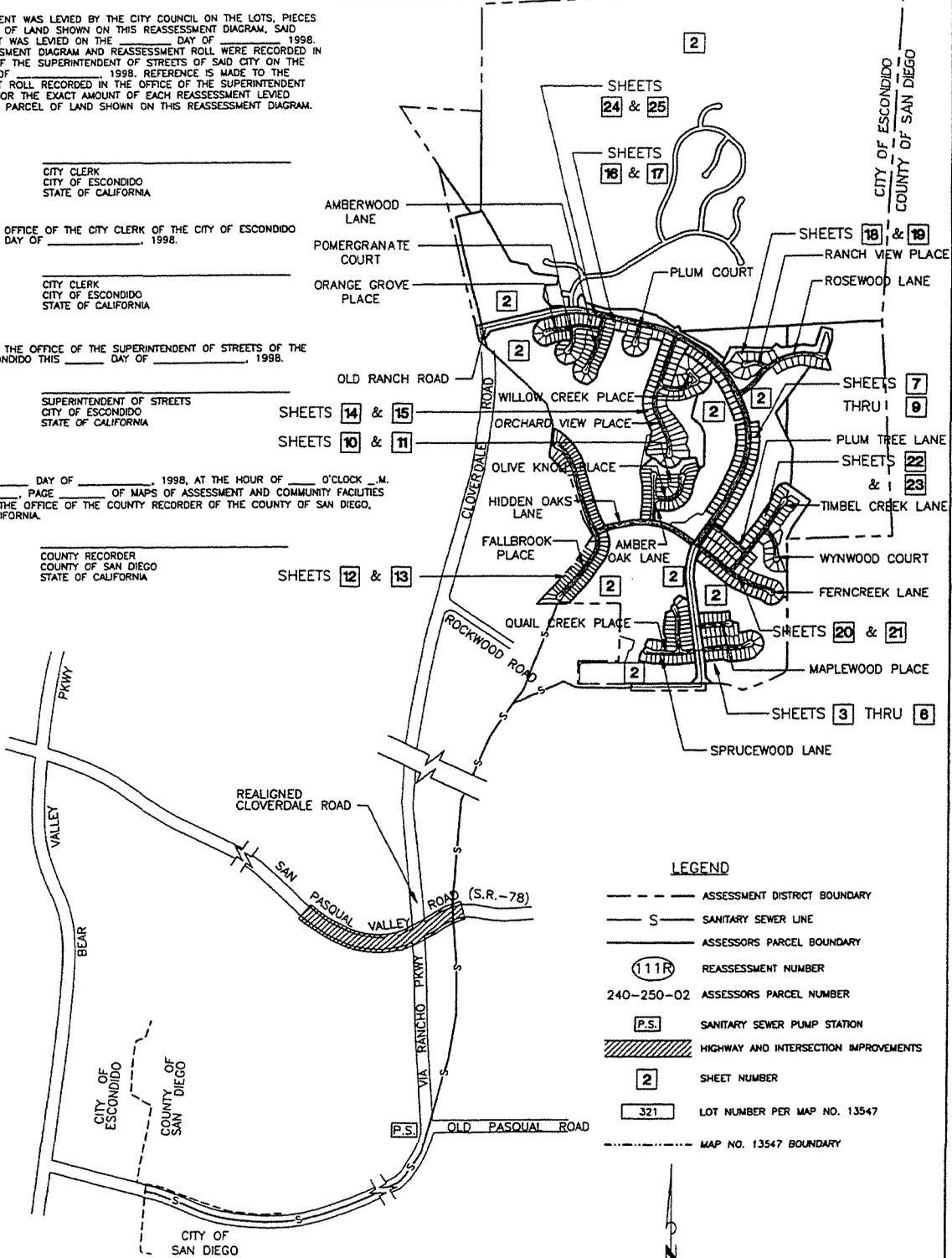
CITY CLERK
CITY OF ESCONDIDO
STATE OF CALIFORNIA

RECORDED IN THE OFFICE OF THE SUPERINTENDENT OF STREETS OF THE
CITY OF ESCONDIDO THIS _____ DAY OF _____ 1998.

SUPERINTENDENT OF STREETS
CITY OF ESCONDIDO
STATE OF CALIFORNIA

FILED THIS _____ DAY OF _____ 1998, AT THE HOUR OF _____ O'CLOCK _____ M.
IN BOOK _____ PAGE _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES
DISTRICTS IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SAN DIEGO,
STATE OF CALIFORNIA.

COUNTY RECORDER
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA

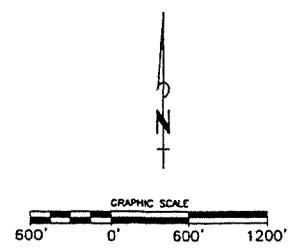
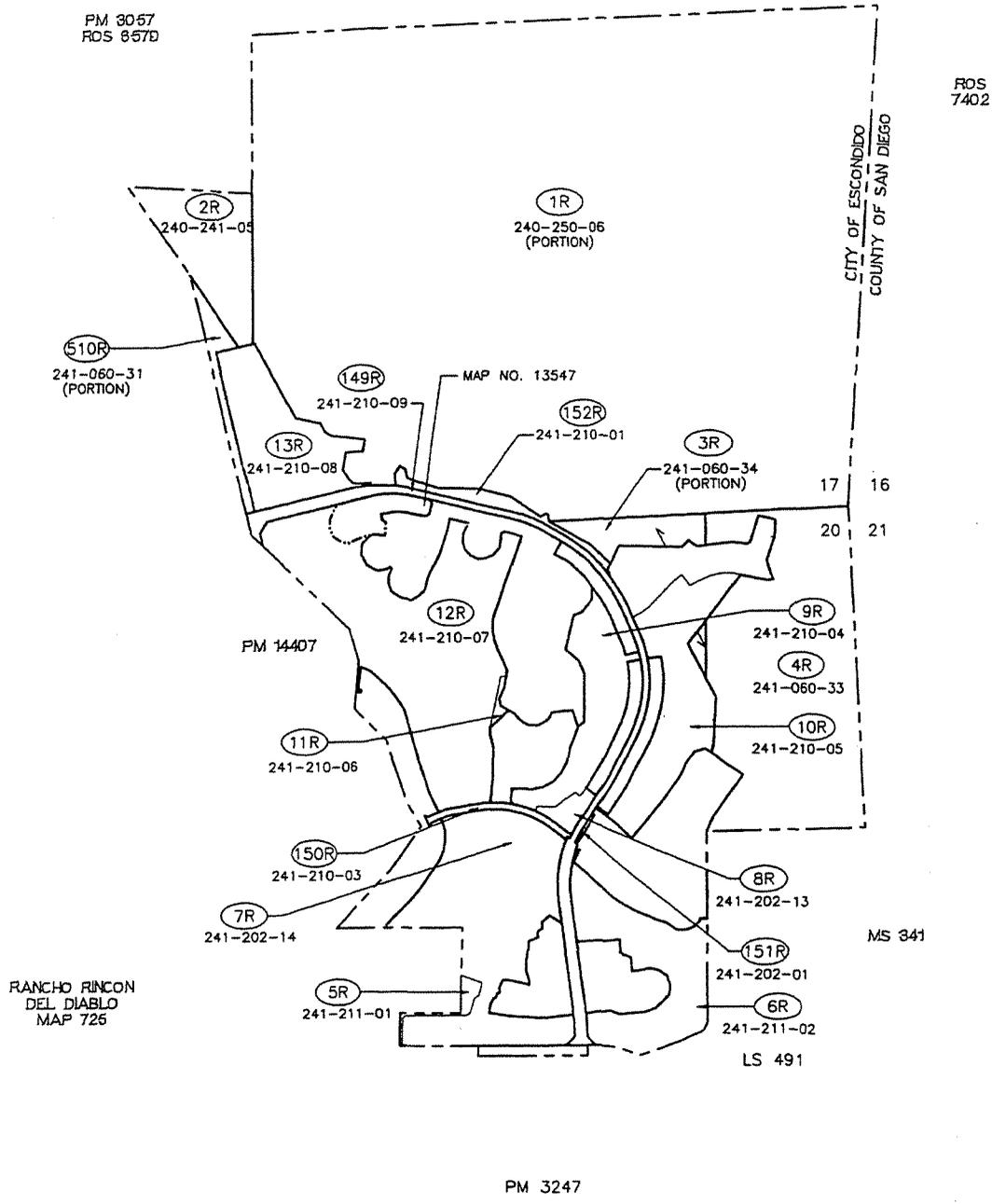


NOTE: FOR PARTICULARS OF LINES AND DIMENSIONS OF ASSESSOR'S PARCELS, REFERENCE IS MADE TO THE SAN DIEGO COUNTY ASSESSOR PARCEL MAPS.



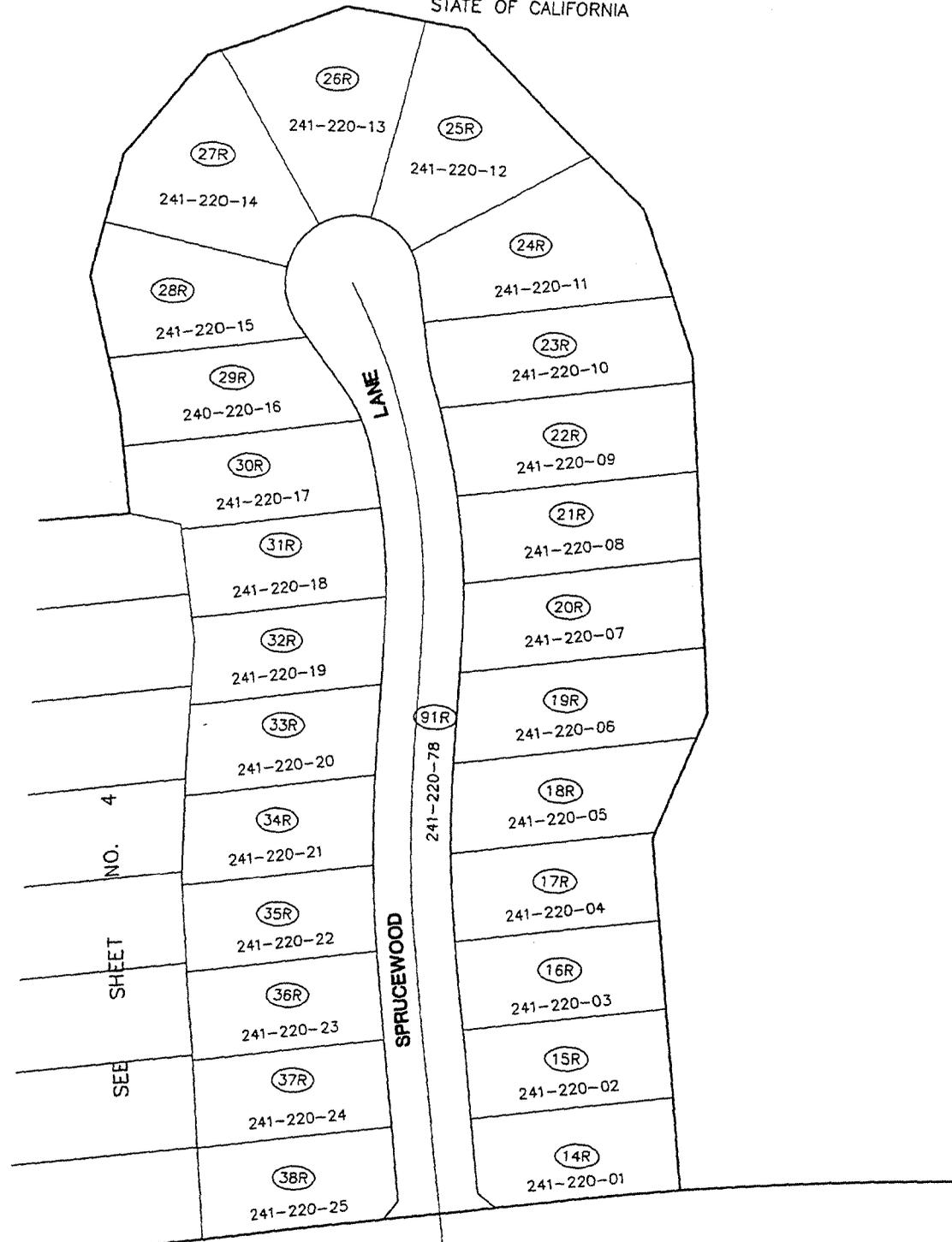
REASSESSMENT DIAGRAM REASSESSMENT DISTRICT NO. 98-1 (RANCHO SAN PASQUAL)

CITY OF ESCONDIDO
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA



REASSESSMENT DIAGRAM REASSESSMENT DISTRICT NO. 98-1 (RANCHO SAN PASQUAL)

CITY OF ESCONDIDO
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA



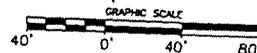
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REASSESSMENT DIAGRAM DISTRICT NO. 98-1 (RANCHO SAN PASQUAL)

CITY OF ESCONDIDO
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA

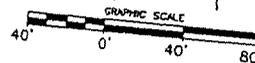


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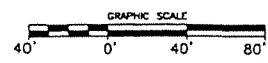
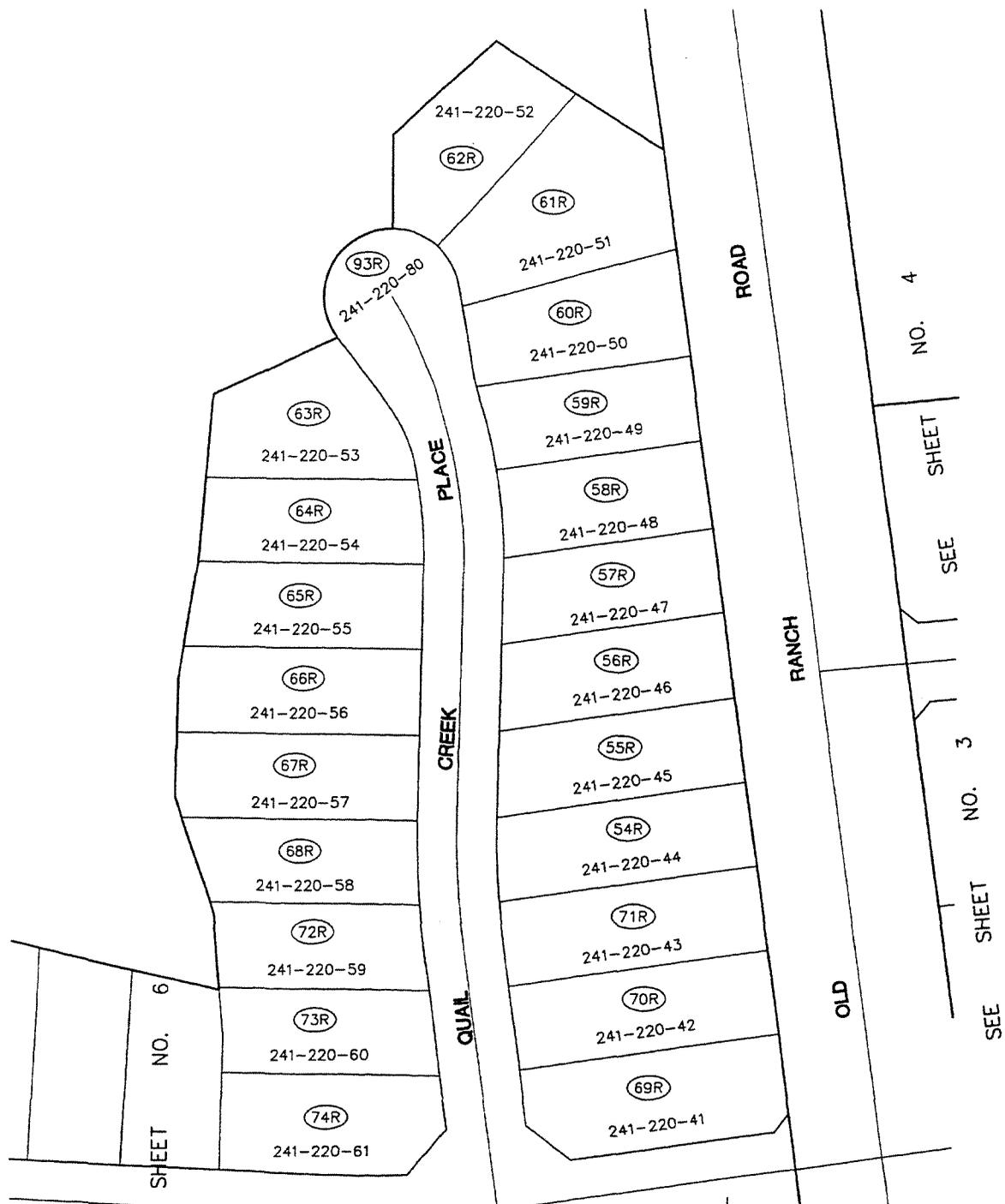
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REASSESSMENT DIAGRAM

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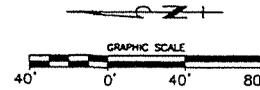
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 STATE OF CALIFORNIA



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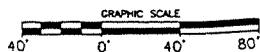
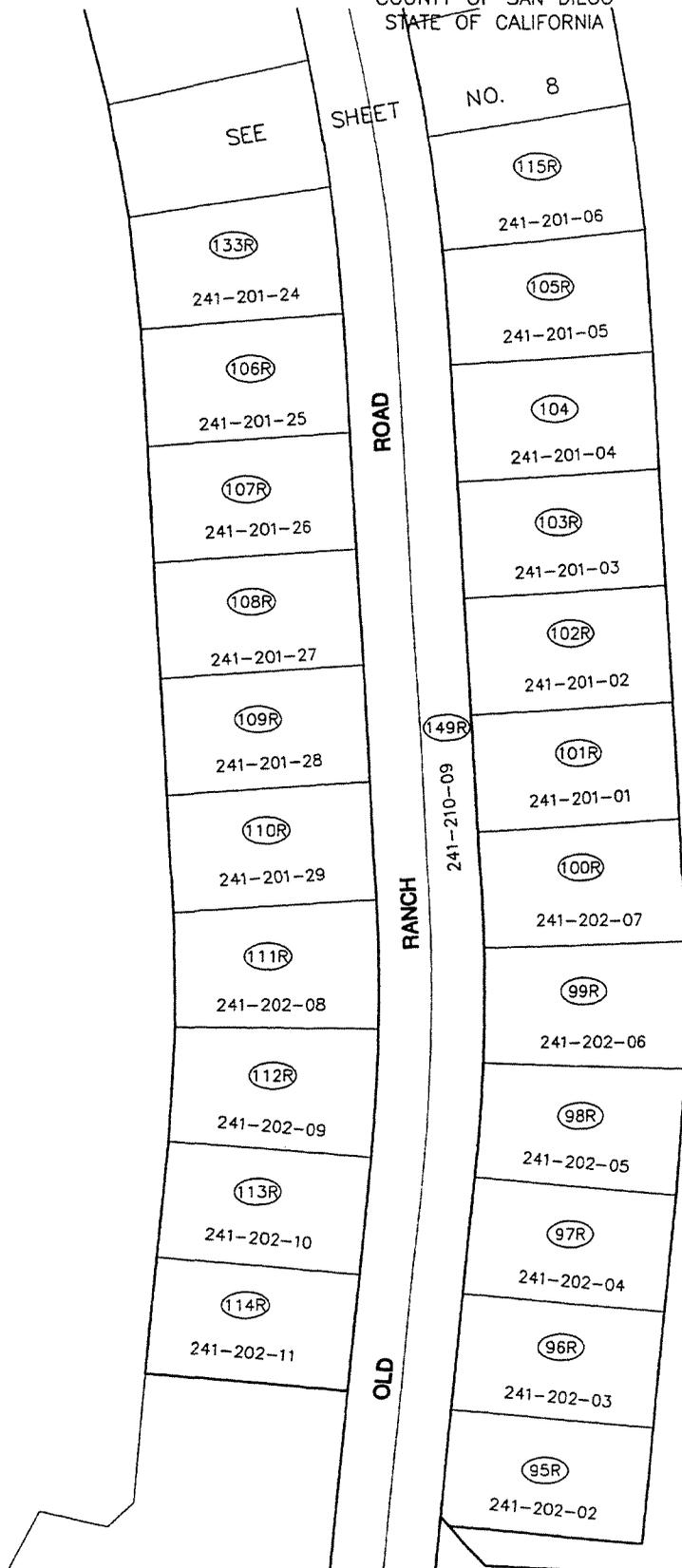
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CITY OF ESCONDIDO
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA



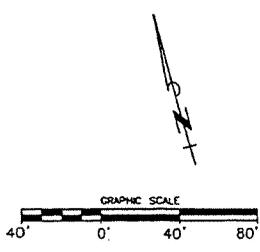
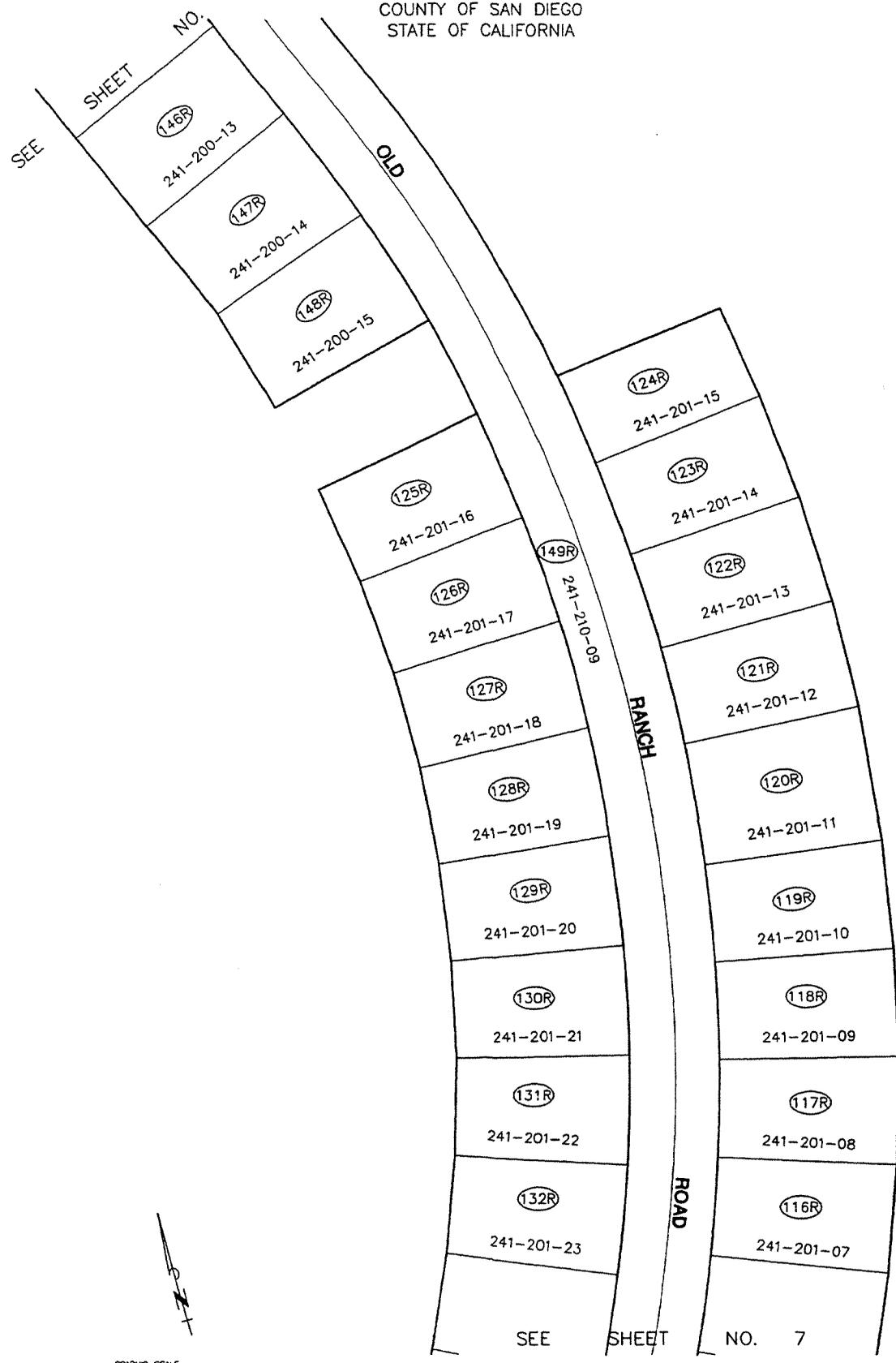
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STATE OF CALIFORNIA



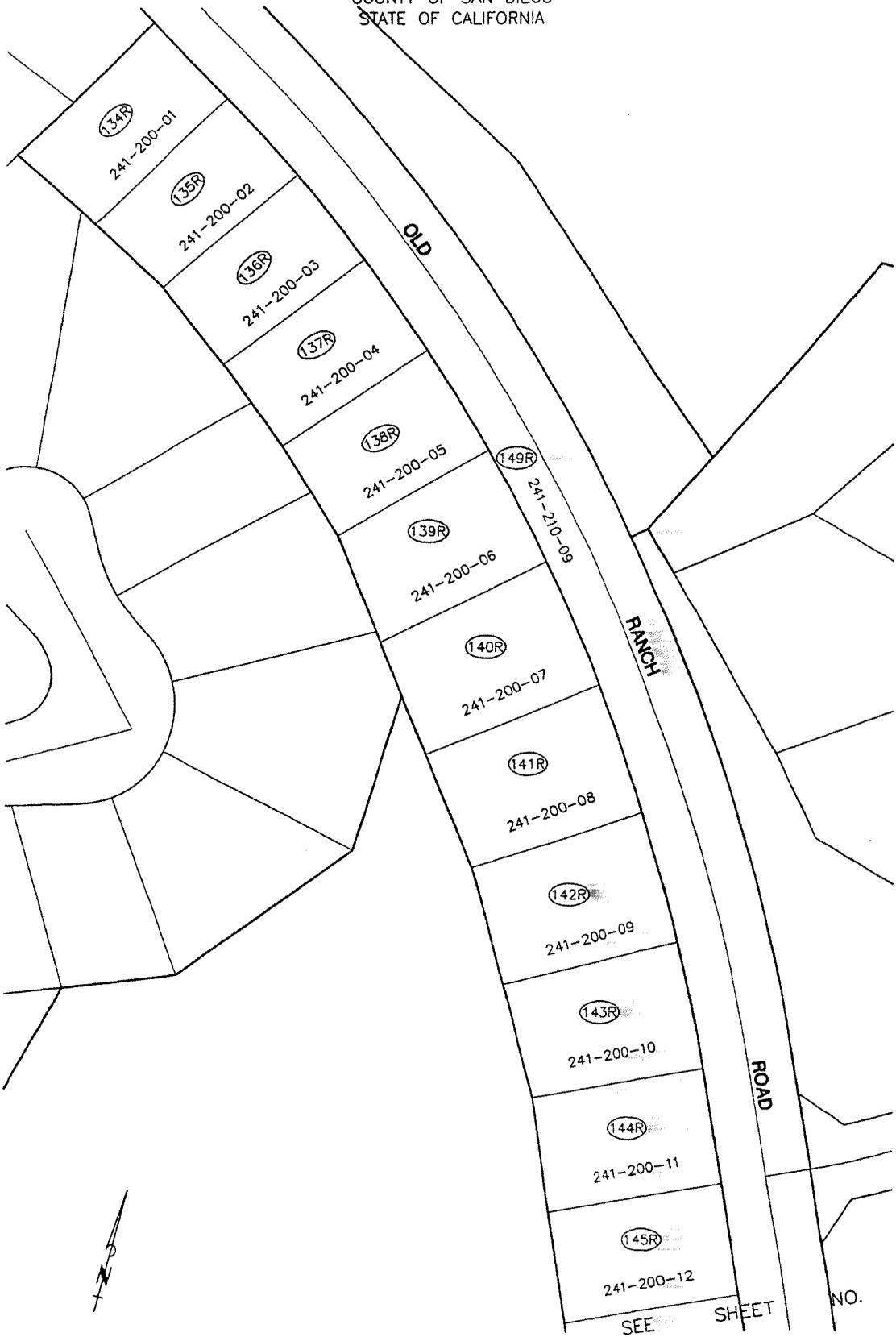
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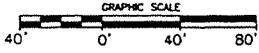


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CITY OF ESCONDIDO
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA



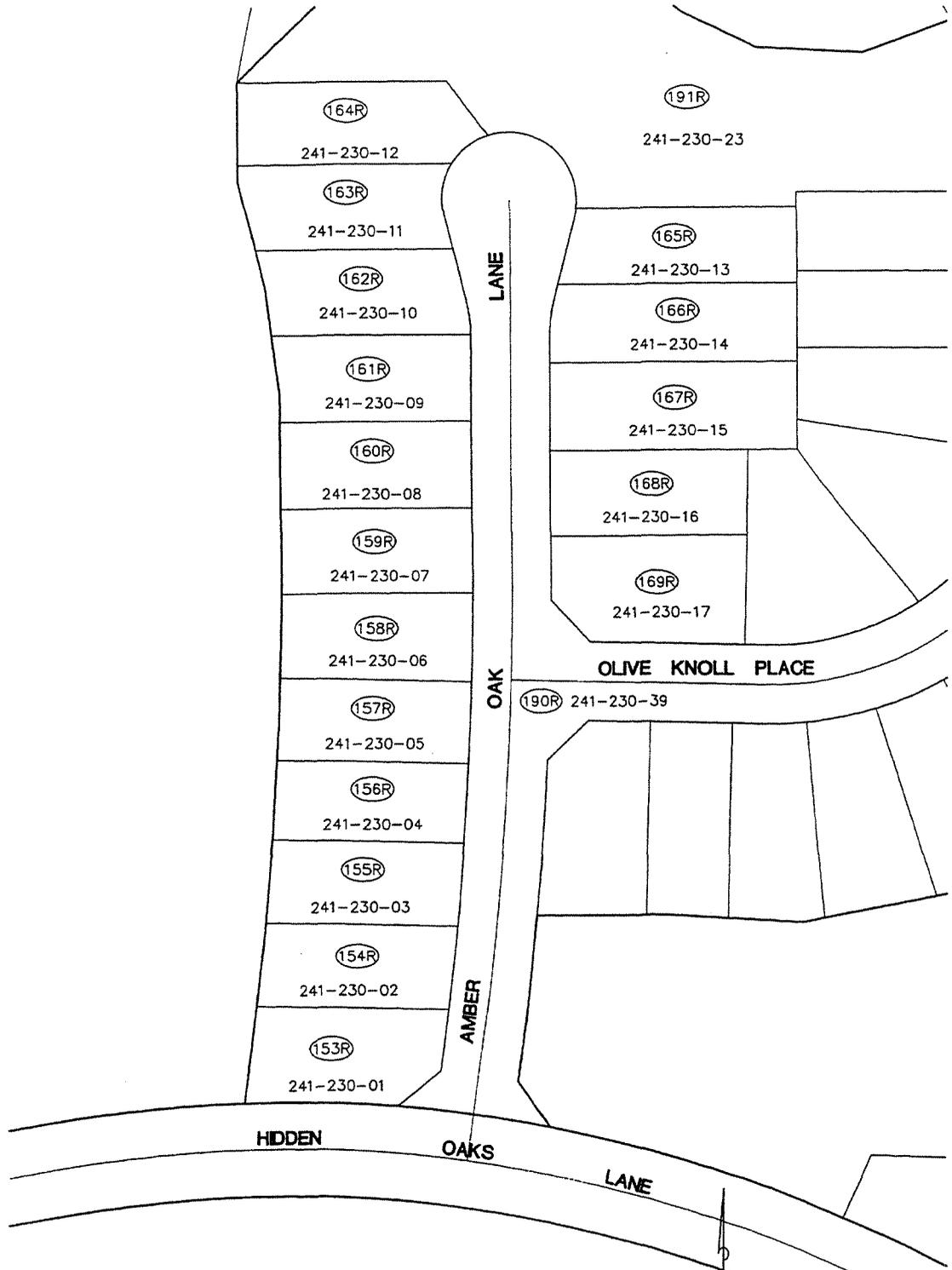
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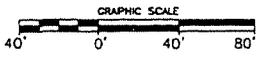
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COUNTY OF SAN DIEGO
STATE OF CALIFORNIA



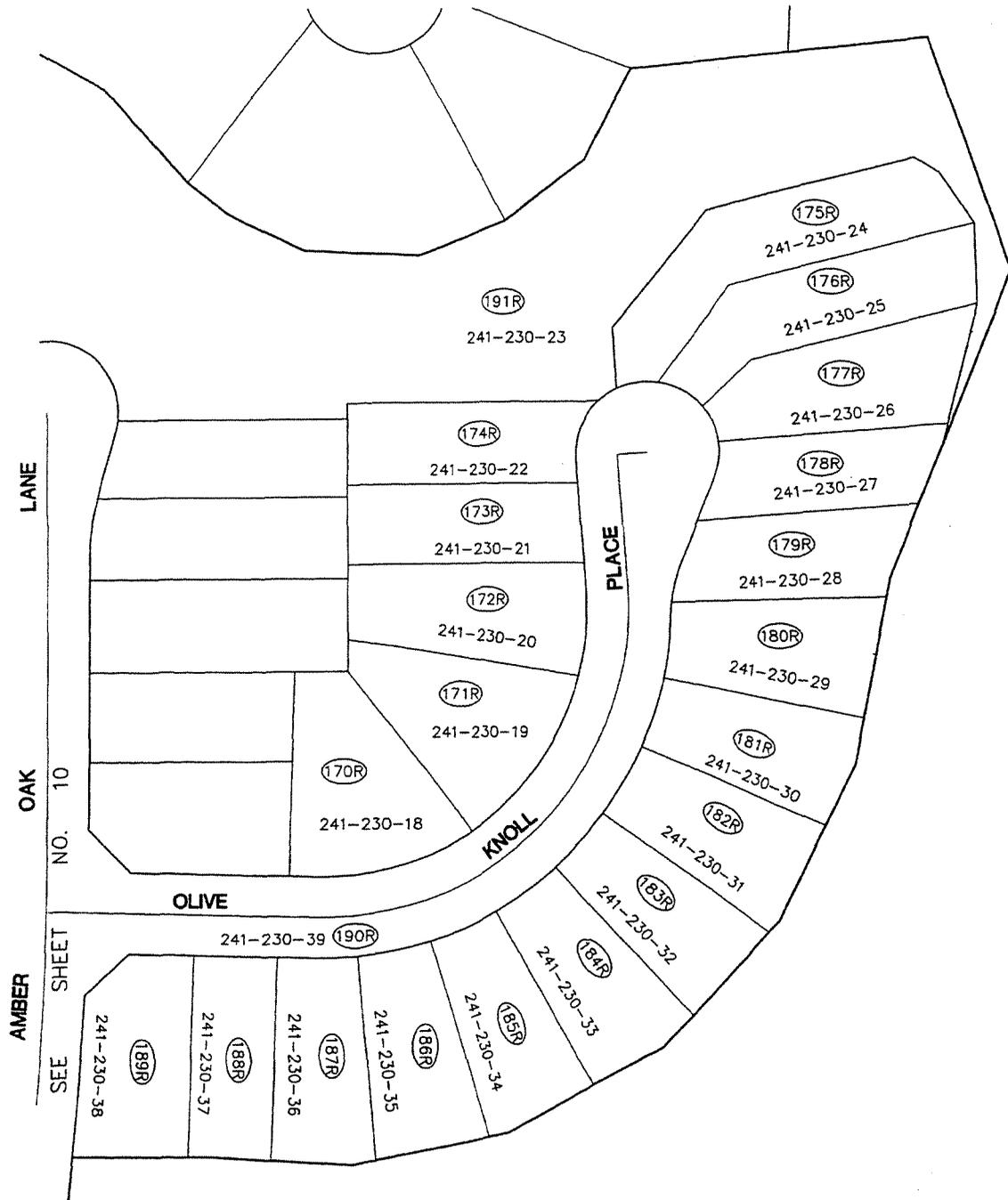
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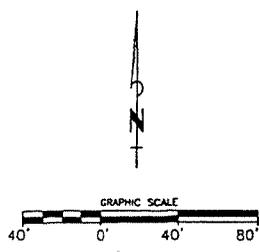


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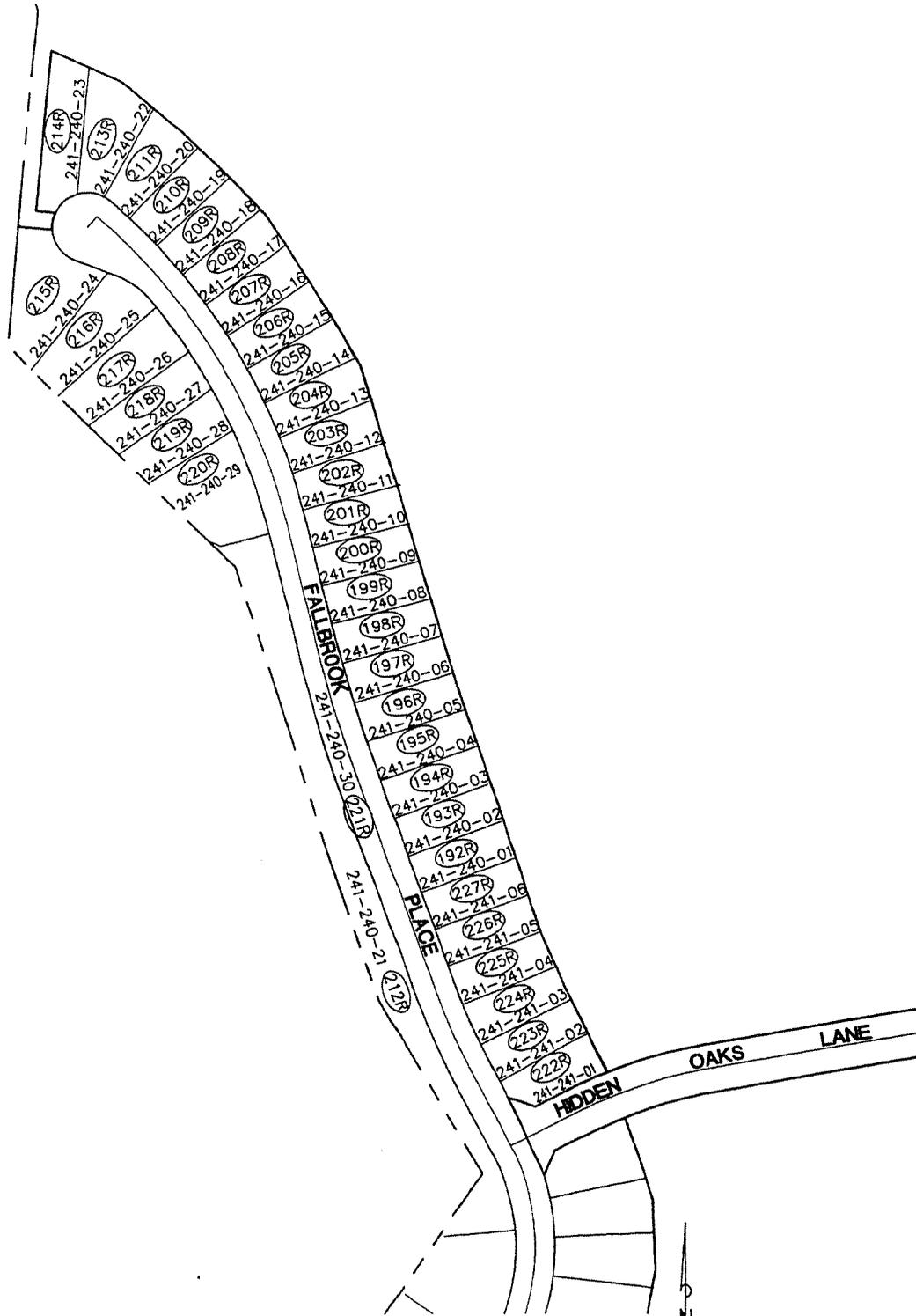
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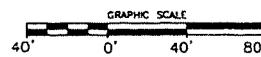


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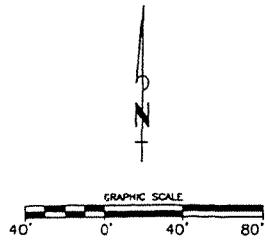
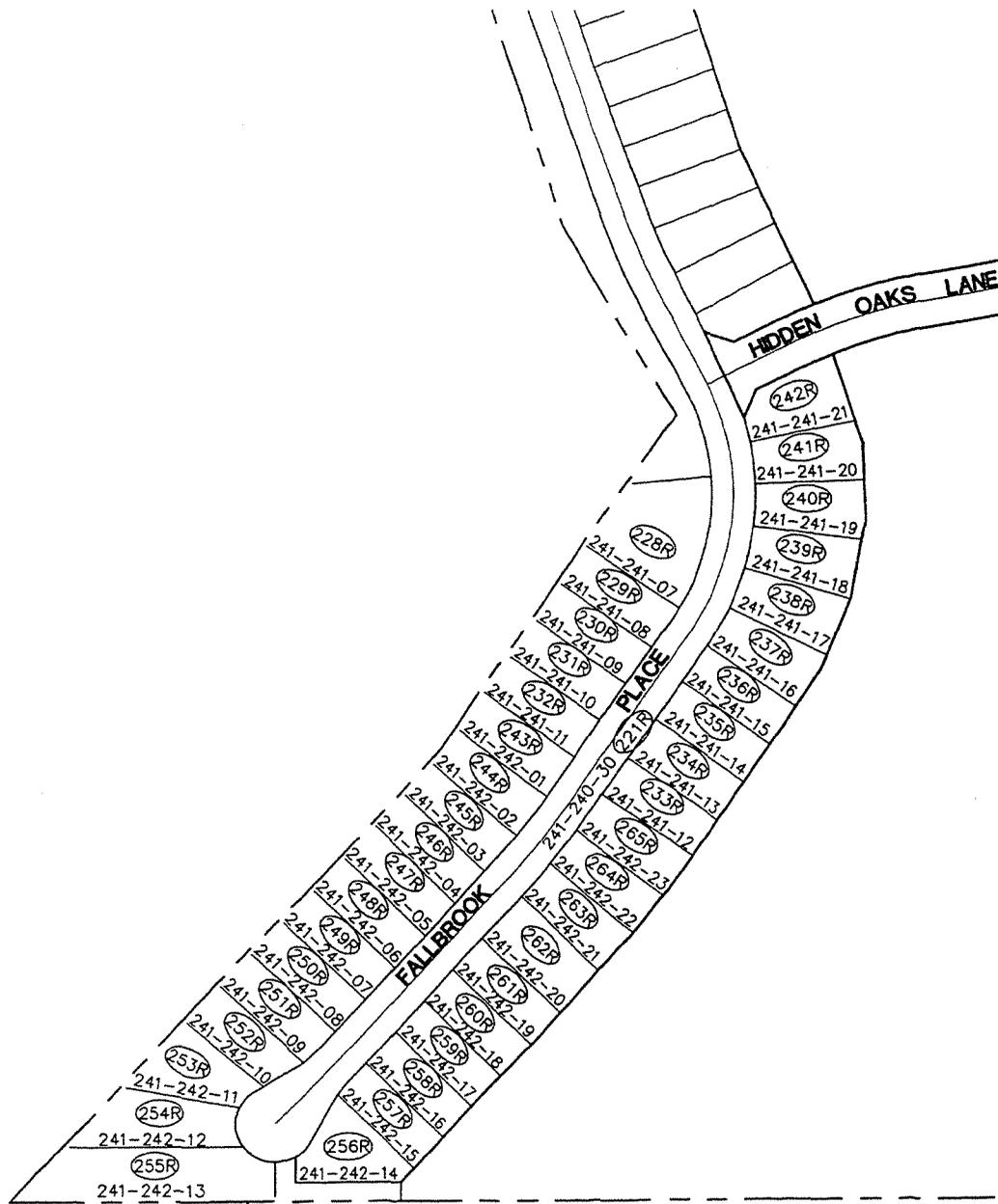


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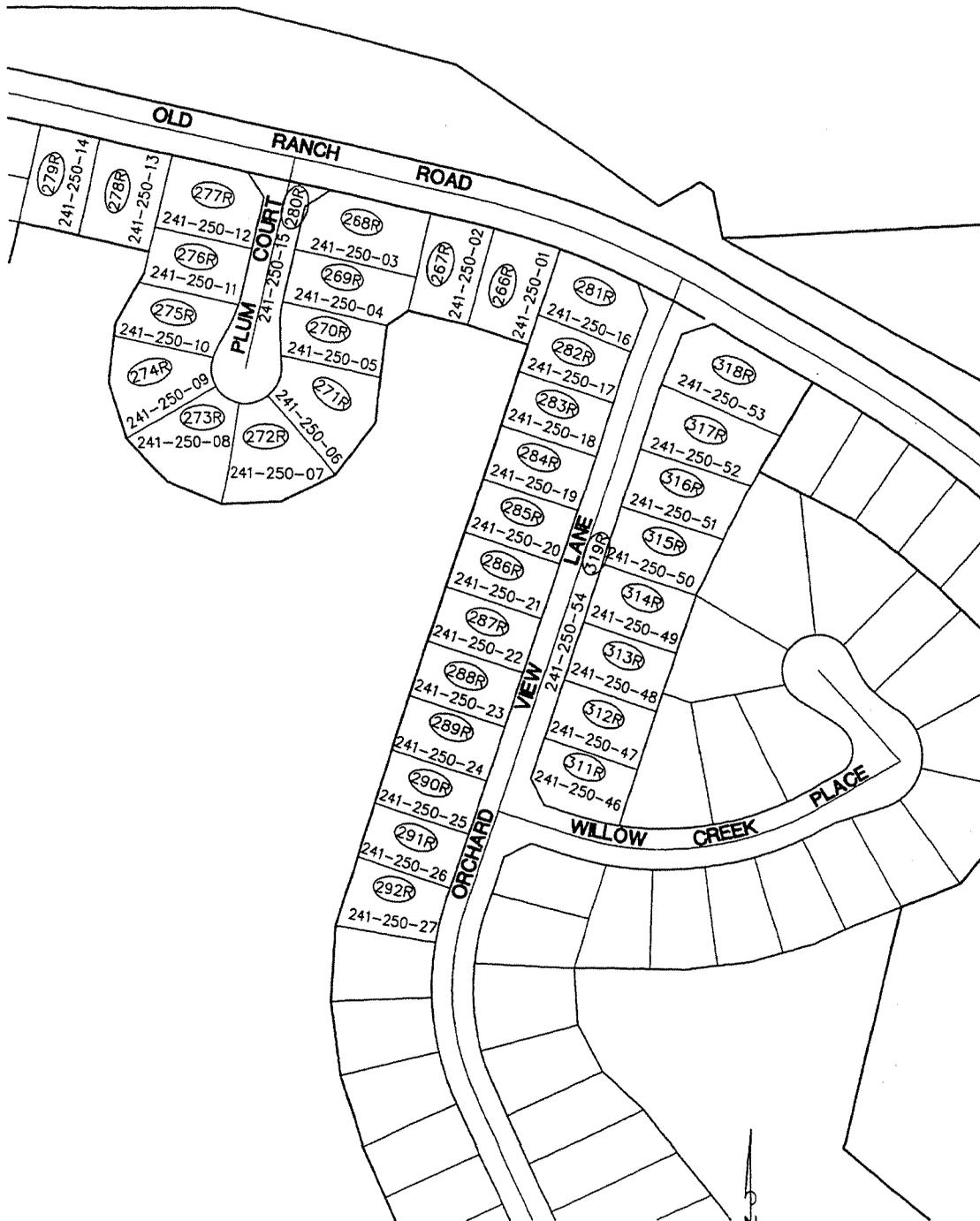
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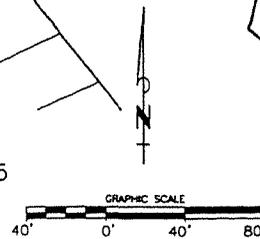


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CITY OF ESCONDIDO
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA



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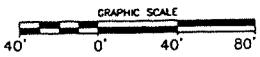
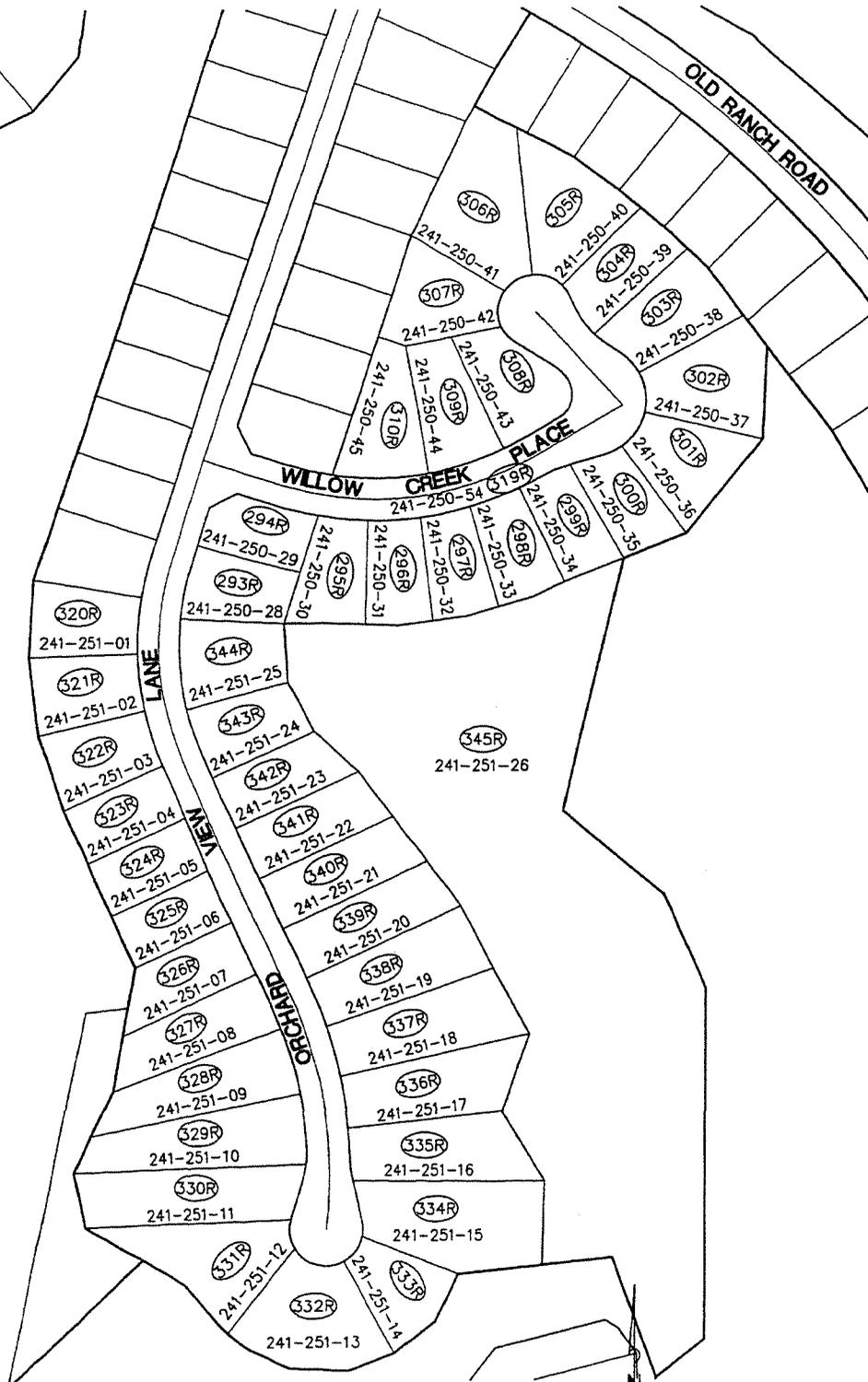
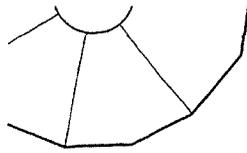


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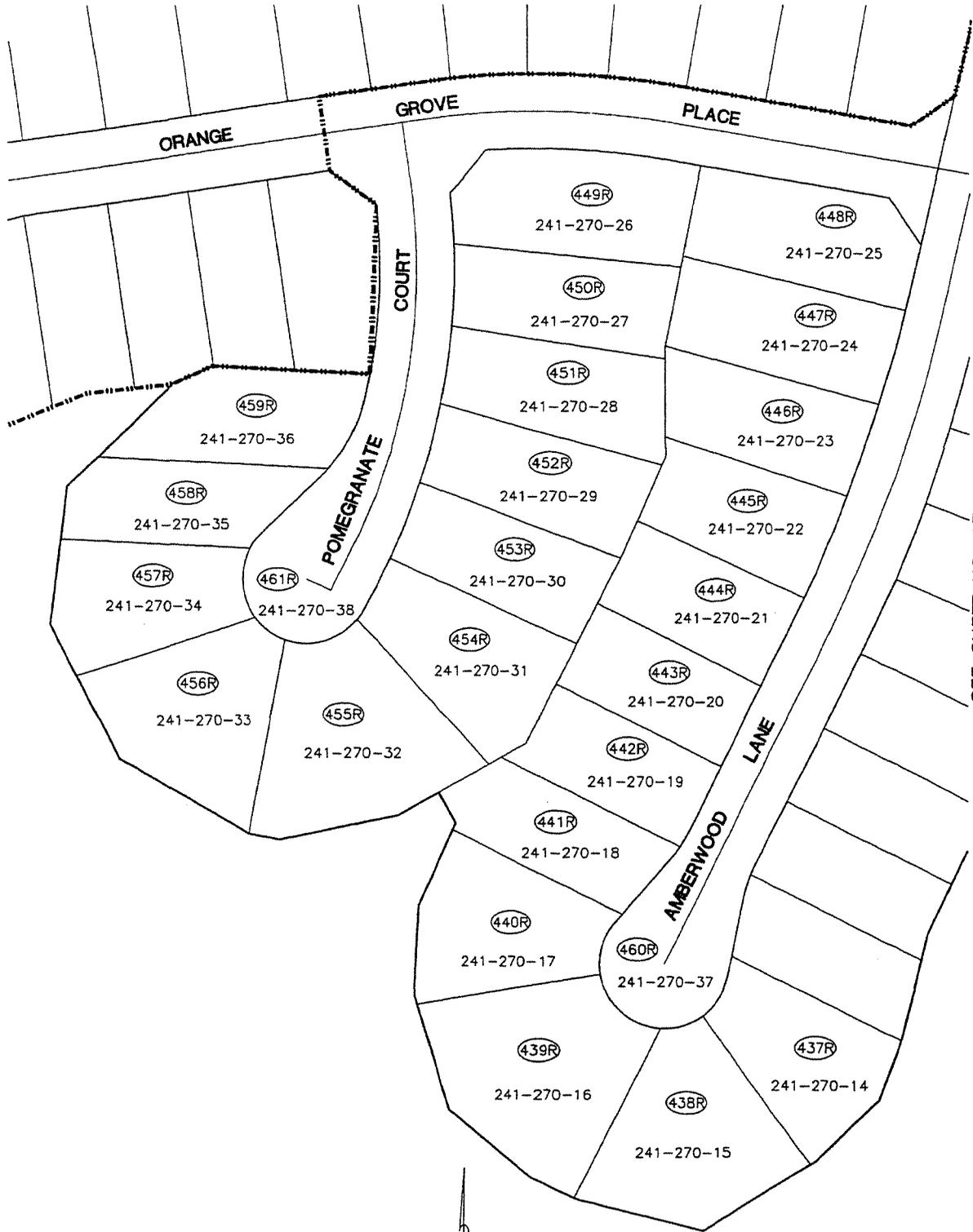
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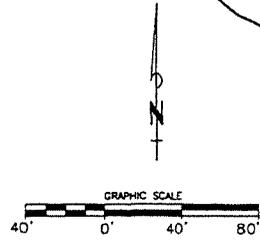


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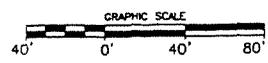
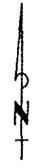
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COUNTY OF SAN DIEGO
STATE OF CALIFORNIA



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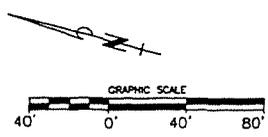
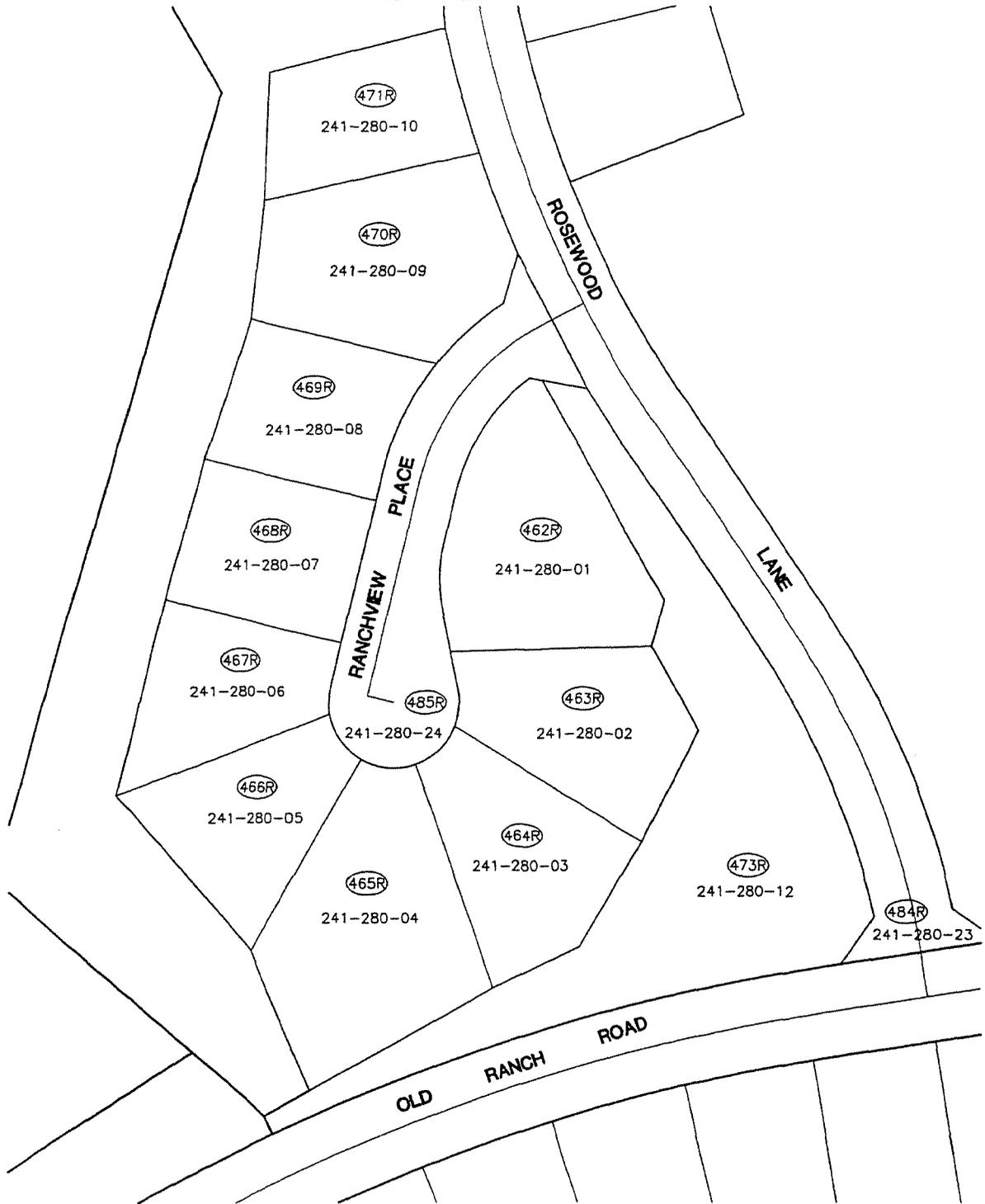


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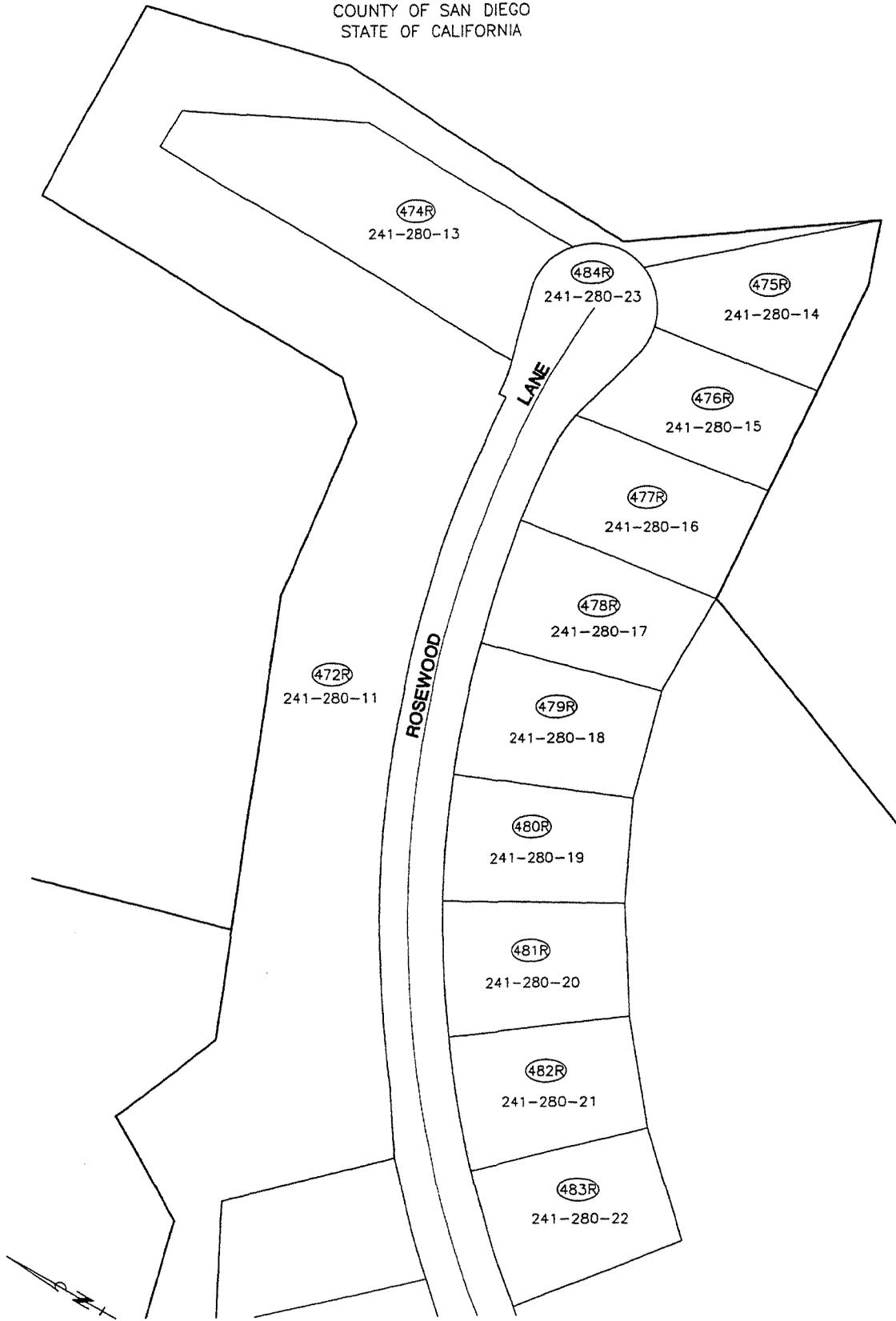
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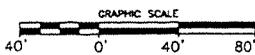


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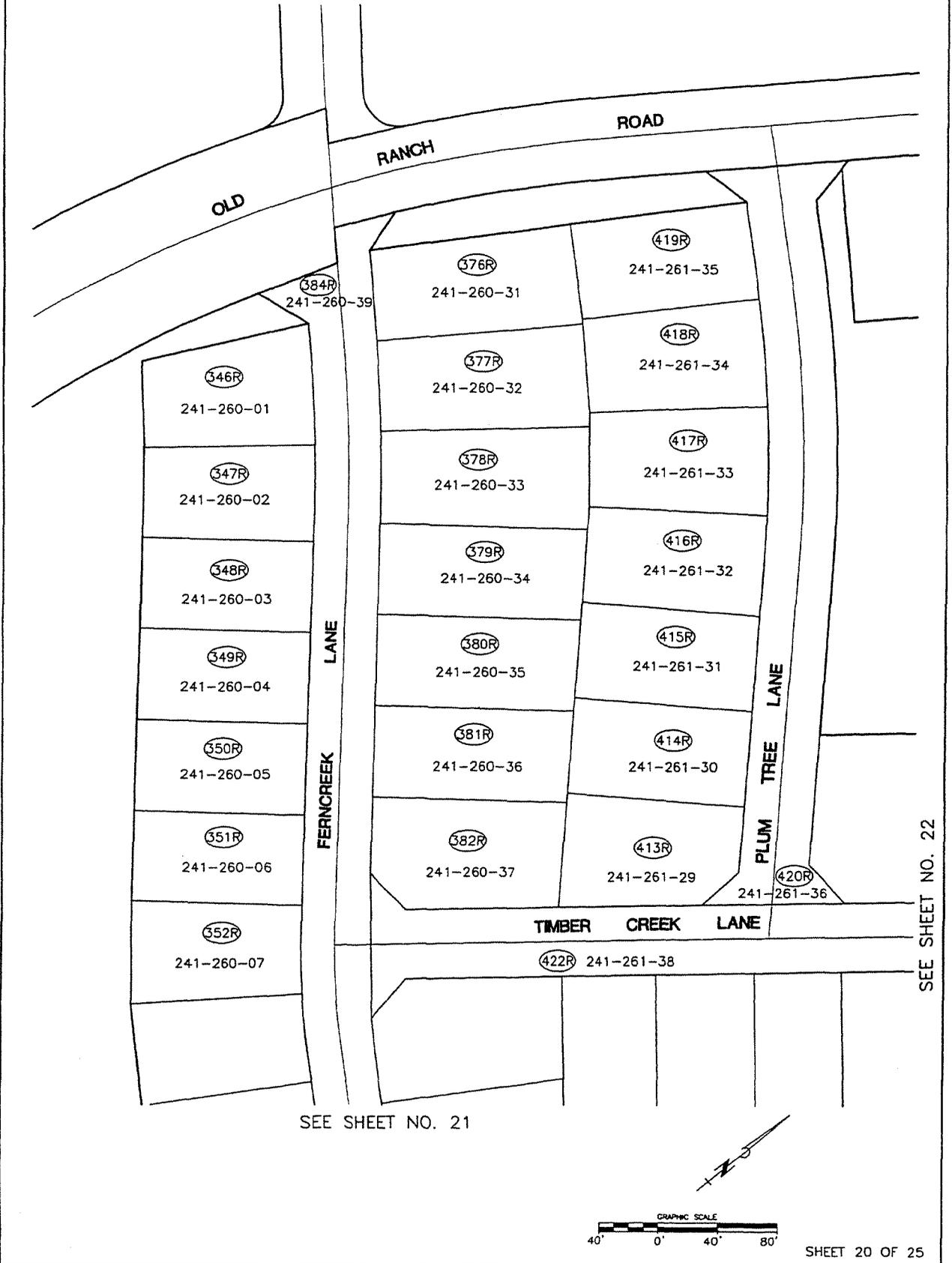
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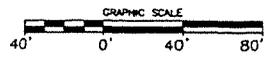
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CITY OF ESCONDIDO
 COUNTY OF SAN DIEGO
 STATE OF CALIFORNIA



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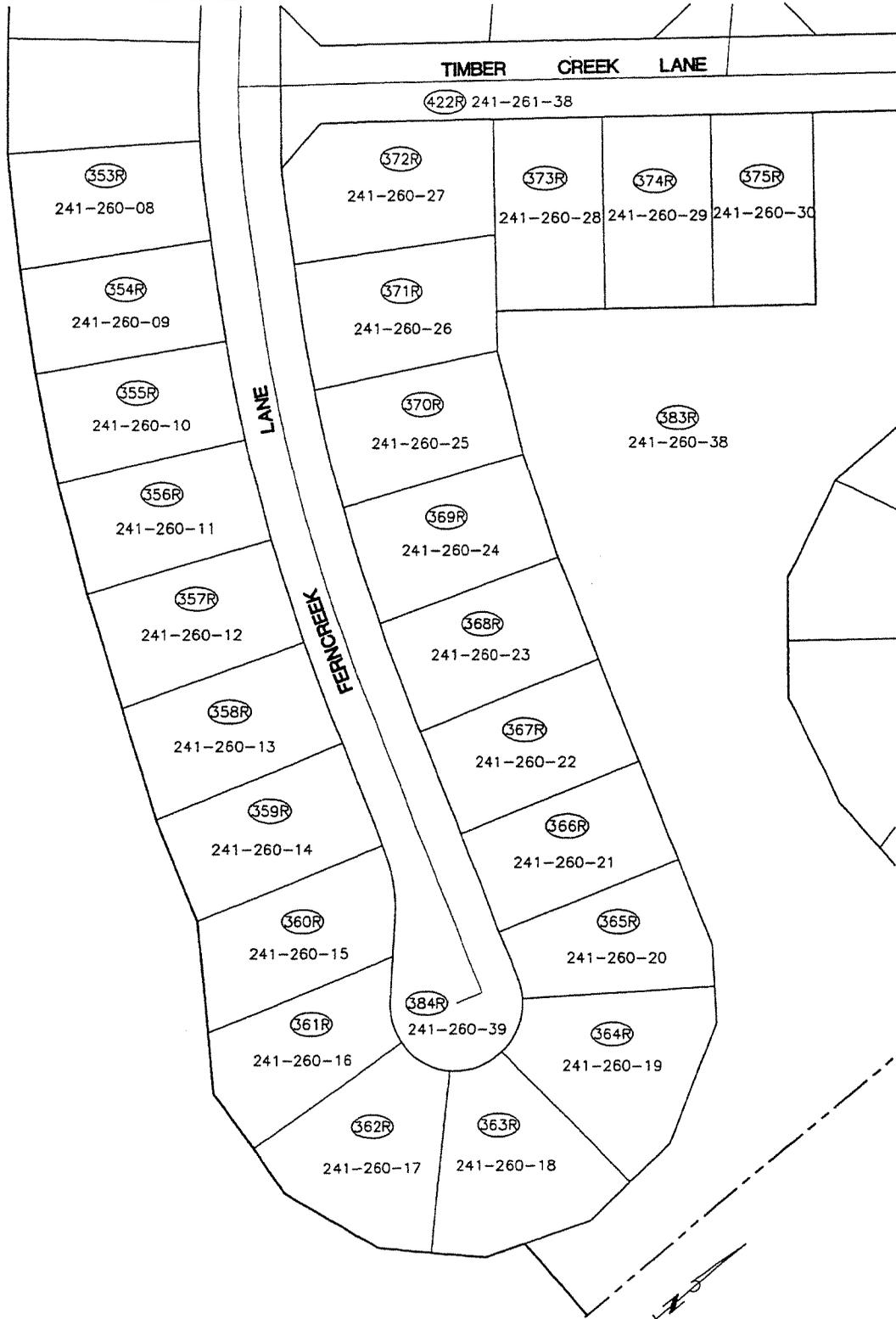
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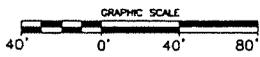
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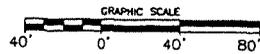
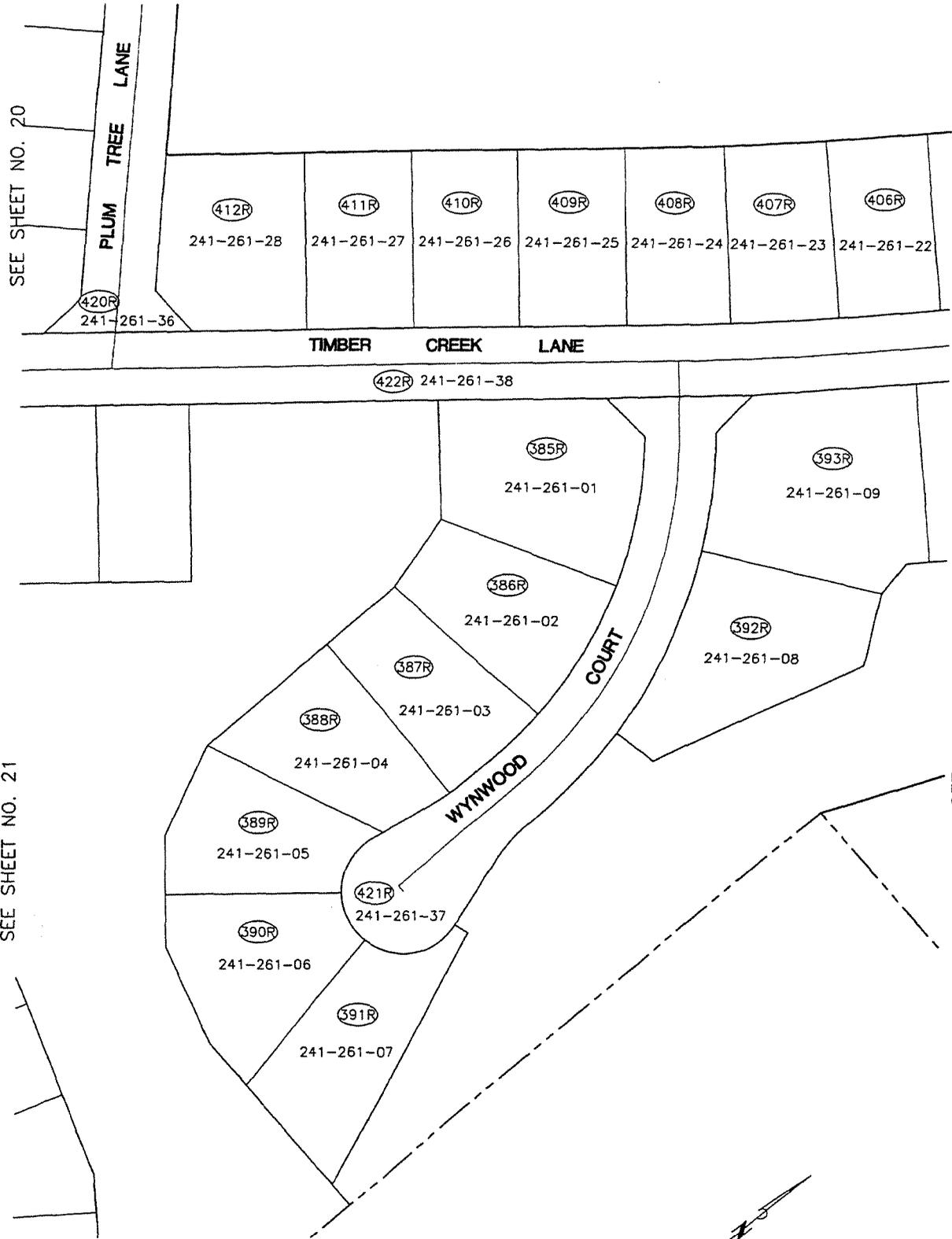


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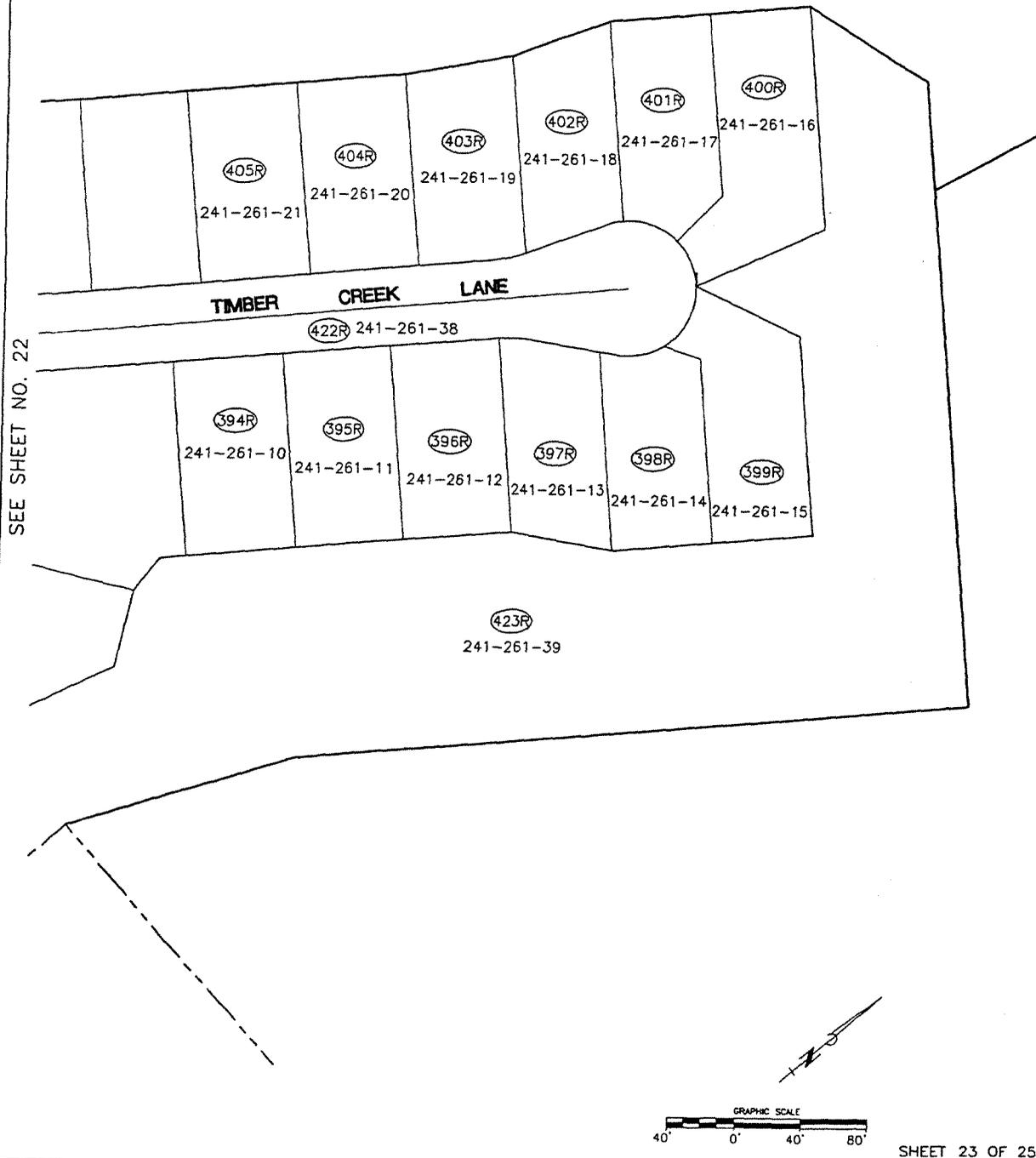
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CITY OF ESCONDIDO
 COUNTY OF SAN DIEGO
 STATE OF CALIFORNIA



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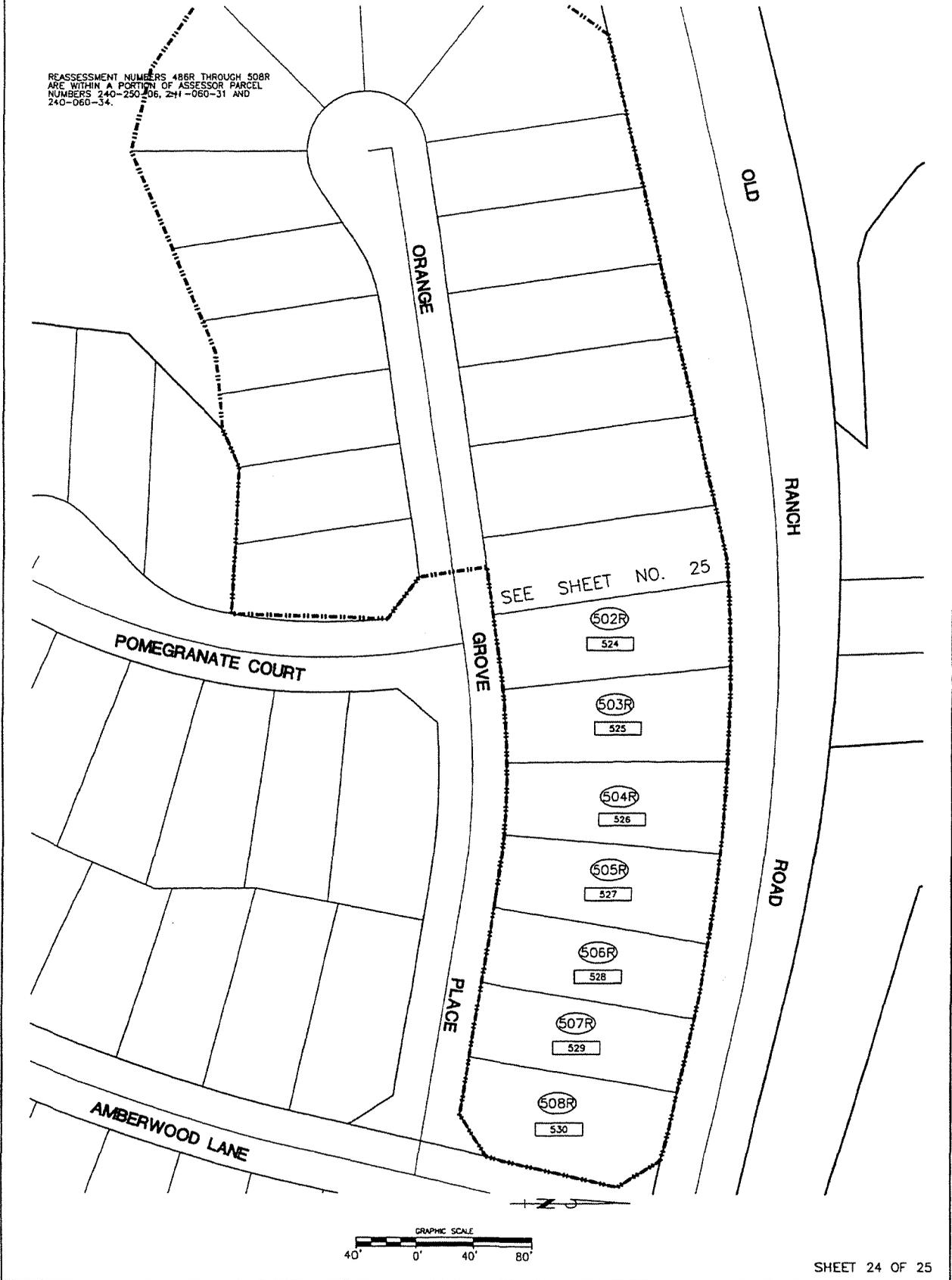
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STATE OF CALIFORNIA



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CITY OF ESCONDIDO
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA

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NUMBERS 240-250-06, 241-060-31 AND
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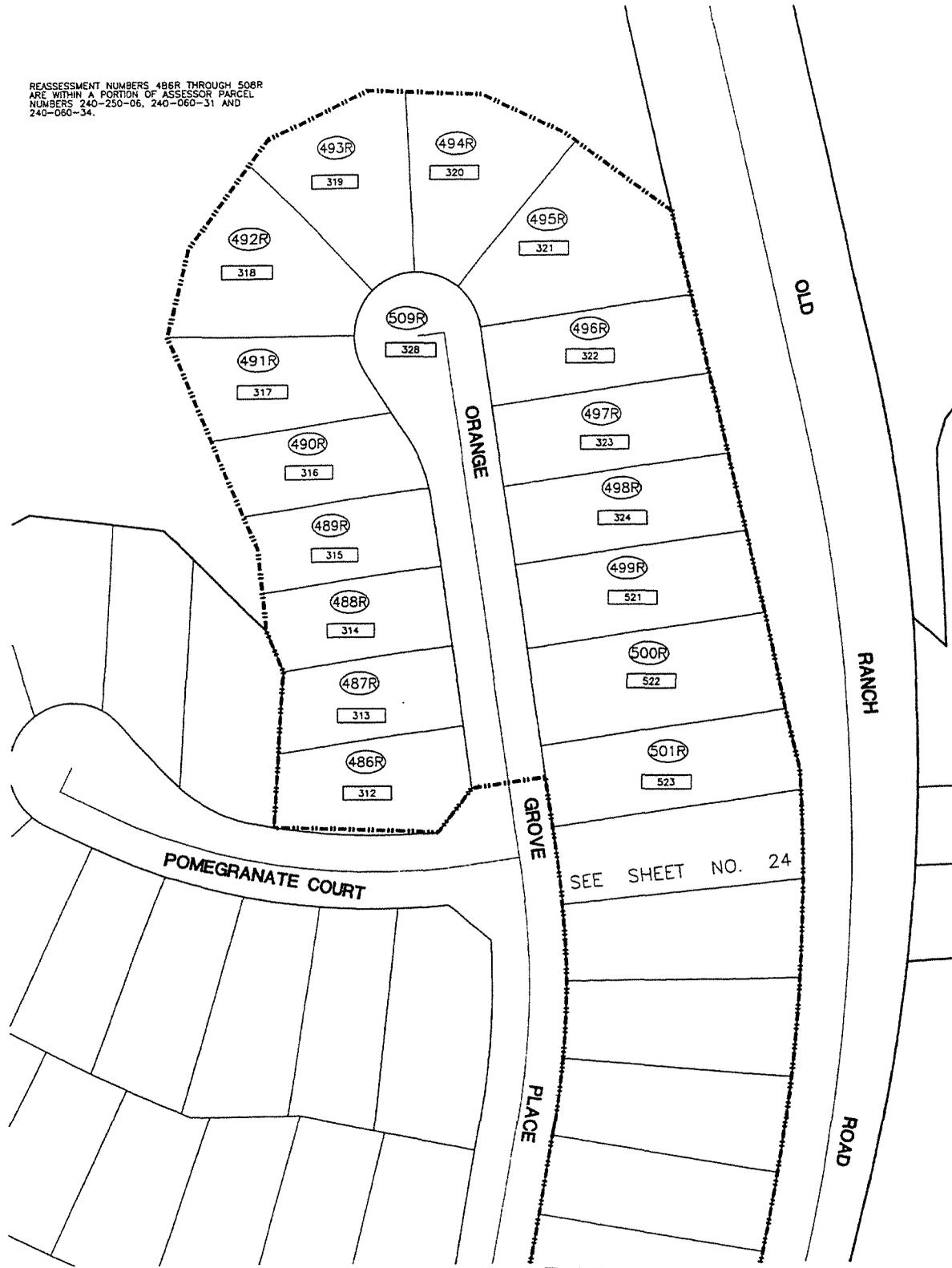


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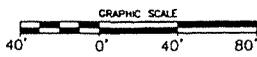
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 COUNTY OF SAN DIEGO
 STATE OF CALIFORNIA

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APPENDIX B

Appraisal Report

SELF-CONTAINED APPRAISAL REPORT

– COMPLETE APPRAISAL PROCESS –

REASSESSMENT DISTRICT No. 98-1

**FOUR RESIDENTIAL SUBDIVISIONS
LOCATED AT
RANCHO SAN PASQUAL
RESIDENTIAL MASTER PLANNED
GOLF COURSE COMMUNITY
ESCONDIDO, CALIFORNIA**

APPRAISED FOR

**CITY OF ESCONDIDO
201 North Broadway
Escondido, California 92025**

DATE OF VALUATION

July 1, 1998

DATE OF REPORT

July 10, 1998

APPRAISED BY

**Anderson & Brabant, Inc.
353 West Ninth Avenue
Escondido, California 92025**

File No. 98-099

B-1

ANDERSON & BRABANT, INC.

REAL ESTATE APPRAISERS AND CONSULTANTS

353 W. NINTH AVENUE

ESCONDIDO, CALIFORNIA 92025-5032

TELEPHONE (760) 741-4146

FAX (760) 741-1049

July 10, 1998

Mr. Ron Gerow
Real Property Agent
CITY OF ESCONDIDO
201 North Broadway
Escondido, California 92025

Dear Mr. Gerow:

As requested, we have completed our valuation analyses for portions of the four residential subdivisions within Reassessment District No. 98-1. The properties are located within the Rancho San Pasqual residential master planned golf course community, Escondido, California. The four residential subdivisions are owned by four separate developers and range in condition from raw undeveloped land to finished homes ready to be sold to individual home buyers.

It is our understanding that this report is to be used for assessment district bond refinancing purposes only and that it will be published in the Official Statement describing the Bond offering.

The purpose of this appraisal is to estimate the "as is" market value of the fee simple interest associated with each property as of July 1, 1998. After a thorough investigation and analysis of appropriate data as they relate to the subject property, we have formed the following opinions of value for the property. These values represent prices that knowledgeable buyers would pay for each of the appraised properties; not the price a single prospective buyer would pay to purchase all of the appraised properties in a single transaction.

"AS IS" MARKET VALUE ESTIMATES	
Signal Landmark	\$ 2,408,000
Richmond American	\$ 6,785,000
LMD	\$11,470,000
L&W Investments	\$10,028,000

Mr. Ron Gerow
Real Property Agent
CITY OF ESCONDIDO
July 10, 1998
Page 2

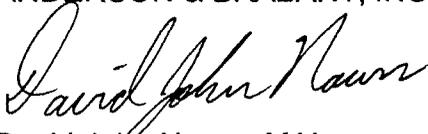
The above value estimates do not include the value of finished homes that have closed escrow and are individually owned within each of the four subject subdivisions, nor do they include the 109 lot Sedona development (Beazer Homes) which is sold out to individual home buyers.

This is recognized as a "Complete Appraisal" process under the Uniform Standards of Professional Appraisal Practice (USPAP). It has been prepared in conformance with the Code of Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute which incorporates the requirements of USPAP adopted by the Appraisal Standards Board of the Appraisal Foundation. The written report has been prepared in a "Self-Contained" format. As such, it is intended to comply with the reporting requirements for self-contained reports set forth under Standards Rule 2-2 of USPAP, adopted by the Appraisal Standards Board on March 22, 1994 and effective July 1, 1994.

The opinions of value expressed herein are made subject to special tax and special assessment liens associated with Reassessment District No. 98-1; all the contingencies, premises, general and special assumptions and limiting conditions; and certification set forth in this report.

As part of this assignment, we have estimated reasonable exposure times for each of the appraised properties of up to one year. Descriptions of the subject property and discussions of the data and analyses that support the value conclusions are also included in the following report.

Respectfully submitted,
ANDERSON & BRABANT, INC.



David John Nauss, MAI
Certified General Real Estate Appraiser
OREA Appraiser No. AG002747



William B. Anderson, MAI
Certified General Real Estate Appraiser
OREA Appraiser No. AG002315

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ADDENDA

- Land Sales Location Map
- Land Sales Data Sheets
- Qualifications of the Appraisers

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ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following special assumptions and limiting conditions:

1. This is a Self-Contained Appraisal Report which is intended to comply with the reporting standards set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for a Self-Contained Appraisal Report. The information contained in this report is specific to the needs of the client for the intended use stated in this report. The appraisers are not responsible for unauthorized use of this report.
2. This is a "Complete Appraisal" which has been prepared in conformity with the Standards of Professional Appraisal Practice of the Appraisal Institute which incorporates the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation. As such, there are no departures from Standards Rule 1 of USPAP.
3. Site development costs/fees and home construction costs were provided to the appraisers by the subject property owners. We have relied on these costs in our analyses of the "As Is" values of the subject property. Any significant changes to these estimates could affect our opinions of value.

This appraisal is subject to the following general assumptions and limiting conditions:

1. It is assumed that information furnished to us by our client, including maps, leases, and legal descriptions is substantially correct.
2. No responsibility is assumed for matters legal in character, nor do we render an opinion as to title, which is assumed to be held in fee simple interest as of the date of valuation unless otherwise specified.
3. It is assumed that the property is readily marketable, free of all liens and encumbrances except any specifically discussed herein, and under responsible ownership and management.
4. Photographs, plat and maps furnished in this appraisal are to assist the reader in visualizing the property. No survey of the property has been made, and no responsibility has been assumed in this matter.
5. Soils engineering studies have not been provided to Anderson & Brabant, Inc. It is therefore assumed that there are no hidden or unapparent conditions of the property such as hazardous or toxic wastes and/or other subsoil conditions which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which might be required to discover such factors.
6. The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraisers that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the properties. The appraisers' value estimates are predicated on the assumption that there is no such material on or in the properties that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraisers' descriptions and resulting comments are the result of the routine observations made during the appraisal process.

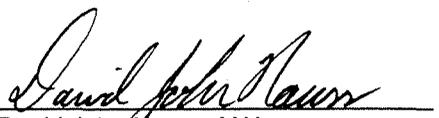
7. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the part to whom it is addressed without the written consent of Anderson & Brabant, Inc., and in any event, only with proper written qualification and only in its entirety. **Consent is hereby given to publish this report with the Official Statement for the City of Escondido Reassessment District 98-1 (Rancho San Pasqual).**
8. Disclosure of the contents of this appraisal report is governed by the by-laws and regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without prior written consent and approval of Anderson & Brabant, Inc.
9. The submission of this report constitutes completion of the services authorized. It is submitted on the condition that the client will provide the appraiser customary compensation relating to any subsequent required depositions, conferences, additional preparation or testimony.
10. The valuation estimate is of surface rights only and the mineral rights, if any, have been disregarded.
11. No warranty is made as to the seismic stability of the subject property.
12. It is assumed that all applicable zoning and land use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
13. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
14. It is assumed that the utilization of the land or improvements is within the boundaries or property lines of the properties described and that there is no encroachment or trespass unless otherwise stated in this report.
15. The appraisers assume no responsibility for economic or physical factors that may occur after the date of the appraisal. The appraisers, in rendering these opinions, assume no responsibility for subsequent changes in management, tax laws, environmental regulations, economic, or physical factors that may or may not affect said conclusions or opinions.
16. As part of the analysis, we have estimated reasonable exposure times for the subject. The reported exposure times are based on the assumption that the property was or is marketed competently at a price that reflects market value. It is possible that market conditions could change if offered for sale today, and those changing conditions could affect both market value and exposure time.
17. The date of value for which the opinions of value are expressed in this report is July 10, 1998. The dollar amount of these estimates is based on the purchasing power of the United States dollar on that date.
18. Information contained in this report has been gathered from sources which are believed to be reliable, and, where, feasible, has been verified. No responsibility is assumed for the accuracy of information supplied by others.
19. The acceptance of and/or use of this appraisal report by the client or any third party constitutes acceptance of the following conditions: The liability of Anderson & Brabant and the appraisers responsible for this report is limited to the client only and to the fee actually received by the appraisers. Further, there is no accountability, obligation or liability to any third party. If the appraisal report is placed in the hands of anyone other than the client for whom it was prepared,

the client shall make such party and/or parties aware of all limiting conditions and assumptions of this assignment and related discussions. Any party who uses or relies upon any information in this report, without the preparer's written consent does so at his own risk. If the client or third party brings legal action against Anderson & Brabant or the signers of this report and the appraisers prevail, the party initiating such legal action shall reimburse Anderson & Brabant and/or the appraisers for any and all costs including attorney's fees, incurred in their defense.

APPRAISER'S CERTIFICATE

We do hereby certify that, to the best of our knowledge and belief, ...

1. The statements of fact contained in this report are true and correct.
2. 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.
3. We have no present or prospective future 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.
4. Our compensation is not contingent upon the reporting of a predetermined value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. The appraisers did not base, either partially or completely, their analysis and/or the estimate of value on the race, color, religion, familial status, health, or national origin of either the present or prospective owners, occupants, or users of the subject property or the present or prospective owners, occupants, or users of the properties in the vicinity of the subject property.
6. Our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements the Uniform Standards of Professional Appraisal Practice (USPAP), and the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
7. We have made a personal inspection of the property that is the subject of this report.
8. No one provided significant professional assistance to the persons signing this report.
9. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, we, David John Nauss, MAI, and William B. Anderson, MAI, have completed the requirements under the continuing education program of the Appraisal Institute.



David John Nauss, MAI
Certified General Real Estate Appraiser
OREA Appraiser No. AG002747

July 10, 1998
Date



William B. Anderson, MAI
Certified General Real Estate Appraiser
OREA Appraiser No. AG002315

July 10, 1998
Date

INTRODUCTION

REPORT FORMAT

The following report is comprised of two primary sections. The first section includes general information regarding this appraisal and information about the general location of the appraised property and residential market conditions. The second section of the report includes the individual property appraisals. Each property appraisal includes information about the specific location of the appraised property, a description of the appraised property, a summary of specific sales used in the appraisal of each property, and the valuation analysis.

IDENTIFICATION OF THE PROPERTY

The appraised property comprises portions of a 580 lot residential master planned development which surrounds the Eagle Crest 18-hole golf course. The development is known as Rancho San Pasqual and it is located east of Cloverdale Road at Rockwood Road and Old Ranch Road in Escondido, California. The entire master planned development consists of approximately 872 acres and includes a golf course, clubhouse, swim/recreation center, open space areas, and 580 existing and proposed residential lots.

We were not provided with a legal description for the subject properties; however, they can be identified by Assessor's parcel numbers which are detailed in the appraisal sections for each of the four properties. The following summary identifies the appraised properties and ownership.

APPRAISED PROPERTIES	
Property Identification	Ownership
112 Lots w/Approved TM, 5,500 SF Min. Lots Physically Raw Condition (454.18 Acres)	Signal Landmark
Madera - 50 Lots of 136 Total, 5,500 SF Min. Lots Finished Lots & Partially Finished/Finished Homes	Richmond American
Montecito - 67 Lots of 126 Total, 6,600 SF Min. Lots Finished Lots & Partially Finished/Finished Homes	LMD (Lucas & Mercier)
Catavina - 36 Lots of 97 Total, 6,600 & 8,000 SF Min. Partially Finished Homes & Finished Homes	L&W Investments (Continental Homes)

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of each property identified above which is within the boundaries of the City of Escondido Reassessment District No. 98-1 (Rancho San Pasqual). Our value estimates are made subject to existing special tax and special assessment liens that were created by the City of Escondido Assessment District No. 95-1.

INTENDED USE

It is our understanding that the intended use of this report is to provide the client with a basis for evaluating collateral for refinancing of the existing Assessment District No. 95-1.

PROPERTY RIGHTS APPRAISED

The estate appraised for the subject is the fee simple interest, subject only to easement encumbrances of record, if any, and the existing Assessment District No. 95-1 (Rancho San Pasqual). A fee simple estate is defined by *The Dictionary of Real Estate Appraisal*, Appraisal Institute, 3rd Edition, 1993, as follows:

"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."

DEFINITION OF MARKET VALUE

Market Value as used in our appraisal is defined as follows:

MARKET VALUE is 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:

1. Buyer and seller are typically motivated;
2. Both parties are well-informed or well-advised, and each acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. 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.¹

The estimated market values included herein, reflect the value a potential buyer would consider given the special taxes and encumbrances of Assessment District No. 95-1 by the City of Escondido.

EXPOSURE TIME

Each of the appraised values reflect a reasonable exposure time estimated at up to one year. According to the Uniform Standards of Professional Appraisal Practice, Exposure Time is defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.

DEFINITION OF HIGHEST AND BEST USE

Highest and Best Use is an important concept in real estate valuation as it represents the premise upon which value is based. As used in this report, *Highest and Best Use* is defined as follows:

"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."²

OTHER DEFINITIONS

The opinion of value reported herein reflects the following valuation premise:

"As Is" Market Value: This is the value of the property in its current physical condition and subject to the zoning in effect as of the date of the appraisal. It is an estimate of the market value of a property in its condition observed, as of the date of inspection, and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications.³

Finished Site Condition: This refers to a physically completed lot on which a building may immediately be erected. The costs to finish the lot are inclusive of all prorated permit fees such as water fees, sewer fees, traffic mitigation fees, and any and all other government and utility fees

¹DEPARTMENT OF THE TREASURY, Office of Thrift Supervision; 12 CFR Part 34, Docket No. 90-16, Real Estate Appraisals (Action: Final Rule)

²*The Appraisal of Real Estate*, 11th ed. (Chicago: Appraisal Institute, 1996), p.297

³ Federal Reserve System, 12 CFR Parts 208 and 225 (regulation H, Regulation Y; Docket No. 5-0685), p. 19.

associated with the development of the tract in which the lot is located. The prorated costs of developing the common area improvements, streets, sidewalks, curbs, gutters, footways, storm drains, sewers, street landscaping, driveway approaches, and other land improvements are also included in the finished lot price. The definition assumes that all wet and dry public utilities are available at the finished lot's boundary line.

DATE OF VALUE

The value estimates are set forth as of July 1, 1998.

DATE OF REPORT

The REPORT has been prepared as of July 10, 1998.

DATES OF INSPECTION

The appraised properties were inspected on various dates in June and July 1998. The last date of inspection was in July 1998.

APPRAISAL AND DEVELOPMENT REPORTING PROCESS

In developing the appraisal, the following process was undertaken:

- An initial investigation was made of the appraised properties and the local environs in June 1998.
- The property rights to be appraised, market value definition and objective of the appraisal were determined.
- General data needs and resources were identified and researched.
- Interviews were conducted with various property owners and City of Escondido personnel relative to land use constraints, zoning and general plan designations, proposed land use changes, and entitlement status.
- Various documents were reviewed including, but not limited to, the Rancho San Pasqual Specific Plan, Parcel Maps, and Subdivision Maps.
- Subsequent visits were made to the local area and the appraised properties during the months of June and July to identify physical features, neighborhood development trends, and other factors that might affect real property value.
- The general economy of the community and region were studied to determine trends in population, housing, employment, financing, and other economic base characteristics.
- The boundaries of the competitive market area were identified and researched for each component of the appraised property. All related market segments were studied and analyzed.
- An estimate of highest and best use was made for each subject property forming the basis for our market data research.
- The appropriate valuation techniques were determined and applied.
- In applying the Sales Comparison Approach, comparable sales and listings were researched within the identified competitive market area. Sources of data included the County Recorder's office, various market data services, published reports, and personal contacts. These data were then analyzed on the basis of their overall degree of comparability to the appraised property.

The appraisal development process reflected in this report is intended to follow the "Complete Appraisal" guidelines as defined by USPAP. This is also a "Self-Contained" appraisal report as defined by USPAP. It is a written report prepared in accordance with Standards Rule 2-2(a) relating to a Complete Appraisal performed under Standard 1.

METHODOLOGY

The appraisal process is an orderly procedure in which the data used to estimate value are acquired, presented, classified, and analyzed. The three generally accepted methods of estimating market value are the Cost Approach, Sales Comparison Approach, and Income Approach. The Sales Comparison Approach is the only technique considered appropriate.

The Sales Comparison Approach relates the subject to similar properties that have recently sold. This approach to value relies on the concept that a prudent purchaser would pay no more to buy a property than it would cost to acquire a comparable substitute. Sales of similar properties are compared directly to the subject to arrive at an indicated value.

SALES HISTORY OF THE SUBJECT PROPERTY

The subject consists of four separate residential subdivisions ranging in condition from raw undeveloped land to finished homes ready to be sold to individual home buyers. Three of these subdivisions are currently experiencing ongoing home construction and sales. Consequently, many of the lots have recently been sold in bulk to the various separate project developers from the master developer (Signal Landmark) of the Rancho San Pasqual master planned development. Those subdivision land sales are presented in the Valuation section of this report. Further, the various project developers are currently selling completed homes to individual home buyers and, consequently, many of the homes are currently in escrow. Details on those transactions are presented in the Valuation section of this report.

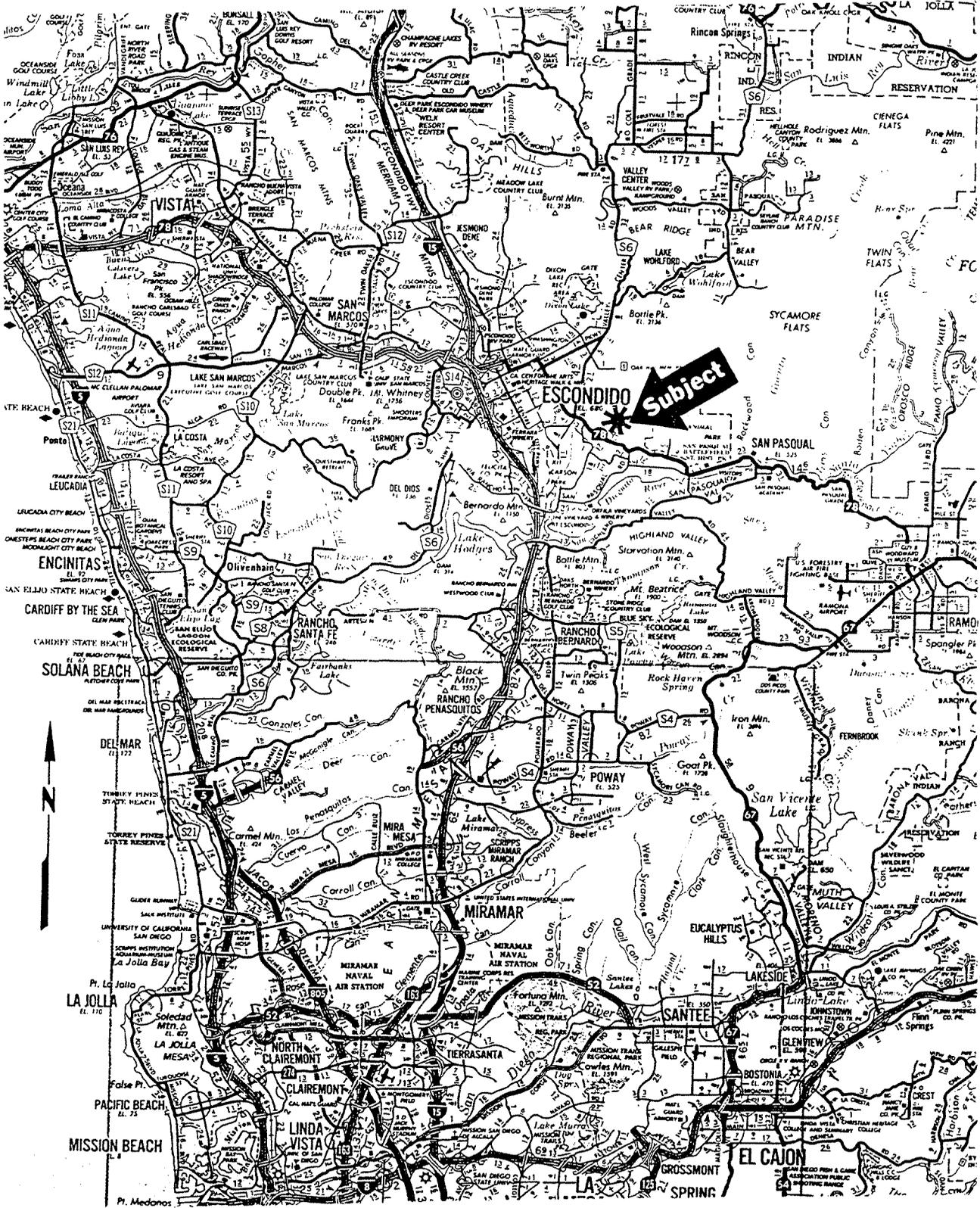
ASSESSED VALUATION AND TAXES

The subject property is located in Tax Rate Area 04-276, and the 1997/98 nominal tax rate is 1.04362 percent. The property is subject to special taxes associated with Assessment District No. 95-1. This District provided funding for the offsite sewer system including gravity sewer, pump station, and force main; and street improvements to Highway 78 at its intersection with Cloverdale Road. Each lot within Rancho San Pasqual is assessed annually \$735 for principal and interest, plus \$40 for administrative expenses, for a total of \$775 per year. This annual assessment will be levied until fiscal year 2026/27. This debt, as it applies to each lot, can be retired for a lump sum payment of \$8,707.

This type of additional tax is sometimes negatively received by the market. For instance, when such additional taxes escalate the effective tax rate for a particular property at or above two percent of its market value, strong market resistance has occurred. Assuming a value in the subject development of about \$275,000 for a home, the total taxes including those for the assessment district would be about \$3,645. This equates to a tax rate of approximately 1.32544 percent which is well under the two percent threshold. We do not feel that this added tax burden will have a negative impact upon the marketability of the subject homes or homesites.

In addition to the above, there is a single homeowner's association within the development that levies monthly dues. These dues are currently \$104.50 per lot. The homeowner's association is responsible for maintaining community facilities such as the private streets, recreation center, common area slopes, and the gated entries. Considering the level of amenities associated with this project, these fees do not appear to be unreasonable.

REGIONAL MAP



LOCATION DESCRIPTION

Region

The subject property is located in the north/inland area of San Diego County. San Diego County is in the extreme southwesterly corner of the United States and is bordered by the Pacific Ocean to the west, the California/Mexico border to the south, Orange and Riverside Counties to the north, and Imperial County to the east.

San Diego County is currently 4,261 square miles in size, of which approximately 50 percent is privately owned. The terrain varies greatly from ocean beaches to foothills to mountains and deserts. The coastal plain area extends from the ocean to inland areas for 20 to 25 miles. This is the area that has experienced the bulk of development.

The San Diego region is well-located and has a moderate climate which is desirable to most people and which is one of the area's primary attractions. The freeway and highway system in the county is adequate, but is becoming overburdened with rush-hour traffic, a common occurrence. The population and housing growth are increasing at a faster rate than that found in Southern California as a whole, but those growth rates declined dramatically in the early 1990's as the result of an economic slowdown that existed at that time.

The current economic trends experienced locally, as well as nationally, include significantly improving conditions. There is marked growth in the region even though some development has suffered as a result of actions taken by some city governments to reduce population growth and finance infrastructure improvements by enacting growth control measures and increasing development fees. Regardless, the residential and other sectors are currently strong.

Growth management has been a significant issue in the San Diego economic and political picture in recent years. As previously noted, many county municipalities have some type of moratorium or initiative which deals with growth and development. Although countywide growth initiatives were defeated in the November 1988 elections, slow growth politicians still generally control government in the various incorporated cities and the county as a whole.

The concern with growth primarily focuses on the issues of congestion and availability of services. Congestion is most significant in areas of transportation and educational facilities. Key issues for the 1990's have been water availability and refuse disposal.

In spite of the various growth control ordinances, population growth is forecast to continue. This growth is fueled by the employment opportunities and recreational, cultural, and educational amenities offered in San Diego County. The GRP of San Diego County should continue to expand, with the trade and service sectors playing an increasing role.

Manufacturing growth will decrease as the region becomes less dependent on defense-related spending. Construction growth is also anticipated to remain at its current slow to moderate pace for the near term. Overall, the environmental, political, social, and economic factors at work in the region are generally considered positive with regard to property ownership for the long term.

City Description

The appraised property is located in the city of Escondido. Primary access to the city is from Interstate 15, which is a principal inland route between central San Diego and the city of Riverside and other surrounding inland areas of Southern California to the north. State Highway 78 links Escondido to the coast and also extends easterly connecting the city with inland portions of central San Diego County. The local area is also linked to the coast by Del Dios Highway, a well-maintained, two-lane county road which passes through the prestigious residential area of Rancho Santa Fe and extends southwesterly to the coastal communities of Del Mar and Solana Beach.

Escondido was incorporated in 1888 and is one of the largest cities in San Diego County. The population within the city limits of Escondido as of January 1997 was estimated at 119,900 by the California Department of Finance. This reflects an increase of about 1.7 percent over the January 1, 1996 population estimate by the same source of 117,900. Continued growth in the city's population can be attributed to the area's desirable climate; good access to the ocean, mountains, and other recreational areas; and because of

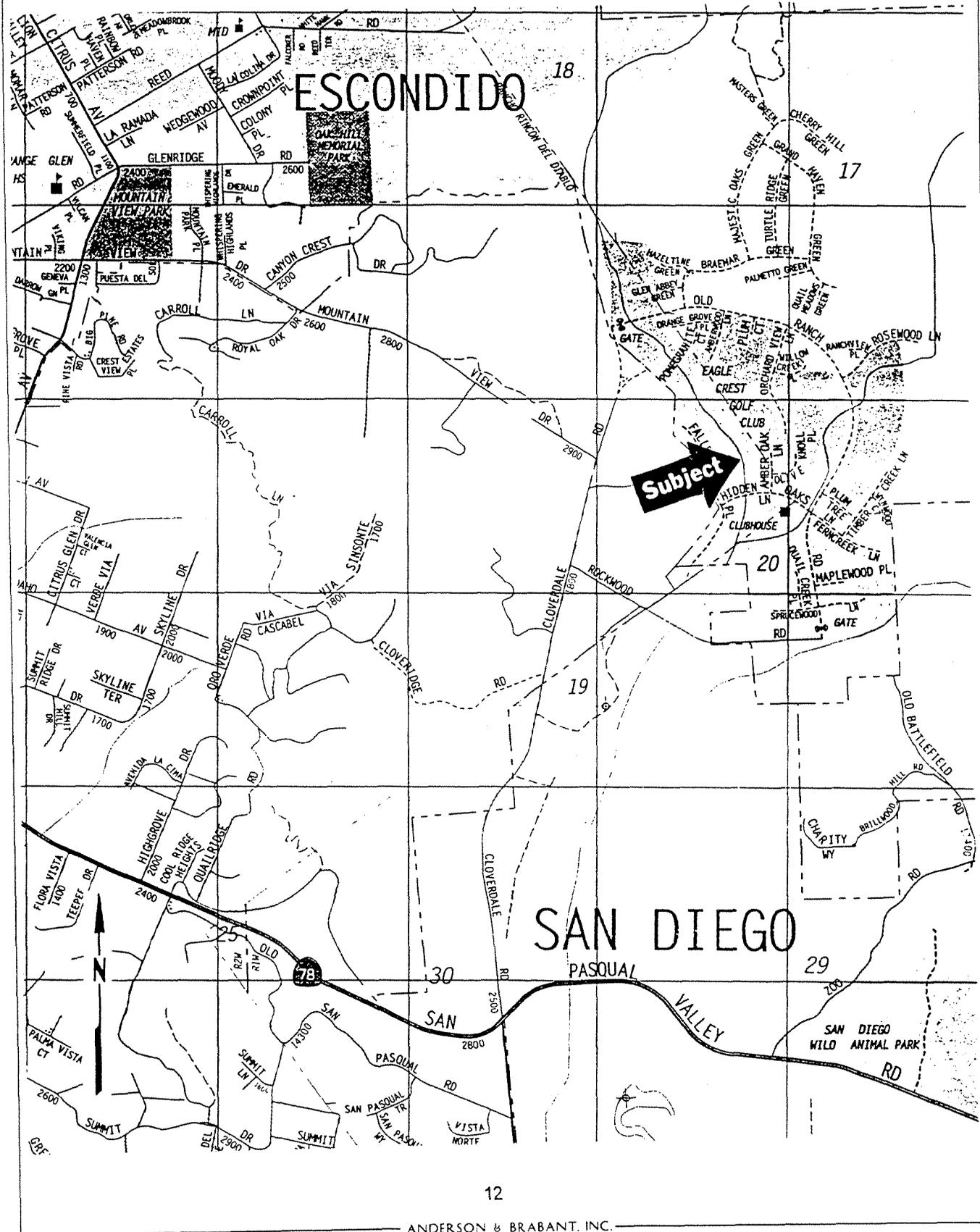
the increasing employment opportunities in the area. However, the city has adopted quality of life standards that will severely limit population growth in the future.

Escondido has long been a major retail commercial center within the north San Diego County area. The scope of Escondido's significance as a trade center to over 250,000 people was expanded with the opening of North County Fair, a 1.3 million square foot regional shopping center adjacent to Kit Carson park, and the development of the Escondido Auto Park, located along West Valley Parkway near the intersection of Highway 78 and Interstate 15. North County Fair is one of the largest enclosed malls in the country and it includes several major department stores and over 120 shops. The auto park includes an area of approximately 68 acres and features dealerships for most of the import and domestic manufacturers.

Escondido experienced tremendous growth during the 1980's. The growth included the expansion of the population base, development of retail centers along the Interstate 15 corridor, and the beginning of redevelopment in the Downtown and Grape Day Park areas. The new Civic Center includes a community theater, museums, and a performing arts center.

As with most of Southern California, changing economic conditions have had a rather significant impact on real estate in Escondido. The residential real estate market was generally depressed during the early 1990's, but it has improved significantly since 1995. The same trend is visible in the commercial and industrial segments of the Escondido market. Specific characteristics and trends of the subject residential market will be discussed in a later section of this report.

NEIGHBORHOOD MAP



Immediate Neighborhood

The subject property is located in the southeastern section of the city of Escondido and is part of the Rancho San Pasqual master planned community. Rancho San Pasqual includes 872 acres and incorporates the Eagle Crest Golf Course as its centerpiece. The community is projected to include a build-out of 580 dwelling units on lots with minimum sizes of 4,500 to 8,000 square feet, and many of the completed homes have golf course orientation. Finished product in the area have ranged in size from about 1,500 to 3,500 square feet, and home base prices have ranged from about \$160,000 to more than \$300,000. Based on the existing and proposed product types in Rancho San Pasqual, it is likely the community will continue to attract a broad target market including mature family move-downs, empty nesters, young professional families, and affluent move-up families.

Of the 872 acres comprising Rancho San Pasqual, only 296 acres will be developed with homes. A total of 427 acres will remain as open space and 149 acres have been improved as the 18-hole Eagle Crest Golf Course. The Eagle Crest Public Golf Course was completed in 1993 and reportedly generates approximately 40,000 to 50,000 rounds annually.

Rancho San Pasqual is served by the Escondido Unified School District which includes San Pasqual High School located about four miles southwest of the subject. It is also served by the San Pasqual Union School District for grades kindergarten through 8, located two miles south on State Highway 78. Busing is provided to all of the public schools. Higher education facilities are located at Palomar Community College and California State University at San Marcos.

Rancho San Pasqual is located approximately four miles northeast of the North County Fair, which is North San Diego County's largest regional shopping mall. It is anchored by Sears, J.C. Penney Co., Macy's, Nordstrom, and Robinson's-May department stores. The nearest local shopping is about five miles west at the intersection of Felicita Road and Centre City Parkway. Major Market, Thrifty Drug, and Von's market are located in this area. Also nearby are the California Centre for the Arts, Palomar Hospital, and various recreational parks. The major employment centers within the city of San Diego are located approximately 30 minutes to the south.

Surrounding land uses are largely agricultural and rural residential. The San Pasqual Valley contains farms with various crops and grazing operations and occasional produce stands. To the west of Rancho San Pasqual are citrus and avocado orchards, with rural residences among them. Residential density gradually increases towards Bear Valley Parkway. West and north of the community, the terrain is much more steep and rugged, with scattered rural residences among scrub peppered slopes. The San Diego Wild Animal Park is located approximately one mile southeast of Rancho San Pasqual.

Primary access to the subject neighborhood is via Route 78 (San Pasqual Valley Road) which is located approximately one mile to the south. Interstate 15, the major north/south thoroughfare in the region, is located approximately five miles southwest of Rancho San Pasqual and is connected via Route 78.

The subject neighborhood of Rancho San Pasqual is positioned to capitalize on its golf course centerpiece which provides many golf course frontage lots. The master developer's agreement to develop the community in five distinct villages will enhance an orderly development and marketing of the community. The proposed homes are projected to attract a wide range of buyers, and sales to date have been good. The only drawback is the relative rural location of the subject neighborhood. To overcome this factor, the developers have pooled their resources to institute a professional marketing program which draws from a wide area. The marketing of Rancho San Pasqual has been enhanced by offering distinct projects which compliment rather than compete with each other. Overall, the subject neighborhood is an appealing area and is conducive to supporting new home residential development as proposed.

MARKET OVERVIEW

There is plenty of evidence that the housing market in San Diego County has improved significantly over the past 18 to 24 month period. According to the fourth quarter edition of Market Profiles/Residential New Home Trends, a quarterly publication of Real Estate Marketing and Research Consultants of San Diego, the amount of new home sales in 1997 was clear evidence of a turnaround in the marketplace when a total of 7,049 detached homes were sold in the county. Yearly sales had not reached this level since 1989 when 6,933 sales were reported. The improving trend was further evidenced by reported sales activity in the first quarter 1998 issue of Market Profiles/Residential New Home Trends which indicated that total sales during the quarter reached a ten year high of 2,394 units. The previous high occurred during the fourth quarter of 1988 when 2,334 units were

sold. Sales climbed by 20 percent in the first quarter of 1997 when compared with the preceding quarter, and sales continued to increase by 21 percent the following (second) quarter. Sales during the third quarter of 1997 reached 2,312 detached units which, until the first quarter of 1998, was higher than any other quarter this decade.

Along with an increase in product demand was an increase in average home price. During 1995 and 1996, the average home price in the county was in the \$230,000's and \$240,000's. During the first two quarters of 1997, the average home price reached the mid \$250,000's and the average home size was in the 2,218 to 2,235 square foot range. By the third quarter, the average price climbed to \$268,827 for 2,301 square feet. The average home price in the county during the fourth quarter was \$275,418 for 2,285 square feet. This average fourth quarter 1997 home price was about equal to the pre-recessionary high of \$278,000 achieved in the second quarter of 1991. During the first quarter of 1998, the average price of a new home reached \$286,209 for 2,374 square feet. Between the beginning of 1997 and the first quarter of 1998, the average price per square foot increased from around \$114 to nearly \$124.

The Rancho San Pasqual community in which the subject is located is projected to include a build-out of 580 dwelling units, and many of the homes have golf course orientation. The master developer, Signal Landmark, has partitioned the community into five distinct property types. Four of these product types are identified in the following summary. The chart shows the current home prices and sales rates for each development. The reported sales rates include the overall sales rates since opening for sales (4th Quarter 1996) and the sales rates since December 1997 to present. Three of the four developments include portions of the subject, and the fourth is sold out.

Project	No. Lots	Min. Lot Size (SF)	Home Sizes (SF)	Current Base Prices	Avg. Sales/Mo. Since 4 th Qtr 96	Avg. Sales/Mo. Since 12/97
Cataviña	97	6,600 8,000	2,525-3,466	\$285,000-\$322,000	2.90	5.00
Montecito	126	6,600	2,160-2,648	\$232,900-\$269,900	3.28	3.57
Madera	136	5,500	1,776-2,391	\$206,990-\$238,990	4.05	5.57
Sedona	109	4,500	1,530-1,845	\$181,990-\$208,990	Overall 5.19 (sold out)	

The information presented above illustrates the current improved market conditions. It is clear that there is good market acceptance of the product type in each development and, further, these developers report that all homes will be sold and closed by sometime in 1st quarter 1999. Additional evidence to the support current strong market conditions at these developments is the fact that nearly all of the homes which are under construction are in escrow and most of the finished lots (awaiting new construction commencement) are in escrow. If all three of these developments close the remaining inventory by the end of the 1st quarter 1999, that would indicate an average sales rate per development of 5.67 sales per month (153 homes/9 months/3 subdivisions). Further, the sales office personnel report significant home price increases between phases at up to \$10,000 or more and if a home falls out of escrow the asking price is increased. Concessions are essentially nonexistent and there is typically no negotiating from the asking price. Premiums for golf course orientation, views, and lot size are up to \$50,000 or more. Such premiums were reported at about half in 1997.

The fifth product type in Rancho San Pasqual will be built on 112 homesites with only about six of these being adjacent to the golf course. These proposed 112 homesites are a portion of the subject property. This land is located at the northerly end of the community (N/O of Old Ranch Road, E/O Cloverdale) and the proposed layout of the lots indicates that 92 of the lots are situated in a valley north of and above the golf course without any views of the golf course.

A Site Plan of the Rancho San Pasqual master planned development can be found on the page following this section. The map depicts the subject properties, or those portions of the various developments within the community to be appraised. The map may also be referenced in the individual appraisals of the four subject subdivisions.

The agreement with the master developer to limit development to the housing sizes listed above allows the four merchant builders to offer homes to clearly defined market groups. This will reduce direct competition and will produce a marketing synergy. The goal is to provide an orderly market which appeals to a broad cross-section of the buying public. Based on the product types existing and proposed for Rancho San Pasqual, it is likely the community will continue to attract mature family move-downs, empty nesters, young professional families, and affluent move-up families.

Of the 872 acres comprising Rancho San Pasqual, only 296 acres will be developed with homes. A total of 427 acres will remain as open space and 149 acres have been improved as the 18-hole Eagle Crest Golf Course. The Eagle Crest Public Golf Course was completed in 1993 and reportedly generates approximately 40,000 to 50,000 rounds annually.

Summary

We have completed an investigation of the marketplace and have ascertained actual sale prices, absorption rates, product quality, and other factors which can affect price in order to estimate value. Overall, we found that consumer confidence is rallying and that new home sales rates are strong. To some degree, the increase in consumer confidence parallels the rate of improvement pertaining to economic conditions for the area and region. In addition, interest rates are relatively competitive and there are few projects in the area that would be considered truly competitive with the subject. Also, there is a limited amount of pipeline inventory, and the market should continue to improve, at least into the foreseeable future. With an active marketing and advertising program and a competitive pricing schedule, the proposed and developing homes should sell at a rate conducive to generating an acceptable profit margin.

PROPERTY APPRAISAL

SIGNAL LANDMARK

112 Lots w/Approved Tentative Map

5,500 SF Minimum Lot Size

Physically Raw Condition (454.18 Acres)

SUBJECT PROPERTY PHOTOGRAPHS



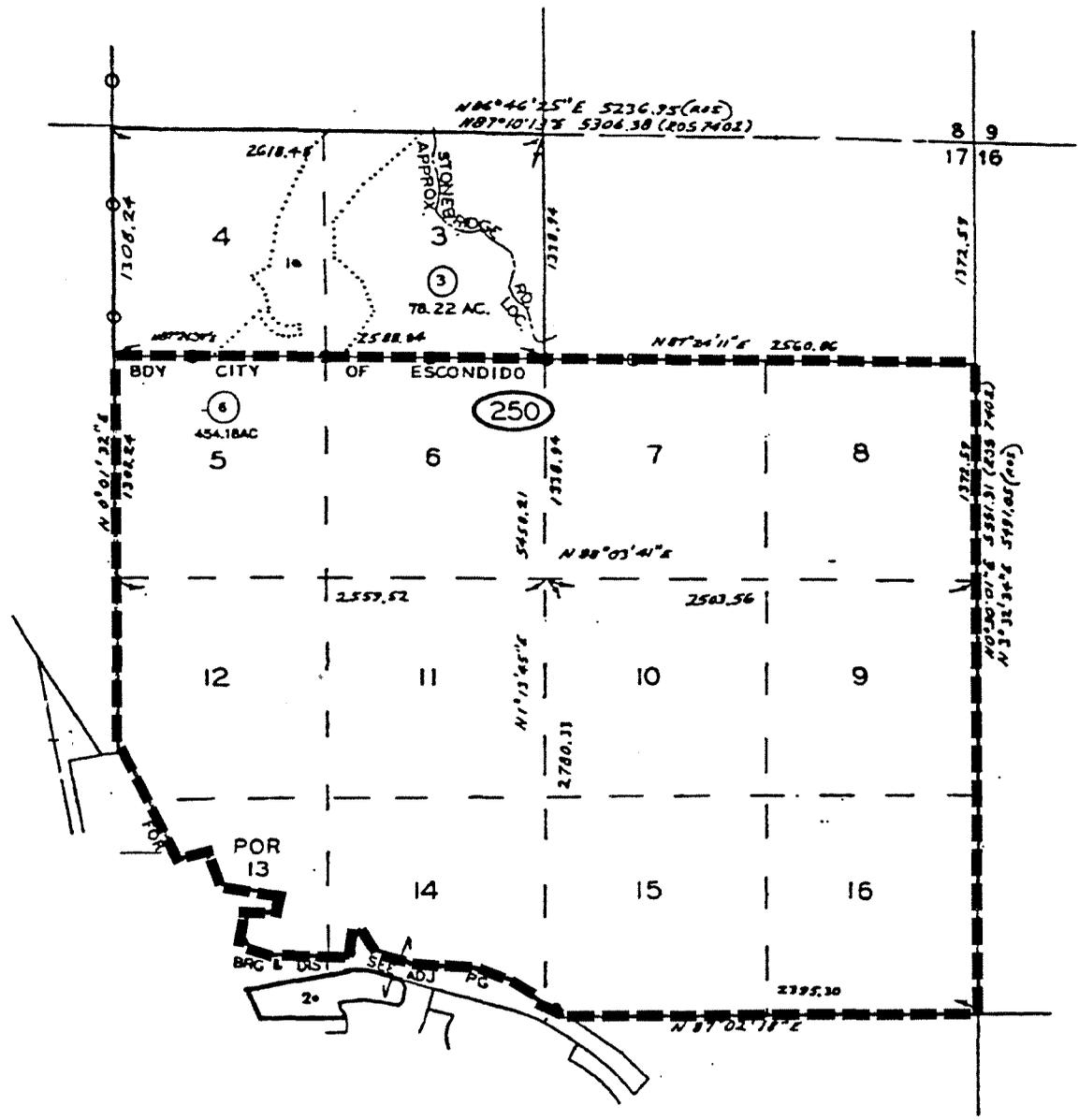
Proposed location of 92 of the total 112 lots. Valley view is to the north.



Proposed location of 92 of the total 112 lots. Valley view is to the northeast.

Plat Map

240-25
SHT. 1 OF 2

LAND DESCRIPTION

The subject property presently exists in a physically raw condition, but the owner intends to develop the property as a 112 lot residential subdivision to sell homes.

Size and Shape

The 112 lot proposed residential subdivision encompasses an approximate 454.18 gross acre site. According to the approved tentative map (Tract No. 706R4), the proposed 112 lots will be clustered with 20 lots located at the southwest corner of the larger 454.18 acre parcel and the remaining 92 lots located in the valley at the center of the larger 454.18 acre parcel. This clustering will allow for large areas of open space to be set aside. Please refer to the Site Plan presented at the end of the Market Overview section of this report which shows the layout of the subject property's proposed 112 homesites.

The shape of the overall site is irregular and the 112 lots typically reflect rectangular to irregular configuration. The minimum lot size is 5,500 square feet, but most of the lots are in the range of 5,500 to 6,000 or 7,000 square feet in size, and they have some rear and side slope areas. There are a couple of the lots that are as large as 20,000 square feet, but about half of the lot is slope.

Topography/Drainage

The subject is characterized by gentle rolling terrain to moderately steep land. The southwest quadrant of the parcel is rough graded with generally level to rolling terrain, while the remainder consists of steep hillside terrain and a generally rolling valley area. The proposed homesites will be graded to level pad areas.

Site drainage flows with the current terrain of the site. Extensive storm drain systems, which will be installed upon development, will carry water to offsite drainage systems. Each homesite will be graded to allow drainage to flow off the homesite to the planned streets and storm drain system.

Views

As indicated, 92 homesites of the total 112 proposed homesite will be situated in a valley north and east of the golf course without any views of the golf course. Since these homesites are located in a valley, they will have limited backcountry views. However, the remaining 20 proposed homesites will be developed near the golf courses' hole Nos. 3, 4, and 5 which are located at the northeast quadrant of Old Ranch Road and Cloverdale Road. At that location, about six homesites will have good orientation and views of the golf course.

Soil Conditions

No soils report was provided. It is assumed that there are no soil conditions present which would preclude development of the subject land in accordance with its highest and best use.

Utilities

All public utilities necessary for residential development are installed throughout the southerly portion of the Rancho San Pasqual community and will be installed at the subject upon development. The available utilities include public water, sewer, natural gas, electrical power, cable television, and telephone. All utilities are underground.

Access and Street Improvements

Regional access to the subject development is provided by San Pasqual Valley Road (State Route 78) located one mile south of the subject community. San Pasqual Road is identified as a major arterial highway in the city of Escondido circulation plan.

Access to the subject community is provided by Cloverdale Road, a two-lane, asphalt paved road extending north from San Pasqual Valley Road. The main circulation route through Rancho San Pasqual community is provided by a single loop road identified as Old Ranch Road and it connects with Cloverdale Road and Rockwood Road. All access streets through the community accommodate single lanes of bi-directional traffic and they are improved with asphalt paving and concrete gutter and sidewalk. There are two monument gated entries, one at Rockwood Road and Old Ranch Road and another at Cloverdale Road and Old Ranch Road.

The subject property fronts at the northerly side of Old Ranch Road, but no street improvements have been developed on the subject site. Street improvements will be similar to those developed on the southerly portion of the Rancho San Pasqual community.

Flood Zone Designation

According to Flood Insurance Rate Map Community Panel No. 06073C1082 F, dated June 19, 1997, the subject parcel is entirely within Flood Hazard Zone X, areas determined to be outside the 500-year floodplain. Flood insurance in Zone X is available, but not required.

Toxic Hazard

We have not reviewed a hazardous materials report specifically for the appraised property. An inspection of the property did not reveal any toxic or hazardous materials conditions. In this appraisal, it is assumed that there are no toxic or hazardous conditions present on or below the surface of the subject property.

Seismic Hazard

The subject is not located within an identified "Earthquake Fault Zone" as designated by the California State Division of Mines and Geology. However, the land is located in an area prone to seismic events, a condition that it shares with other properties located in the general Southern California area.

Natural, Cultural, Recreational, and Scientific Conditions

We have not reviewed an environmental conditions report specifically for the subject property. Our final estimate of value assumes that there are no legitimate environmental or ecological reasons that would prevent orderly development of the land to its highest and best use.

Easements and Encumbrances

A title report has not been provided. Our analysis reflects the assumption that there are no easements or encumbrances that would negatively affect the development of the subject property in accordance with its highest and best use.

Land Use

The appraised property is within the Rancho San Pasqual Specific Planning Area (SPA 95-16) controlled by the City of Escondido and adopted July 1995. That plan allows for development of the community with 580 homesites.

Specifically, the subject has an Approved Tentative Map (Tract No. 706R4) in place which allows development of 112 homesites with a minimum lot size of 5,500 square feet. The subject was originally designed for 112 homesites consisting of 8,000 and 10,000 square foot minimum lot sizes, but the owner has recently remapped the property to smaller lots without any change in density and this design is intended offer more market acceptable product.

Property Status

As of the date of value, the subject property exists in a physically raw condition. The owner, Signal Landmark, intends to develop the property as a residential subdivision to sell homes. Mr. John Marshall at Signal Landmark indicated that they plan to begin grading in October 1998. Homes are anticipated to be developed somewhere in the range of 2,000 to 2,800 square feet in size and pricing is not yet determined. He forecasted that the project would be sold out by October 2000. Mr. Marshall also provided land development costs and fees, but they were not provided in writing. These figures are shown in the following table.

LAND DEVELOPMENT COSTS AND FEES	
DESCRIPTION	COST
Engineering, architectural, development fees, etc.	\$2,340,000
Common landscaping, fencing, etc.	\$1,100,000
Grading, streets, storm drains, etc.	\$3,724,000
Total Costs and Fees	\$7,168,000
Total Costs and Fees/Lot	\$64,000/Lot

The land development costs include all costs and fees to achieve a finished lot condition where they are ready for new home construction. These costs do not include the building permit or plan check fees. An independent analysis of the land development costs and fees was not prepared by the appraisers. We have relied on the provided cost estimate in this analysis. Any changes to these costs and fees could impact the value conclusion contained in this appraisal.

OWNERSHIP AND SALES HISTORY

There have been no sales of the subject property three years prior to the date of value.

VALUATION

HIGHEST AND BEST USE

Legally Allowable Uses: The legal uses of the appraised property have been established by the Rancho San Pasqual Specific Plan. The subject property currently has an approved tentative map for 112 homesites with a minimum lot size of 5,500 square feet. The redesign of the subject from larger lots (min. 8,000/10,000 SF) to the smaller lots (min. 5,500 SF) without any change in density is acceptable to the City. In our opinion, the approved tentative map design for the subject represents a reasonable, appealing, and marketable use of the land.

Physically Possible Uses: The subject consists of effectively, unimproved land. Development of the subject with homes can be accomplished without detrimental costs or delays. All utilities and services are nearby to serve the property.

Economically Feasible and Maximally Productive Uses: The issue of economic viability is primarily tied to the health of the San Diego economy and on supply and demand characteristics associated with population growth. The subject market area has shown good market acceptance; and the appraised land is close and convenient to employment centers, shopping facilities, and major thoroughfares.

Over time, San Diego County has experienced more favorable growth patterns than most areas of the nation, and most new development in the county is expected to occur to the north and south of metropolitan San Diego, in either the north or south portions of the county.

Market conditions relating to the demand for and development of land for housing have improved noticeably over the past two years, and most of this activity has involved acquisitions by merchant builders of entitled subdivision parcels planned for single-family housing.

Conclusion: Given all known characteristics of the subject, single-family residential development of the property appears to represent a reasonable use of the land. It is highly speculative as to whether an alternative use would be superior or more profitable to that which is planned or has been approved. Based on other projects that have been developed in the area and on market activity pertaining to product developed on those parcels, we have concluded that development of the subject at a proposed yield of 112 homesites is appropriate for the land and should achieve good market acceptance.

METHODOLOGY

In this analysis, we have first estimated the value of the subject as if in a finished site condition with fees paid, ready for development into new housing units. The "as is" land value is derived by deducting the estimated development fees and costs to finish the land from the estimated finished site value supported by relevant market data. The finished site values are clearly identifiable from market data. The unit of comparison is the price per potential unit or finished homesite.

COMPL. NO.	NAME/LOCATION	SALE DATE	NO. OF UNITS	MIN. LOT SIZE	PROPERTY TYPE	SUBDIVISION LAND SALES SUMMARY		FINISHED	GROSS TO FINISH	GROSS TO FINISH	FINISHED	FINISHED
						SALE PRICE	UNITS					
1	Montecito Old Ranch Rd & Timber Creek Ln Escondido	Nov-97	33	6,600	Partially Finished Lots	\$1,759,144	\$53,307	\$31,340	\$84,647	\$232,900- \$262,900	32.2-36.3%	
2	Montecito Fern Creek Ln Plum Tree Ln Escondido	May-97	49	6,600	Partially Finished Lots	\$2,491,000	\$50,837	\$32,490	\$83,327	\$232,900- \$262,900	31.7-35.8%	
3	Madera Sprucewood Ln & Orange Grove Pl Escondido	Apr-98	35	5,500	Partially Finished Lots	\$1,670,000	\$47,714	\$26,786	\$74,500	\$190,900- \$224,900	33.1-39.0%	
4	Madera Quail Creek Pl Maplewood Pl Escondido	Aug-97	36	5,500	Partially Finished Lots	\$1,856,000	\$51,556	\$21,445	\$73,001	\$190,900- \$224,900	32.5-38.2%	
5	Sedona Amber Oak Ln Olive Knoll Pl Escondido	Jul-97	18	5,000	Partially Finished Lots	\$464,500	\$25,806	\$39,194	\$65,000	\$181,990- \$208,990	31.1-35.7%	
6	Catavina Willow Creek Pl Orchard View Ln Escondido	Jun-97	25	6,600	Partially Finished Lots	\$1,287,500	\$51,500	\$34,500	\$86,000	\$271,000- \$331,000	26.0-31.7%	
7	Mission Cove N/S Mission Rd, E/O Mulberry Dr. San Marcos	Escrow	29	6,100	Physically Raw w/ITM	\$768,000	\$26,483	\$53,086	\$79,569	\$250,000 plus	31.80%	
8	Stonebrook SEC Via Vera Cruz & Quail Hill Dr. San Marcos	Sep-97	105	7,200	Physically Raw w/IFM	\$2,100,000	\$20,000	\$63,000	\$83,000	\$196,490- \$247,490	33.5-42.2%	
9	Meadowrun NWC Black Min. Rd. & Slargaze Escondido	Dec-97	15	5,000	Partially Finished Lots	\$1,370,000	\$91,333	\$35,934	\$127,267	\$320,900- \$349,900	36.4-39.6%	
10	Circle R Ranch Circle R Ct. & Gracillor Way Valley Center	Jun-98	77	5,000	Partially Finished Lots	\$4,454,750	\$57,854	\$14,246	\$72,100	\$192,000- \$212,000	34.0-37.6%	

SALES COMPARISON APPROACH

The reliability of this valuation technique is dependent upon the availability of comparable sale data, the verification of the data, the overall degree of comparability, and the absence of non-typical conditions affecting the sale prices.

An extensive search was conducted in North County for sales of parcels that are proposed for development with residential dwellings. After a review of all available data, our search resulted in the discovery of ten sales of properties that could be utilized for direct comparison purposes. On the facing page is a summary of pertinent details relative to the ten sale properties used in the analysis of the subject. Complete market data summary sheets for the sale properties are in the addenda to this report and are accompanied by a data location map. Sales 1 through 6 are from the subject Rancho San Pasqual community; Sales 7 and 8 are from the adjacent city of San Marcos; Sale 9 is from Rancho Penasquitos; and Sale 10 is located in nearby Valley Center.

Elements of Comparison/Analysis of Data

In our analysis, we have considered differences between the subject and comparables for such factors as property rights conveyed, conditions of sale, financing terms, market conditions, location, and other physical characteristics. The appropriate unit of comparison is the price per proposed residential unit or homesite. On the following page is an adjustment grid indicating the specific adjustments applied to the comparables. The following is a discussion of each adjustment factor.

Property Rights Conveyed: All transactions involved the sale of the fee simple estate, with no adjustments needed.

Conditions of Sale: There were no unusual conditions of sale that were considered to have an impact on the price paid for any of the comparable data. Therefore, no adjustments were made under this category.

Financing Terms: All of the transactions involved cash or the equivalent, with no financing adjustments required.

Market Conditions: Lot prices remained fairly stable in 1996; however, there is evidence that subdivision land values have increased in 1997 and 1998. Brokers in the resale home market report increasing prices and sales rates. New home subdivision sales people are reporting increased pricing with the release of new phases. The buyer of Sale No. 8, which closed in 1997 but was negotiated one year prior in 1996, indicated that his property has increased in value to nearly \$100,000 per finished homesite. That would indicate an increase of about 20 percent since it was negotiated in 1996. Sales 1 through 6, which are from the subject Rancho San Pasqual community, all involve multiple takedowns which were originally negotiated in 1995 and 1996. The market was just emerging from a prolonged recession when these sale were negotiated and since that time market conditions have dramatically improved. The original sales agent for these transactions indicated that prices today would be at least 20 percent higher. Based on this information, and our experience with numerous other subdivision properties, we have adjusted the first six sales and Sale 8 upward 20 percent. Comparable 7, which is currently in escrow, was not adjusted for market conditions, and Sale 9 was adjusted upward six percent. Brokers and other market participants support such adjustments and they are considered to be reasonable in light of the current strong demand for lots by merchant builders and continually improving market conditions.

LAND SALES ADJUSTMENT GRID												
NO.	LOCATION/APPN	PRICE/LOT	COND. TERMS/DATE	ADJ. INDIC.	LOC.	LOT PREM.	LOT SIZE	FRONT SIZE	SECTIAL ASSMNT	OTA	INDP. VAL.	
1	Montecito Old Ranch Rd & Timber Creek Ln Escondido	\$84,647	20%	\$101,577	-5%	-5%	0.0%	0%	0%	-10.0%	\$91,419	
2	Montecito Fern Creek Ln Plum Tree Ln Escondido	\$83,327	20%	\$99,992	-5%	-5%	0.0%	0%	0%	-10.0%	\$89,983	
3	Madera Sprucewood Ln & Orange Grove Pl Escondido	\$74,500	20%	\$89,400	-5%	-5%	10%	0%	0%	0.0%	\$89,400	
4	Madera Quail Creek Pl Maplewood Pl Escondido	\$73,001	20%	\$87,601	-5%	-5%	10%	0%	0%	0.0%	\$87,601	
5	Sedona Amber Oak Ln Olive Knoll Pl Escondido	\$65,000	20%	\$77,999	-5%	-5%	20.0%	0%	0%	10.0%	\$85,799	
6	Catavina Willow Creek Pl Orchard View Ln Escondido	\$86,000	20%	\$103,200	-5%	-5%	0.0%	0%	0%	-10.0%	\$92,880	
7	Mission Cove N/S Mission Rd, E/O Mulbery Dr. San Marcos	\$79,569	0%	\$79,569	10%	5%	0%	0%	-5%	10.0%	\$87,526	
8	Stonebrook SEC Via Vera Cruz & Quail Hill Dr. San Marcos	\$83,000	10%	\$91,300	10%	5%	-10%	0%	0%	5.0%	\$95,865	
9	Meadowrun NWC Black Mtn. Rd. & Stargaze San Diego	\$127,267	6%	\$134,903	-20%	5%	-10%	0%	-5%	-30.0%	\$94,432	
10	Circle R Ranch Circle R Ct. Gracillor Way Valley Center	\$72,100	0%	\$72,100	17%	0%	10%	0%	-3%	24.0%	\$89,404	

Location and Physical Characteristics: We have considered adjustments to the comparable sales for the following location and physical differences:

- Location
- Lot Premiums
- Lot Size
- Project Size

Location: Location differences incorporate a wide range of factors that may affect value. These factors include school attendance, surrounding land uses, neighborhood conformity, accessibility to transportation corridors and shopping facilities, and intangible factors such as neighborhood reputations. In order to analyze location, sales prices within the subject neighborhood are considered against the sales prices within the neighborhood of the land comparables. Adjustments were applied to the comparable sales considering these factors. Sales 1 through 6 are all located in the subject neighborhood; however, nearly all of the subject property is not oriented to the golf course, whereas the comparable sales are oriented to the golf course. Therefore, downward adjustments were applied to the comparables for their superior locational characteristics. Sales 7 and 8 are located in the City of San Marcos, and they were adjusted upward for inferior location appeal. Sale 9 is a small infill project located in a superior area. Sale 10 is in the nearby rural community of Valley Center, considered inferior.

Lot Premiums: Adjustments have been considered for lot premiums attributable to golf course orientation and views because developers can realize premiums for those characteristics. It is our opinion that view potential for the subject's 92 lots proposed to be situated in the northerly valley is limited, but there are a small number of lots located near Old Ranch Road which will demand premiums. At that location there are approximately six lots which will have golf course views. Nevertheless, Sales 1 through 6 which are located in the subject community have a much greater percentage of premium lots; therefore, downward adjustments were applied to those sales. Although the views from the subject's 92 lots to be situated in the valley are limited, they are considered to be superior to those which will be offered at Comparables 7 through 9; therefore, upward adjustments were applied to those comparables. Overall, Sale 10 was considered similar to subject for potential lot premiums.

Lot Size: Adjustments have been considered for minimum lot size differences between the subject and comparable sales. As can be seen from the sales data, there is a difference in the finished lot values for the sales where the minimum lot sizes vary. For example, Sales 1 and 2 have minimum lot sizes of 6,600 square feet and sold in the range of about \$83,327 to \$84,647 per finished lot, while Sales 3 and 4 with minimum lot sizes of 5,500 square feet sold in the range of about \$73,001 to \$74,500 per finished lot. Also, Sale 5 with a minimum lot size of 5,000 square feet, sold for \$65,000 per finished lot. Our adjustments for lot size were based on an analysis of these data.

Project Size: Project size is a potential value factor primarily because it can impact project absorption time and holding costs. In general, smaller projects tend to attract a greater price per unit than larger projects that are otherwise similar. That is based on the concept that there is a greater amount of anticipated holding costs associated with the absorption of a larger parcel. Such an adjustment considers all time required for mapping, site finishing, home construction, and sale of the individual homes. Sales 1 through 6 consist of phased takedowns of a larger pool of homesites; Sale 7 is a 29 lot subdivision; Sale 8 is a 105 lot subdivision; Sale 9 includes 15 lots; and Sale 10 involves 77 lots. In consideration of current market conditions where finished product is selling quickly and there is a limited and shrinking supply of available lots to construct homes, there is evidence that buyers and sellers would not recognize an adjustment for project size in the case of the comparable sales we have utilized to compare to the subject. Consequently, no adjustments were applied for this category.

Special or Mello-Roos Assessments: The subject and all of the data (except Comps. 7 & 9) are encumbered with Mello-Roos or special assessments which are passed on to the buyers of the finished homes and paid bi-annually when real property taxes are due. These special assessments are typically the result of the developer financing a portion of the infrastructure costs and/or to compensate for school fees. These special assessments lessen the site development cost to the developer by passing the costs to the ultimate consumer in the form of special assessment taxes. Home buyers are aware of these types of

special assessments, and the assessment is a consideration to both the developer and the ultimate consumer.

The market has demonstrated that home and finished lot prices in special assessment districts are typically lower than those in non-assessment districts. Technically, this could be reflected on the basis of the additional annual housing costs to the potential home buyer over a projected holding period. It has been our observation, however, that the marketplace does not recognize the full impact of special assessments on value. They are neither recognized fully by the ultimate consumer nor the merchant builder.

In most cases, the special tax assessments encumbering the subject and comparable data are relatively similar as to how they affect land and home prices or they are not significant enough to affect prices. Overall, the assessment which applies to the subject is the same for Sales 1 through 6 and is considered to be closely similar to that of Sale 8; therefore, no adjustment was made to these sales for special assessments. On the other hand, Sale 7 is not affected by such assessments, nor is Sale 9. Sale 10 has a special tax for schools. Based on our computations as to how the market recognizes the effect of such assessments, we have made a downward adjustment of five percent to Sales 7 & 9; and three percent to Sale 10 for the difference in assessment encumbrances. This equates to about 50 percent of the present worth of the assessment impact.

Summary and Conclusion - Finished Site Value

We have made adjustments to the comparables based on a direct comparison of the data and on our judgement and experience relating to the comparability of the data. We have considered the property rights conveyed, terms of sale, conditions of sale, sale date, and physical characteristics. In our opinion, there are enough physical similarities between the comparable properties to apply reasonable adjustments for each element of comparison.

The adjusted indicators show a range of finished lot values from about \$85,799 to \$95,865 for the subject. All sales were considered to offer a reasonable estimate of finished lot value for the subject. Heavy emphasis was placed on Sales 1 through 6 as they are from the subject master planned community, but the transactions occurred in a completely different market environment than the one in which it is anticipated the subject property will compete. Consequently, we have also placed significant weight on the balance of the indicators. In view of the strong market for land in virtually all of North San Diego County, it is our opinion that an average of \$90,000 per finished homesite would be reasonable for the subject 112 proposed homesite subdivision. This conclusion is based on direct comparison with the outlined market data and reflects consideration of all known factors which influence value.

The indicated value reflects the assumption that the land is in a completely finished condition with all on and off site development completed and ready for new home construction. It does not include the cost of building permit or plan check fees.

"AS IS" VALUE ESTIMATE

The value of the subject in its "as is" condition is the value as if in a finished condition and ready for new construction less the costs to bring the subject from its current state to a finished condition. Pertinent site development costs must be deducted from the estimated value of the site as if in a finished condition to arrive at an estimate of the "as is" property value. The client has provided us with estimates of site development costs and impact fees relating to development of the subject land, and these have been relied upon when estimating the "as is" value for the subject land. Total site development costs and fees for the subject was discussed in an earlier section of this report and was estimated at \$64,000 per homesite. We have relied on the provided cost estimate in this analysis. Any changes to these costs and fees could impact the value conclusion contained in this appraisal. Included in our analysis is a profit allocation of five percent applied to the finished lot value.

The result of the "as is" value computation relating to the subject is as follows.

Finished Lot Value @ \$90,000/Lot X 112 Lots	\$10,080,000
Profit Allocation @ 5% of Finished Lot Value.....	\$ 504,000
Development Costs and Fees @ \$64,000/Lot X 112 Lots.....	\$ 7,168,000
"AS IS" Value Estimate	\$ 2,408,000

PROPERTY APPRAISAL

RICHMOND AMERICAN

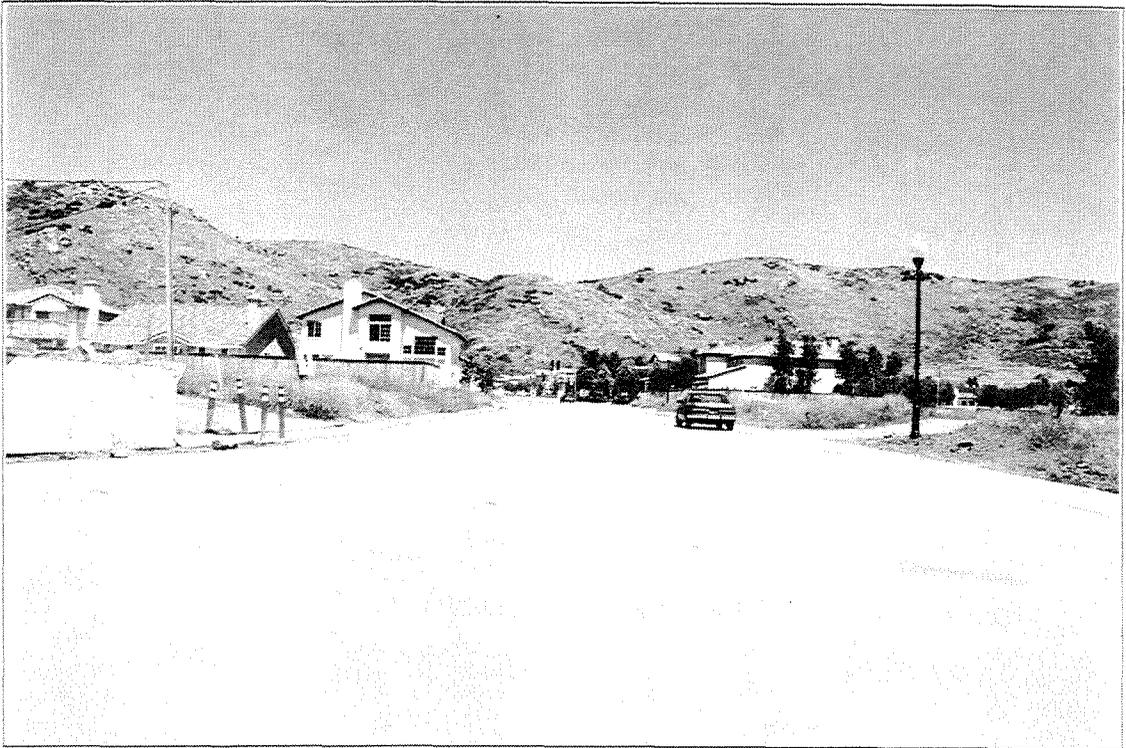
Madera Subdivision

50 Lots of 136 Total

Finished Lots, Partially Finished Homes, & Finished Homes

5,500 SF Minimum Lot Size

SUBJECT PROPERTY PHOTOGRAPHS



Sprucewood Ln, view to east. Model homes to right, finished lots to left/right.



Orange Grove Pl, view to east. Homes under construction and finished lots.

LAND DESCRIPTION

The subject property is a portion of the Madera 136 lot residential home subdivision. Madera is an active project currently experiencing construction of new homes which are sold to individual home buyers. The subject consists of 50 of the total 136 lots and the subject property ranges in condition from finished lots to partially finished homes to finished homes. The remaining 86 lots have been developed with homes and sold to individual home buyers and are, therefore, not a part of the subject to be appraised.

Size and Shape

The shape of the 50 lots typically reflect rectangular to irregular configuration. The minimum lot size is 5,500 square feet, but most of the lots are in the range of 5,500 to 6,000 or 7,000 square feet in size, and they have some rear and side slope areas. Please refer to the Site Plan presented at the end of the Market Overview section of this report which shows the layout of the subject property's 50 homesites.

Topography/Drainage

All of the homesites are graded to level pad areas, and they have some rear and side slope areas. Each homesite is graded to allow drainage to flow off the homesite to the existing streets and storm drain system.

Views

Those lots located on Sprucewood Lane and those lots located at the end of the cul-de-sacs of Orange Grove Place and Pomegranate Court have golf course views.

Soil Conditions

No soils report was provided. It is assumed that there are no soil conditions present which would preclude development of the subject in accordance with its highest and best use.

Utilities

All public utilities necessary for residential development are installed throughout the subject property. The available utilities include public water, sewer, natural gas, electrical power, cable television, and telephone. All utilities are underground.

Access and Street Improvements

The subject properties front at and are accessed via fully improved residential surface streets. These access streets are Sprucewood Lane, Orange Grove Place, and Pomegranate Court. All access streets through the community accommodate single lanes of bi-directional traffic and they are improved with asphalt paving and concrete gutter and sidewalk.

Flood Zone Designation

According to Flood Insurance Rate Map Community Panel No. 06073C1082 F, dated June 19, 1997, the subject property is entirely within Flood Hazard Zone X, areas determined to be outside the 500-year floodplain. Flood insurance in Zone X is available, but not required.

Toxic Hazard

We have not reviewed a hazardous materials report specifically for the appraised property. An inspection of the property did not reveal any toxic or hazardous materials conditions. In this appraisal, it is assumed that there are no toxic or hazardous conditions present on or below the surface of the subject property.

Seismic Hazard

The subject is not located within an identified "Earthquake Fault Zone" as designated by the California State Division of Mines and Geology. However, the land is located in an area prone to seismic events, a condition that it shares with other properties located in the general Southern California area.

Natural, Cultural, Recreational, and Scientific Conditions

We have not reviewed an environmental conditions report specifically for the subject property. Our final estimate of value assumes that there are no legitimate environmental or ecological reasons that would prevent orderly development of the land to its highest and best use.

Easements and Encumbrances

A title report has not been provided. Our analysis reflects the assumption that there are no easements or encumbrances that would negatively affect the development of the subject property in accordance with its highest and best use.

Land Use

The appraised property is within the Rancho San Pasqual Specific Planning Area (SPA 95-16) controlled by the City of Escondido and adopted July 1995. That plan allows for development of the community with 580 homesites.

Specifically, the subject Madera development was approved for 136 homesites with a minimum lot size of 5,500 square feet.

Property Status

The Madera subdivision is an active project currently experiencing construction of new homes which are sold to individual home buyers. The subject consists of 50 of the total 136 lots and the subject property ranges in condition from finished lots to partially finished homes to finished homes.

As indicated in the following summary, many of the lots have a completed home developed on the site, which are in escrow and waiting to close. There are also other subject lots which are being developed with a home and are currently in escrow. Finally, some of the vacant finished lots are also in escrow and waiting for a home to be built.

Richmond American - Madera (*home in escrow)				
Lot	Assessor's Parcel No.	Location	Status	Plan No.
301	241-270-26	Pomegranate Ct	Finished Home	1*
302	241-270-27	Pomegranate Ct	Finished Home	2*
303	241-270-28	Pomegranate Ct	Finished Home	3*
304	241-270-29	Pomegranate Ct	Finished Home	2*
305	241-270-30	Pomegranate Ct	Finished Home	1*
306	241-270-31	Pomegranate Ct	Finished Home	3*
307	241-270-32	Pomegranate Ct	Finished Home	2*
308	241-270-33	Pomegranate Ct	Finished Home	3*
309	241-270-34	Pomegranate Ct	Finished Home	1*
310	241-270-35	Pomegranate Ct	Finished Home	3*
311	241-270-36	Pomegranate Ct	Finished Home	2*
312	N/Av	Orange Grove Pl	Finished Lot	3*
313	N/Av	Orange Grove Pl	Finished Lot	2*
314	N/Av	Orange Grove Pl	Finished Lot	1*
315	N/Av	Orange Grove Pl	Finished Lot	3*
316	N/Av	Orange Grove Pl	Finished Lot	1*
317	N/Av	Orange Grove Pl	Finished Lot	2
318	N/Av	Orange Grove Pl	Finished Lot	3*
319	N/Av	Orange Grove Pl	Finished Lot	2
320	N/Av	Orange Grove Pl	Finished Lot	3*
321	N/Av	Orange Grove Pl	Finished Lot	1*
322	N/Av	Orange Grove Pl	Finished Lot	3*
323	N/Av	Orange Grove Pl	Finished Lot	2*
324	N/Av	Orange Grove Pl	70% Fin. Home	2*
521	N/Av	Orange Grove Pl	70% Fin. Home	1*
522	N/Av	Orange Grove Pl	70% Fin. Home	3*
523	N/Av	Orange Grove Pl	70% Fin. Home	2*
524	N/Av	Orange Grove Pl	70% Fin. Home	1*
525	N/Av	Orange Grove Pl	70% Fin. Home	3*
526	N/Av	Orange Grove Pl	70% Fin. Home	2*
527	N/Av	Orange Grove Pl	70% Fin. Home	3*
528	N/Av	Orange Grove Pl	70% Fin. Home	1*
529	N/Av	Orange Grove Pl	70% Fin. Home	3*
530	N/Av	Orange Grove Pl	70% Fin. Home	2*
477	241-220-62	Sprucewood Ln	Finished Lot	2
478	241-220-63	Sprucewood Ln	Finished Lot	1
479	241-220-64	Sprucewood Ln	Finished Lot	3
480	241-220-65	Sprucewood Ln	Finished Lot	2
481	241-220-66	Sprucewood Ln	Finished Lot	3
482	241-220-67	Sprucewood Ln	Finished Lot	3
483	241-220-68	Sprucewood Ln	Finished Lot	2
484	241-220-69	Sprucewood Ln	Finished Lot	1
485	241-220-70	Sprucewood Ln	Finished Lot	2
486	241-220-71	Sprucewood Ln	Finished Lot	1
487	241-220-72	Sprucewood Ln	Finished Lot	3
488	241-220-73	Sprucewood Ln	Finished Lot	2
489	241-220-74	Sprucewood Ln	Model Home	3
490	241-220-75	Sprucewood Ln	Model Home	2
491	241-220-76	Sprucewood Ln	Model Home	1
492	241-220-77	Sprucewood Ln	Finished Lot	3

IMPROVEMENT DESCRIPTION

The developer is improving the subject lots with detached single family homes. There are three floor plans, including one single level plan and two two-story plans. We were not provided with construction drawings, but we were provided with floor plan information from the sales office. The individual plans are briefly described below.

Plan 1: This is a single level unit which includes a living area of 1,776 square feet. This home features three bedrooms, two bathrooms, and an attached three-car garage. The single entry door leads to the living and dining rooms. Located off the dining room is the family room and kitchen. The kitchen incorporates a center island and breakfast nook. The family room is adjacent to the kitchen and incorporates a wood-burning fireplace. A hallway off the living and dining rooms leads to the bedrooms and service room. The master bedroom includes a large master bathroom. The master bathroom has a shower and separate oval tub, dual basins, and a walk-in closet. The second bathroom has a combination tub/shower and one basin. The service room includes washer/dryer hook-up. This plan features the option to add a bedroom or den in the garage, thereby adding 135 square feet of living area.

Plan 2: This is a two-story home which has 2,092 square feet of living space. This home incorporates three bedrooms, a den, three bathrooms, and an attached three-car garage. The single entry door leads to the living and dining rooms, and other rooms on the first level include the kitchen, a den (which may be converted to a bedroom), bathroom with a combination shower/tub and one basin, and the family room with a wood-burning fireplace. The kitchen has a breakfast nook and center island. Also on the ground floor is a service room (which includes a washer/dryer hook-up). The staircase is located off the living room, next to the entry. On the upper level of the home can be found the master bedroom and bathroom as well as the family bedrooms. The master bath incorporates dual basins, a separate oval tub and shower, and a walk-in closet. The secondary bathroom has dual basins and a combination shower/tub. The living room is open below from the second level staircase landing area.

Plan 3: This is a two-story home with a living area of 2,391 square feet. The residence has three bedrooms plus a den and a loft, three bathrooms, and an attached three-car garage. Entry to this home is through double doors which lead to the living and dining rooms. Adjacent to the dining room is the family room which has a media niche and a wood-burning fireplace. The kitchen has a center island and breakfast nook. Also on the ground floor is a full bathroom, den (which can be converted to a bedroom), and a service room which has washer/dryer hook-ups. The staircase is located off the main entry. The upstairs is improved with a large loft area (which can be converted to a bedroom), master bedroom, master bathroom, two secondary bedrooms, and a secondary bathroom. The master bath has an oval tub and separate shower, dual basins, and a walk-in closet. The secondary bathroom has a tub and shower combination and dual basins.

The home sizes are summarized below.

Plan	Levels	Br/Ba	Unit Size (SF)	Garage Parking Spaces
1	1	3/2	1,776	3
2	2	3+D/3	2,092	3
3	2	3+D&L/3	2,391	3

Construction and Amenities Overview

Architecture

- ◆ Ranch and Early California Spanish
- ◆ Double door entry in Plan 3
- ◆ Color coordinated concrete tile roofs
- ◆ Concrete driveways and walkways and front yard landscaping

Kitchens

- ◆ Ceramic tile countertops
- ◆ Pantries
- ◆ Wood cabinetry
 - Oak
 - Prefinished interior
 - Eurostyle drawer guides
- ◆ General Electric appliances
 - Self-cleaning built-in double oven
 - Microwave oven
 - Multi-cycle dishwasher
 - Gas cooktop
- ◆ Island counter
- ◆ Breakfast nook
- ◆ Double sink with Eurostyle faucet and garbage disposal
- ◆ No wax vinyl flooring
- ◆ Plumbed for ice maker

Master Bedroom/Bathroom

- ◆ Walk-in closets
- ◆ Oval bathtub with separate shower
- ◆ Oak cabinetry
- ◆ Dual sinks
- ◆ Full width set-in pullman mirrors
- ◆ Compartmentalized water closets

Interiors

- ◆ Volume ceilings
- ◆ Rounded interior corners
- ◆ Raised panel interior doors
- ◆ Polished brass hardware
- ◆ Ceramic tile entry
- ◆ Family room with wood-burning fireplace
- ◆ Interior laundry room with gas/electric service
- ◆ Prewired for telephone and cable television
- ◆ Wall-to-wall carpeting
- ◆ Light fixtures
- ◆ Arched doorways

Energy and Safety Features

- ◆ Smoke detectors throughout
- ◆ Thermostatically-controlled forced air heating and air conditioning
- ◆ *Energy efficient dual glazed windows*
- ◆ Fully insulated exterior walls and ceilings
- ◆ Weather stripped exterior doors

Feature Options

- ◆ Security system
- ◆ Electric garage door openers
- ◆ Mirrored wardrobe doors
- ◆ Cedar-lined wall (master closet)
- ◆ Deck off master bedroom in Plans 2 and 3

Flex Options

- ◆ Plan 1
 - Garage to Bedroom #4/Den
- ◆ Plan 2
 - Den to Bedroom #4
- ◆ Plan 3
 - Loft to Bedroom #4
 - Den to Bedroom #5

Comments

The homes are well-designed, with no observed functional problems. The interior appointments are equivalent to other similarly priced projects, and the developer is offering a flexible option package for each plan. Given the sales history of the Madera project, and the current level of demand evidenced in the subject market for new homes similar to the subject, no evidence of external obsolescence was observed.

OWNERSHIP AND SALES HISTORY

Portions of the subject land were purchased from the master developer (Signal Landmark) of the Rancho San Pasqual master planned development. Reportedly, Richmond American began purchasing portions of the total 136 lots (for the Madera subdivision) in 1996 and the fourth and final takedown of 35 lots closed in April 1998 at a purchase price of \$1,670,000 (\$47,714/lot) with a finished cost of \$74,500 per lot. The third takedown recorded in August 1997 and involved 36 lots, and the finished lot cost was \$73,001 per lot. The purchase prices for the previous takedowns are not provided. Signal Landmark was the owner of the subject property three years prior to the date of value.

VALUATION

HIGHEST AND BEST USE

As Vacant Land

Legally Permissible: The subject sites are zoned for residential development which includes minimum lot sizes of 5,500 square feet. There are currently no moratoriums in effect that would adversely affect utilization of the subject property in accordance with its legally permissible uses. According to city officials, single family detached dwellings on minimum 5,500 square foot homesites represents the only legally permissible use for the subject property at this time.

Physically Possible Uses: The subject consists of finished homesites. Development of the subject with homes can be accomplished without detrimental costs or delays. All utilities and services serve the property.

Economically Feasible and Maximally Productive Uses: The issue of economic viability is primarily tied to the health of the San Diego economy and on supply and demand characteristics associated with population growth. The subject market area has shown good market acceptance; and the appraised land is close and convenient to employment centers, shopping facilities, and major thoroughfares.

Over time, San Diego County has experienced more favorable growth patterns than most areas of the nation, and most new development in the county is expected to occur to the north and south of metropolitan San Diego, in either the north or south portions of the county.

Market conditions relating to the demand for and development of land for housing have improved noticeably over the past two years, and much of this activity has involved acquisitions by merchant builders of finished homesites or entitled subdivision parcels planned for single-family housing.

Conclusion: Given all known characteristics of the subject, single-family residential development of the property appears to represent a reasonable use of the land. It is highly speculative as to whether an alternative use would be superior or more profitable to that which is planned or has been approved. Based on other projects that have been developed in the area and on market activity pertaining to product developed on those parcels, we have concluded that development of the subject with single family homes is appropriate for the land and should achieve good market acceptance.

As Improved/Proposed

The subject lots are a finished condition and some have partially completed and completed homes. They are improved and planned to be improved with good quality, detached single family residences ranging in size from 1,776 square feet to 2,391 square feet. These homes possess characteristics that are typical of the marketplace in which they compete. The new homes both existing and proposed contribute substantially to total property value and, in our opinion, represent the highest and best use of the site.

METHODOLOGY

In this analysis, it was first necessary to estimate the value of various components of the subject property - finished homesites, finished homes, and partially finished homes. The value of the partially finished homes was estimated by deducting the remaining home construction costs from the finished home value estimate.

The "as is" value is derived by deducting holding costs (marketing, sales costs, overhead & administration, taxes, etc.) and developer's profit from the sum total of the above described components.

SALES COMPARISON APPROACH

As previously indicated, in this analysis, it was first necessary to estimate the value of various components of the subject property - finished homesites, finished homes, and partially finished homes. A summary indicating our estimates of market value for each of these components can be found following this section. The following is a discussion of the valuation for those components.

Finished Lots

The finished lot values for the subject were estimated by the comparison of comparable subdivision land sales. In the first Property Appraisal of the Signal Landmark property we presented ten subdivision land sales. Those sales are also useful for this analysis. Included in that summary of sales are six subdivision

land sales from within the subject Rancho San Pasqual community and, more specifically, Sales 3 and 4 include land sales from the subject Madera subdivision. Sale 3 is the most recent takedown and it includes 35 of the subject lots to be appraised. It closed in April 1998 and reflects a finished site cost of \$74,500 per homesite. Sale 4 closed in August 1997 and reflects a finished site cost \$73,001 per homesite for a takedown of 36 lots. Since these comparables are from the subject subdivision, no adjustments for physical characteristics are warranted. However, an upward time adjustment of 20 percent was applied in the analysis of the Signal Landmark property and, after that adjustment is applied, those sales indicate values of \$89,400 and \$87,601 per homesite, respectively. In light of current strong market conditions for land available for residential development, we have concluded that \$90,000 per finished lot would be reasonable for the subject's finished homesites. This is within the range of adjusted values from the balance of the sales.

Finished Homes

As previously indicated, most of the subject property is in escrow to individual home buyers that are either waiting to close escrow or for construction to be completed. In fact, 32 of the total 50 properties are in escrow.

It was previously discussed in the Market Overview section of this report that the sales office personnel report significant price increases between phases at up to \$10,000 or more and if a home falls out of escrow the asking price is increased. Further, concessions are virtually nonexistent and there is typically no negotiating from the asking price. Finally, the developers report that all homes will be sold and closed by sometime in the 1st quarter 1999.

We were able to obtain the escrow and asking prices for the homes from the sales agents at the Madera sales office. Based on the availability of this data and current market conditions, it was reasonable to utilize those reported escrow and asking prices as our estimates of market value for the homes. The appraised values for each of the homes are shown in the summary following this section of the report. Including lot premiums, the Plan 1's were estimated in the range of \$196,990 to \$241,990, the Plan 2's in the range of \$211,990 to 314,990, and the Plan 3's in the range of \$228,990 to \$283,990. The model homes were estimated at \$329,990, \$359,990, and \$373,990, respectively. These values are considered reasonable and they are supported by the current sales at the adjacent subdivisions in the Rancho San Pasqual community.

Partially Finished Homes

As indicated, some of the subject property includes homes which are under construction. Based on our inspection and discussions with the developer of Madera, we concluded that those homes were about 70 percent complete. The developer, Mr. Brian Spillman, also provided us with the average construction costs of the homes at Madera. He indicated that the average cost to build a home in Madera is approximately \$105,000 or about \$50.34 per square foot assuming an average home size of 2,086 square feet. In our opinion and based on the costs of other comparable product, that figure is considered to be reasonable for the subject homes.

The value of the partially finished homes was estimated by deducting the remaining home construction costs from the finished home value estimate. Based on an average cost to construct a home at Madera of \$105,000, and 30 percent of the costs remain to complete construction prior to escrow closing, the total deduction for the remaining home construction costs is estimated at \$31,500 ($\$105,000 \times 30\%$). It was also estimated that it would cost about \$10,000 to convert the models' sales office to garage space.

As can be seen from the following summary, the sum of the component values is \$8,111,755.

Richmond American Madera (#home in escrow)							
Lot	Assessor's Parcel No.	Location	Status	Plan No.	Finished Lot/Home Value	Less Fin. Costs	Indicated Value
301	241-270-26	Pomegranate Ct	Finished Home	1*	\$ 199,990	\$ -	\$ 199,990
302	241-270-27	Pomegranate Ct	Finished Home	2*	\$ 211,990	\$ -	\$ 211,990
303	241-270-28	Pomegranate Ct	Finished Home	3*	\$ 228,990	\$ -	\$ 228,990
304	241-270-29	Pomegranate Ct	Finished Home	2*	\$ 211,990	\$ -	\$ 211,990
305	241-270-30	Pomegranate Ct	Finished Home	1*	\$ 196,990	\$ -	\$ 196,990
306	241-270-31	Pomegranate Ct	Finished Home	3*	\$ 250,495	\$ -	\$ 250,495
307	241-270-32	Pomegranate Ct	Finished Home	2*	\$ 271,990	\$ -	\$ 271,990
308	241-270-33	Pomegranate Ct	Finished Home	3*	\$ 283,990	\$ -	\$ 283,990
309	241-270-34	Pomegranate Ct	Finished Home	1*	\$ 241,990	\$ -	\$ 241,990
310	241-270-35	Pomegranate Ct	Finished Home	3*	\$ 268,990	\$ -	\$ 268,990
311	241-270-36	Pomegranate Ct	Finished Home	2*	\$ 314,990	\$ -	\$ 314,990
312	N/Av	Orange Grove Pl	Finished Lot	3*	\$ 90,000	\$ -	\$ 90,000
313	N/Av	Orange Grove Pl	Finished Lot	2*	\$ 90,000	\$ -	\$ 90,000
314	N/Av	Orange Grove Pl	Finished Lot	1*	\$ 90,000	\$ -	\$ 90,000
315	N/Av	Orange Grove Pl	Finished Lot	3*	\$ 90,000	\$ -	\$ 90,000
316	N/Av	Orange Grove Pl	Finished Lot	1*	\$ 90,000	\$ -	\$ 90,000
317	N/Av	Orange Grove Pl	Finished Lot	2	\$ 90,000	\$ -	\$ 90,000
318	N/Av	Orange Grove Pl	Finished Lot	3*	\$ 90,000	\$ -	\$ 90,000
319	N/Av	Orange Grove Pl	Finished Lot	2	\$ 90,000	\$ -	\$ 90,000
320	N/Av	Orange Grove Pl	Finished Lot	3*	\$ 90,000	\$ -	\$ 90,000
321	N/Av	Orange Grove Pl	Finished Lot	1*	\$ 90,000	\$ -	\$ 90,000
322	N/Av	Orange Grove Pl	Finished Lot	3*	\$ 90,000	\$ -	\$ 90,000
323	N/Av	Orange Grove Pl	Finished Lot	2*	\$ 90,000	\$ -	\$ 90,000
324	N/Av	Orange Grove Pl	70% Fin. Home	2*	\$ 226,990	\$ 31,500	\$ 195,490
521	N/Av	Orange Grove Pl	70% Fin. Home	1*	\$ 206,990	\$ 31,500	\$ 175,490
522	N/Av	Orange Grove Pl	70% Fin. Home	3*	\$ 239,990	\$ 31,500	\$ 208,490
523	N/Av	Orange Grove Pl	70% Fin. Home	2*	\$ 222,990	\$ 31,500	\$ 191,490
524	N/Av	Orange Grove Pl	70% Fin. Home	1*	\$ 208,990	\$ 31,500	\$ 177,490
525	N/Av	Orange Grove Pl	70% Fin. Home	3*	\$ 240,990	\$ 31,500	\$ 209,490
526	N/Av	Orange Grove Pl	70% Fin. Home	2*	\$ 221,990	\$ 31,500	\$ 190,490
527	N/Av	Orange Grove Pl	70% Fin. Home	3*	\$ 237,990	\$ 31,500	\$ 206,490
528	N/Av	Orange Grove Pl	70% Fin. Home	1*	\$ 205,990	\$ 31,500	\$ 174,490
529	N/Av	Orange Grove Pl	70% Fin. Home	3*	\$ 237,990	\$ 31,500	\$ 206,490
530	N/Av	Orange Grove Pl	70% Fin. Home	2*	\$ 220,990	\$ 31,500	\$ 189,490
477	241-220-62	Sprucewood Ln	Finished Lot	2	\$ 90,000	\$ -	\$ 90,000
478	241-220-63	Sprucewood Ln	Finished Lot	1	\$ 90,000	\$ -	\$ 90,000
479	241-220-64	Sprucewood Ln	Finished Lot	3	\$ 90,000	\$ -	\$ 90,000
480	241-220-65	Sprucewood Ln	Finished Lot	2	\$ 90,000	\$ -	\$ 90,000
481	241-220-66	Sprucewood Ln	Finished Lot	3	\$ 90,000	\$ -	\$ 90,000
482	241-220-67	Sprucewood Ln	Finished Lot	3	\$ 90,000	\$ -	\$ 90,000
483	241-220-68	Sprucewood Ln	Finished Lot	2	\$ 90,000	\$ -	\$ 90,000
484	241-220-69	Sprucewood Ln	Finished Lot	1	\$ 90,000	\$ -	\$ 90,000
485	241-220-70	Sprucewood Ln	Finished Lot	2	\$ 90,000	\$ -	\$ 90,000
486	241-220-71	Sprucewood Ln	Finished Lot	1	\$ 90,000	\$ -	\$ 90,000
487	241-220-72	Sprucewood Ln	Finished Lot	3	\$ 90,000	\$ -	\$ 90,000
488	241-220-73	Sprucewood Ln	Finished Lot	2	\$ 90,000	\$ -	\$ 90,000
489	241-220-74	Sprucewood Ln	Model Home	3	\$ 373,990	\$ -	\$ 373,990
490	241-220-75	Sprucewood Ln	Model Home	2	\$ 359,990	\$ -	\$ 359,990
491	241-220-76	Sprucewood Ln	Model Home	1	\$ 329,990	\$ 10,000	\$ 319,990
492	241-220-77	Sprucewood Ln	Finished Lot	3	\$ 90,000	\$ -	\$ 90,000
Sum Total							\$ 8,111,755

"AS IS" VALUE ESTIMATE

The previous estimate of value is a sum total of the estimated values for the various components of the subject. Bulk sales of properties similar to the subject are not typically found in this market; therefore, an alternative method of estimating the "as is" value has been applied. It is based on the idea that a buyer of the subject property would realize certain holding costs and expect a profit for the time and effort to complete construction and sales of the homes. The "as is" value is derived by deducting holding costs and developer's profit from the sum total of the components.

The following table shows our estimates of holding costs and profit, and the subtraction of those figures from the sum total of the components results in an estimate of the "as is" value. Marketing and advertising costs have been applied at a reasonable rate of 1.5 percent of the sum total, sales costs have been estimated at three percent of the sum total, and overhead and administration is one percent of the sum total. Real estate taxes have been applied at the current tax rate, but since it has been estimated that all homes will be sold and closed within nine months and the homes will close escrow gradually throughout the period, the nine months of taxes were reduced by 50 percent ($\$8,111,755 \times 1.04362\%/YR \times 9/12 MO \times 50\%$). The Assessment District No. 95-1 and the HOA fee have also been applied in the same manner ($\$775/YR \times 50 homes \times 9/12 MO \times 50\%$) and ($\$104.5/MO \times 50 homes \times 9 MO \times 50\%$). Developer's profit has been estimated at ten percent of the sum total. The analysis results in an estimate of the subject's "as is" value of approximately \$6,785,000, rounded, or a discount of about 16.4 percent.

"AS IS" VALUE ESTIMATE - Richmond American		
Sum Total Before Discount		\$ 8,111,755
Marketing/Advertising	1.5%	\$ (121,676)
Sales Costs	3%	\$ (243,353)
Overhead & Admin.	1%	\$ (81,118)
RE Taxes	1.04362%	\$ (31,746)
Assmnt 95-1/Year	\$ 775	\$ (14,531)
HOA Fee/Month	\$ 104.50	\$ (23,513)
Developer's Profit	10%	\$ (811,176)
"AS IS" VALUE ESTIMATE		\$ 6,784,643

PROPERTY APPRAISAL

LMD (LUCAS & MERCIER)

Montecito Subdivision

67 Lots of 126 Total

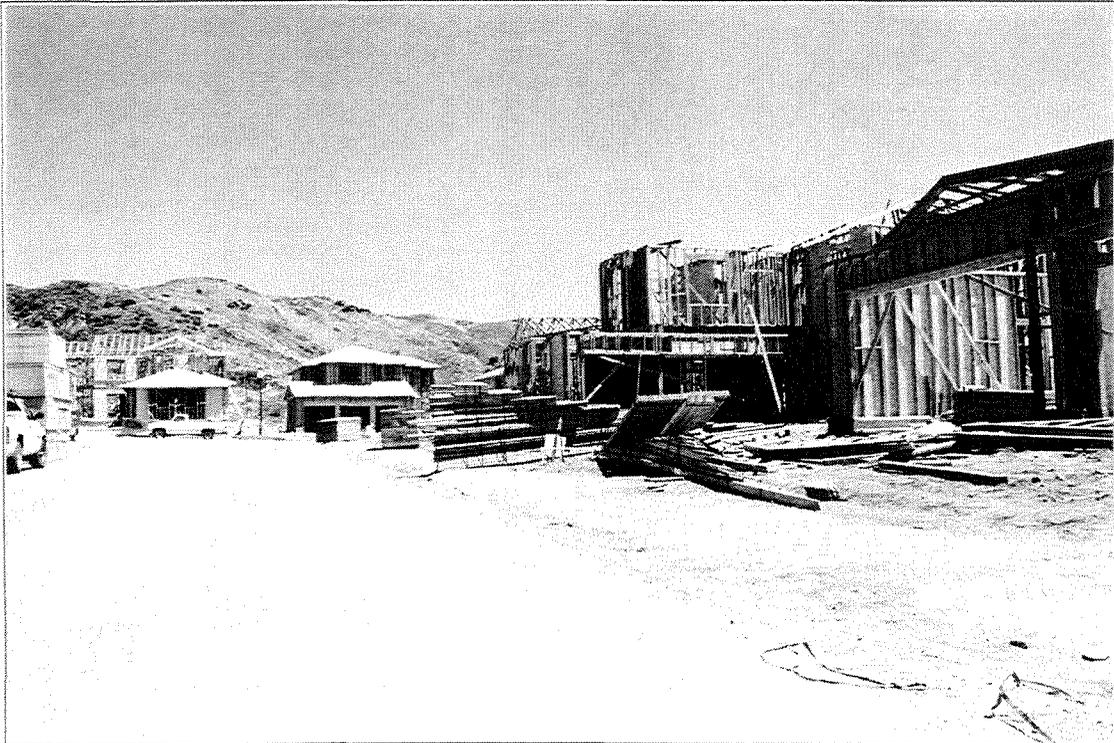
Finished Lots, Partially Finished Homes, & Finished Homes

6,600 SF Minimum Lot Size

SUBJECT PROPERTY PHOTOGRAPHS



Montecito homes at Fern Creek Lane. View is to the southeast.



Homes under construction at Plum Tree Lane. View is to the southeast.

LAND DESCRIPTION

The subject property is a portion of the Montecito 126 lot residential home subdivision. Montecito is an active project currently experiencing construction of new homes which are sold to individual home buyers. The subject consists of 67 of the total 126 lots and the subject property ranges in condition from finished lots to partially finished homes to finished homes. The remaining 59 lots have been developed with homes and sold to individual home buyers and are, therefore, not a part of the subject to be appraised.

Size and Shape

The shape of the 67 lots typically reflect rectangular to irregular configuration. The minimum lot size is 6,600 square feet, but most of the lots are in the range of 6,600 to 7,000 or 8,000 square feet in size, and they have some rear and side slope areas. Please refer to the Site Plan presented at the end of the Market Overview section of this report which shows the layout of the subject property's 67 homesites.

Topography/Drainage

All of the homesites are graded to level pad areas, and they have some rear and side slope areas. Each homesite is graded to allow drainage to flow off the homesite to the existing streets and storm drain system.

Views

Those lots located at the south side of Fern Creek Lane, the west side of Timber Creek Lane, and Old Ranch Road have golf course views.

Soil Conditions

No soils report was provided. It is assumed that there are no soil conditions present which would preclude development of the subject in accordance with its highest and best use.

Utilities

All public utilities necessary for residential development are installed throughout the subject property. The available utilities include public water, sewer, natural gas, electrical power, cable television, and telephone. All utilities are underground.

Access and Street Improvements

The subject properties front at and are accessed via fully improved residential surface streets. These access streets are Old Ranch Road, Fern Creek Lane, Plum Tree Lane, Timber Creek Lane, and Wynwood Court. All access streets through the community accommodate single lanes of bi-directional traffic and they are improved with asphalt paving and concrete gutter and sidewalk.

Flood Zone Designation

According to Flood Insurance Rate Map Community Panel No. 06073C1082 F, dated June 19, 1997, the subject property is entirely within Flood Hazard Zone X, areas determined to be outside the 500-year floodplain. Flood insurance in Zone X is available, but not required.

Toxic Hazard

We have not reviewed a hazardous materials report specifically for the appraised property. An inspection of the property did not reveal any toxic or hazardous materials conditions. In this appraisal, it is assumed that there are no toxic or hazardous conditions present on or below the surface of the subject property.

Seismic Hazard

The subject is not located within an identified "Earthquake Fault Zone" as designated by the California State Division of Mines and Geology. However, the land is located in an area prone to seismic events, a condition that it shares with other properties located in the general Southern California area.

Natural, Cultural, Recreational, and Scientific Conditions

We have not reviewed an environmental conditions report specifically for the subject property. Our final estimate of value assumes that there are no legitimate environmental or ecological reasons that would prevent orderly development of the land to its highest and best use.

Easements and Encumbrances

A title report has not been provided. Our analysis reflects the assumption that there are no easements or encumbrances that would negatively affect the development of the subject property in accordance with its highest and best use.

Land Use

The appraised property is within the Rancho San Pasqual Specific Planning Area (SPA 95-16) controlled by the City of Escondido and adopted July 1995. That plan allows for development of the community with 580 homesites.

Specifically, the subject Montecito development was approved for 126 homesites with a minimum lot size of 6,600 square feet.

Property Status

The Montecito subdivision is an active project currently experiencing construction of new homes which are sold to individual home buyers. The subject consists of 67 of the total 126 lots and the subject property ranges in condition from finished lots to partially finished homes to finished homes.

As indicated in the following summary, many of the lots have a completed home developed on the site, which are in escrow and waiting to close. There are also other subject lots which are being developed with a home and are currently in escrow. Finally, some of the vacant finished lots are also in escrow and waiting for a home to be built.

LMD (Lucas & Mercier) - Montecito (*home in escrow)				
Lot	Assessor's Parcel No.	Location	Status	Plan No.
81	241-260-07	Ferncreek Ln	Finished Home	3*
82	241-260-08	Ferncreek Ln	Finished Home	4*
83	241-260-09	Ferncreek Ln	Finished Home	2*
84	241-260-10	Ferncreek Ln	Finished Home	1*
85	241-260-11	Ferncreek Ln	Finished Home	2*
86	241-260-12	Ferncreek Ln	Finished Home	4*
87	241-260-13	Ferncreek Ln	Finished Home	3*
88	241-260-14	Ferncreek Ln	95% Fin. Home	4*
89	241-260-15	Ferncreek Ln	95% Fin. Home	3*
90	241-260-16	Ferncreek Ln	95% Fin. Home	2*
91	241-260-17	Ferncreek Ln	95% Fin. Home	4*
92	241-260-18	Ferncreek Ln	95% Fin. Home	3*
93	241-260-19	Ferncreek Ln	95% Fin. Home	2*
94	241-260-20	Ferncreek Ln	95% Fin. Home	4*
95	241-260-21	Ferncreek Ln	95% Fin. Home	2*
96	241-260-22	Ferncreek Ln	95% Fin. Home	1*
97	241-260-23	Ferncreek Ln	Finished Home	2*
98	241-260-24	Ferncreek Ln	Finished Home	3*
99	241-260-25	Ferncreek Ln	Finished Home	2*
100	241-260-26	Ferncreek Ln	Finished Home	3*
101	241-260-27	Ferncreek Ln	Finished Home	1*
102	241-260-28	Timber Creek Ln	50% Fin. Home	2*
103	241-260-29	Timber Creek Ln	50% Fin. Home	2*
104	241-260-30	Timber Creek Ln	50% Fin. Home	4*
105	241-261-01	Wynwood Ct	25% Fin. Home	2*
106	241-261-02	Wynwood Ct	25% Fin. Home	3*
107	241-261-03	Wynwood Ct	25% Fin. Home	4*
108	241-261-04	Wynwood Ct	25% Fin. Home	2*
109	241-261-05	Wynwood Ct	25% Fin. Home	4*
110	241-261-06	Wynwood Ct	25% Fin. Home	2*
111	241-261-07	Wynwood Ct	25% Fin. Home	3*
115	241-261-08	Wynwood Ct	25% Fin. Home	3*
116	241-261-09	Wynwood Ct	25% Fin. Home	4*
117	241-261-10	Timber Creek Ln	Finished Lot	2
118	241-261-11	Timber Creek Ln	Finished Lot	4
119	241-261-12	Timber Creek Ln	Finished Lot	2
120	241-261-13	Timber Creek Ln	Finished Lot	4*
121	241-261-14	Timber Creek Ln	Finished Lot	1*
122	241-261-15	Timber Creek Ln	Finished Lot	2*
123	241-261-16	Timber Creek Ln	Finished Lot	1*
124	241-261-17	Timber Creek Ln	Finished Lot	4
125	241-261-18	Timber Creek Ln	Finished Lot	2*
126	241-261-19	Timber Creek Ln	Finished Lot	3*
127	241-261-20	Timber Creek Ln	Finished Lot	2
128	241-261-21	Timber Creek Ln	Finished Lot	4
129	241-261-22	Timber Creek Ln	Finished Lot	3*
130	241-261-23	Timber Creek Ln	25% Fin. Home	4
131	241-261-24	Timber Creek Ln	25% Fin. Home	3*
132	241-261-25	Timber Creek Ln	25% Fin. Home	2*
133	241-261-26	Timber Creek Ln	25% Fin. Home	4
134	241-261-27	Timber Creek Ln	25% Fin. Home	3*
135	241-261-28	Timber Creek Ln	25% Fin. Home	2*
136	241-261-29	Plum Tree Ln	50% Fin. Home	1*
137	241-261-30	Plum Tree Ln	50% Fin. Home	4*
138	241-261-31	Plum Tree Ln	50% Fin. Home	3*
139	241-261-32	Plum Tree Ln	50% Fin. Home	2*
140	241-261-33	Plum Tree Ln	50% Fin. Home	3*
141	241-261-34	Plum Tree Ln	50% Fin. Home	4*
142	241-261-35	Plum Tree Ln	50% Fin. Home	2*
150	241-202-02	Old Ranch Rd	Finished Lot	1
154	241-202-06	Old Ranch Rd	Finished Lot	3
155	241-202-07	Old Ranch Rd	Finished Lot	4
420	241-201-29	Old Ranch Rd	Finished Lot	1
421	241-202-08	Old Ranch Rd	Finished Lot	2
422	241-202-09	Old Ranch Rd	Finished Lot	1
423	241-202-10	Old Ranch Rd	Finished Lot	2
424	241-202-11	Old Ranch Rd	Finished Lot	3

IMPROVEMENT DESCRIPTION

The developer is improving the subject lots with detached single family homes. There are four floor plans, including two single level plans and two, two-story plans. We were not provided with construction drawings, but we were provided with floor plan information from the sales office. The individual plans are briefly described below.

Plan 1: This is a single level unit which includes a living area of 2,160 square feet. This home features three bedrooms, two and one-half bathrooms, and an attached three-car garage. The single entry door leads to the living and dining rooms. Located off the dining room is the kitchen which incorporates a center island and breakfast nook. The family room is adjacent to the kitchen and incorporates a wood-burning fireplace and a media niche. Off the hallway to the bedrooms is a powder room. The master bedroom includes a large master bathroom. The master bathroom has a shower and separate oval tub, dual basins, and a walk-in closet. The secondary bath has a combination tub/shower and two basins. The service room includes washer/ dryer hook-up and service sink.

Plan 2: This is a two-story home which has 2,447 square feet of living space. This home incorporates four bedrooms, two and one-half bathrooms, and an attached three-car garage. The single entry door leads to the living room, and other rooms on the first level include a formal dining room, kitchen, and family room with a wood-burning fireplace. The kitchen has a breakfast nook and center island. Also on the ground floor is a service room (which includes a washer/dryer hook-up and utility sink) and a powder room. The staircase is located off the living room, next to the entry. On the upper level of the home can be found the master bedroom and bathroom as well as the family bedrooms. The master bath incorporates dual basins, a separate oval tub and shower, and a walk-in closet. The secondary bathroom has dual basins and a combination shower/tub. The living room is open below. This plan features a fifth bedroom option and a den option.

Plan 3: This is a single story home incorporating 2,416 square feet of living area. This plan has four bedrooms, two and one-half bathrooms, and an attached three car garage. The single entry door to this home opens to the living and formal dining rooms. Beyond the dining room is the family room with a wood-burning fireplace and a media niche. The kitchen includes a center island and a breakfast nook. Adjoining the master bedroom, the master bath has an tub and separate shower, dual basins, and a walk-in closet. A powder room is located off the dining room in the hallway which leads to the bedroom wing of the home. A fourth bedroom can be converted into a den. The secondary bathroom includes a combination tub/shower and dual basins. The service room leads to the attached three-car garage. The service room incorporates cabinetry, a utility sink, and washer/dryer hook-ups.

Plan 4: This is a two-story home with a living area of 2,648 square feet. The residence has five bedrooms, three bathrooms, and an attached three-car garage. Entry to this home is through double doors which lead to the living and dining rooms. Adjacent to the dining room is the family room which has a media niche and a wood-burning fireplace. The kitchen has a center island and breakfast nook. Also on the ground floor is a full bathroom, one bedroom (which can be converted to a den), and a service room which has a utility sink and washer/dryer hook-ups. The staircase is located off the main entry. The upstairs of Plan 4 is improved with a master bedroom, master bathroom, three secondary bedrooms, and a secondary bathroom. The master bath has an oval tub and separate shower, dual basins, and a walk-in closet. The secondary bathroom has a tub and shower combination and dual basins. This plan has a loft option, an exercise room option, and a bunk room option. The home sizes are summarized below.

Plan	Levels	Br/Ba	Unit Size (SF)	Garage Parking Spaces
1	1	3/2.5	2,160	3
2	2	4/2.5	2,447	3
3	1	4/2.5	2,416	3
4	2	5/3	2,648	3

Construction and Amenities Overview

Architecture

- ◆ Ranch and Early California Spanish
- ◆ Double door entry in Plan 4
- ◆ Color coordinated concrete tile roofs
- ◆ Concrete driveways and walkways

Kitchens

- ◆ Ceramic tile countertops
- ◆ Pantries
- ◆ Wood cabinetry
 - Oak
 - Prefinished interior
 - Eurostyle drawer guides
- ◆ Whirlpool appliances
 - Self-cleaning built-in double oven
 - Microwave oven
 - Multi-cycle dishwasher
 - Gas cooktop
- ◆ Island counter
- ◆ Breakfast nook
- ◆ Double sink with Eurostyle faucet and garbage disposal
- ◆ Armstrong Cambay vinyl flooring
- ◆ Plumbed for ice maker

Master Bedroom/Bathroom

- ◆ Walk-in closets
- ◆ Oval bathtub with separate shower
- ◆ Oak cabinetry
- ◆ Dual sinks
- ◆ Full width set-in pullman mirrors
- ◆ Compartmentalized water closets

Interiors

- ◆ 9-foot volume ceilings, 10-foot ceilings in Plans 1 and 3
- ◆ Rounded interior corners
- ◆ Raised panel interior doors
- ◆ Polished brass hardware
- ◆ Ceramic tile entry
- ◆ Family room with wood-burning fireplace
- ◆ Interior laundry room with gas/electric service and separate sink
- ◆ Prewired for telephone and cable television
- ◆ Wall-to-wall carpeting
- ◆ Light fixtures
- ◆ Arched doorways

Energy and Safety Features

- ◆ Interior fire protection sprinklers
- ◆ Smoke detectors throughout
- ◆ Thermostatically-controlled forced air heating and air conditioning
- ◆ Energy efficient dual glazed windows

- ◆ Fully insulated exterior walls and ceilings
- ◆ Weather stripped exterior doors
- ◆ Copper plumbing system

Feature Options

- ◆ Security system
- ◆ Electric garage door openers
- ◆ Mirrored wardrobe doors
- ◆ Intercom
- ◆ Cedar-lined wall (master closet)
- ◆ Deck off master bedroom in Plans 2 and 4

Flex Options

- ◆ Plan 1
 - Bedroom #3 to Den/Office
- ◆ Plan 2
 - Garage to Bedroom #5/Den/Office
 - Bedroom #2 to Loft
- ◆ Plan 3
 - Bedroom #4 to Den/Office
 - Bedroom #2 to retreat
- ◆ Plan 4
 - Bedroom #5 to Den
 - Bedroom #3 to Bunk Room/Bonus Room
 - Bedroom #2 to Bunk Room/Exercise Room
 - Bedroom #4 to Loft/Bunk Room

Comments

The homes are well-designed, with no observed functional problems. The interior appointments are equivalent to other similarly priced projects, and the developer is offering a flexible option package for each plan. Given the sales history of the Montecito project, and the current level of demand evidenced in the subject market for new homes similar to the subject, no evidence of external obsolescence was observed.

OWNERSHIP AND SALES HISTORY

Portions of the subject land were purchased from the master developer (Signal Landmark) of the Rancho San Pasqual master planned development. Reportedly, LMD began purchasing portions of the total 126 lots (for the Montecito subdivision) in 1996 and the third and final takedown of 33 lots closed in November 1997 at a purchase price of \$1,759,144 (\$53,307/lot) with a finished cost of \$84,647 per lot. The second takedown recorded in May 1997 and involved 49 lots, and the finished lot cost was \$83,327 per lot. The first takedown recorded in June 1996 and involved 44 lots, and the finished lot cost was \$78,000 per lot. Signal Landmark was the owner of the subject property three years prior to the date of value.

VALUATION

HIGHEST AND BEST USE

As Vacant Land

Legally Permissible: The subject sites are zoned for residential development which includes minimum lot sizes of 6,600 square feet. There are currently no moratoriums in effect that would adversely affect utilization of the subject property in accordance with its legally permissible uses. According to city officials, single family detached dwellings on minimum 6,600 square foot homesites represents the only legally permissible use for the subject property at this time.

Physically Possible Uses: The subject consists of finished homesites. Development of the subject with homes can be accomplished without detrimental costs or delays. All utilities and services serve the property.

Economically Feasible and Maximally Productive Uses: The issue of economic viability is primarily tied to the health of the San Diego economy and on supply and demand characteristics associated with population growth. The subject market area has shown good market acceptance; and the appraised land is close and convenient to employment centers, shopping facilities, and major thoroughfares.

Over time, San Diego County has experienced more favorable growth patterns than most areas of the nation, and most new development in the county is expected to occur to the north and south of metropolitan San Diego, in either the north or south portions of the county.

Market conditions relating to the demand for and development of land for housing have improved noticeably over the past two years, and much of this activity has involved acquisitions by merchant builders of finished homesites or entitled subdivision parcels planned for single-family housing.

Conclusion: Given all known characteristics of the subject, single-family residential development of the property appears to represent a reasonable use of the land. It is highly speculative as to whether an alternative use would be superior or more profitable to that which is planned or has been approved. Based on other projects that have been developed in the area and on market activity pertaining to product developed on those parcels, we have concluded that development of the subject with single family homes is appropriate for the land and should achieve good market acceptance.

As Improved/Proposed

The subject lots are a finished condition and some have partially completed and completed homes. They are improved and planned to be improved with good quality, detached single family residences ranging in size from 2,160 square feet to 2,648 square feet. These homes possess characteristics that are typical of the marketplace in which they compete. The new homes both existing and proposed contribute substantially to total property value and, in our opinion, represent the highest and best use of the site.

METHODOLOGY

In this analysis, it was first necessary to estimate the value of various components of the subject property - finished homesites, finished homes, and partially finished homes. The value of the partially finished homes was estimated by deducting the remaining home construction costs from the finished home value estimate.

The "as is" value is derived by deducting holding costs (marketing, sales costs, overhead & administration, taxes, etc.) and developer's profit from the sum total of the above described components.

SALES COMPARISON APPROACH

As previously indicated, in this analysis, it was first necessary to estimate the value of various components of the subject property - finished homesites, finished homes, and partially finished homes. A summary indicating our estimates of market value for each of these components can be found following this section. The following is a discussion of the valuation for those components.

Finished Lots

The finished lot values for the subject were estimated by the comparison of comparable subdivision land sales. In the first Property Appraisal of the Signal Landmark property we presented eight subdivision land sales. Those sales are also useful for this analysis. Included in that summary of sales are six

subdivision land sales from within the subject Rancho San Pasqual community and, more specifically, Sales 1 and 2 include land sales from the subject Montecito subdivision. Sale 1 is the most recent takedown and it includes 33 of the subject lots to be appraised. It closed in November 1997 and reflects a finished site cost of \$84,647 per homesite. Sale 2 closed in May 1997 and reflects a finished site cost \$83,327 per homesite for a takedown of 49 lots. Since these comparables are from the subject subdivision, no adjustments for physical characteristics are warranted. However, an upward time adjustment of 20 percent was applied in the analysis of the Signal Landmark property and, after that adjustment is applied, those sales indicate values of \$101,577 and \$99,992 per homesite, respectively. In light of current strong market conditions for land available for residential development, we have concluded that \$101,500 per finished lot would be reasonable for the subject's finished homesites.

Finished Homes

As previously indicated, most of the subject property is in escrow to individual home buyers that are either waiting to close escrow or for construction to be completed. In fact, 51 of the total 67 properties are in escrow.

It was previously discussed in the Market Overview section of this report that the sales office personnel report significant price increases between phases at up to \$10,000 or more and if a home falls out of escrow the asking price is increased. Further, concessions are virtually nonexistent and there is typically no negotiating from the asking price. Finally, the developers report that all homes will be sold and closed by sometime in the 1st quarter 1999.

We were able to obtain the escrow and asking prices for the homes from the sales agents at the Montecito sales office. Based on the availability of this data and current market conditions, it was reasonable to utilize those reported escrow and asking prices as our estimates of market value for the homes. The appraised values for each of the homes are shown in the summary following this section of the report. Including lot premiums, the Plan 1's were estimated in the range of \$234,900 to \$259,900, the Plan 2's in the range of \$259,900 to 337,900, the Plan 3's in the range of \$249,900 to \$317,900, and Plan 4's in the range of \$269,900 to \$339,900. These values are considered reasonable and they are supported by the current sales at the adjacent subdivisions in the Rancho San Pasqual community.

Partially Finished Homes

As indicated, some of the subject property includes homes which are under construction. Based on our inspection and discussions with the developer of Montecito, we concluded that the homes varied in the level of completion from approximately 25 percent to 50 percent to 95 percent. The developer, Mr. Rick Mercier, also provided us with the average construction costs of the homes at Montecito. He indicated that the average cost to build a home in Montecito is approximately \$106,000 or about \$44.17 per square foot assuming an average home size of 2,400 square feet. In our opinion and based on the costs of other comparable product, that figure is considered to be reasonable for the subject homes.

The value of the partially finished homes was estimated by deducting the remaining home construction costs from the finished home value estimate. For example and based on an average cost to construct a home at Montecito of \$106,000, and 50 percent of the costs remain to complete construction prior to escrow closing, the total deduction for the remaining home construction costs is estimated at \$53,000 (\$106,000 X 50%).

As can be seen from the following summary, the sum of the component values is \$13,698,200.

-LMD (Lucas & Mercier) - Montecito (*home in escrow)

Lot	Assessor's Parcel No.	Location	Status	Plan No.	Finished Lot/Home Value	Less Fin. Costs	Indicated Value
81	241-260-07	Ferncreek Ln	Finished Home	3*	\$ 279,900	\$ -	\$ 279,900
82	241-260-08	Ferncreek Ln	Finished Home	4*	\$ 324,900	\$ -	\$ 324,900
83	241-260-09	Ferncreek Ln	Finished Home	2*	\$ 289,900	\$ -	\$ 289,900
84	241-260-10	Ferncreek Ln	Finished Home	1*	\$ 259,900	\$ -	\$ 259,900
85	241-260-11	Ferncreek Ln	Finished Home	2*	\$ 289,900	\$ -	\$ 289,900
86	241-260-12	Ferncreek Ln	Finished Home	4*	\$ 305,900	\$ -	\$ 305,900
87	241-260-13	Ferncreek Ln	Finished Home	3*	\$ 285,900	\$ -	\$ 285,900
88	241-260-14	Ferncreek Ln	95% Fin. Home	4*	\$ 312,900	\$ 5,300	\$ 307,600
89	241-260-15	Ferncreek Ln	95% Fin. Home	3*	\$ 289,900	\$ 5,300	\$ 284,600
90	241-260-16	Ferncreek Ln	95% Fin. Home	2*	\$ 305,900	\$ 5,300	\$ 300,600
91	241-260-17	Ferncreek Ln	95% Fin. Home	4*	\$ 314,900	\$ 5,300	\$ 309,600
92	241-260-18	Ferncreek Ln	95% Fin. Home	3*	\$ 283,900	\$ 5,300	\$ 278,600
93	241-260-19	Ferncreek Ln	95% Fin. Home	2*	\$ 304,900	\$ 5,300	\$ 299,600
94	241-260-20	Ferncreek Ln	95% Fin. Home	4*	\$ 285,900	\$ 5,300	\$ 280,600
95	241-260-21	Ferncreek Ln	95% Fin. Home	2*	\$ 270,900	\$ 5,300	\$ 265,600
96	241-260-22	Ferncreek Ln	95% Fin. Home	1*	\$ 239,900	\$ 5,300	\$ 234,600
97	241-260-23	Ferncreek Ln	Finished Home	2*	\$ 266,900	\$ -	\$ 266,900
98	241-260-24	Ferncreek Ln	Finished Home	3*	\$ 253,900	\$ -	\$ 253,900
99	241-260-25	Ferncreek Ln	Finished Home	2*	\$ 264,900	\$ -	\$ 264,900
100	241-260-26	Ferncreek Ln	Finished Home	3*	\$ 249,900	\$ -	\$ 249,900
101	241-260-27	Ferncreek Ln	Finished Home	1*	\$ 234,900	\$ -	\$ 234,900
102	241-260-28	Timber Creek Ln	50% Fin. Home	2*	\$ 259,900	\$ 53,000	\$ 206,900
103	241-260-29	Timber Creek Ln	50% Fin. Home	2*	\$ 291,400	\$ 53,000	\$ 238,400
104	241-260-30	Timber Creek Ln	50% Fin. Home	4*	\$ 287,900	\$ 53,000	\$ 234,900
105	241-261-01	Wynwood Ct	25% Fin. Home	2*	\$ 298,900	\$ 79,500	\$ 219,400
106	241-261-02	Wynwood Ct	25% Fin. Home	3*	\$ 295,900	\$ 79,500	\$ 216,400
107	241-261-03	Wynwood Ct	25% Fin. Home	4*	\$ 329,900	\$ 79,500	\$ 250,400
108	241-261-04	Wynwood Ct	25% Fin. Home	2*	\$ 329,900	\$ 79,500	\$ 250,400
109	241-261-05	Wynwood Ct	25% Fin. Home	4*	\$ 339,900	\$ 79,500	\$ 260,400
110	241-261-06	Wynwood Ct	25% Fin. Home	2*	\$ 337,900	\$ 79,500	\$ 258,400
111	241-261-07	Wynwood Ct	25% Fin. Home	3*	\$ 317,900	\$ 79,500	\$ 238,400
115	241-261-08	Wynwood Ct	25% Fin. Home	3*	\$ 279,900	\$ 79,500	\$ 200,400
116	241-261-09	Wynwood Ct	25% Fin. Home	4*	\$ 296,900	\$ 79,500	\$ 217,400
117	241-261-10	Timber Creek Ln	Finished Lot	2	\$ 101,500	\$ -	\$ 101,500
118	241-261-11	Timber Creek Ln	Finished Lot	4	\$ 101,500	\$ -	\$ 101,500
119	241-261-12	Timber Creek Ln	Finished Lot	2	\$ 101,500	\$ -	\$ 101,500
120	241-261-13	Timber Creek Ln	Finished Lot	4*	\$ 101,500	\$ -	\$ 101,500
121	241-261-14	Timber Creek Ln	Finished Lot	1*	\$ 101,500	\$ -	\$ 101,500
122	241-261-15	Timber Creek Ln	Finished Lot	2*	\$ 101,500	\$ -	\$ 101,500
123	241-261-16	Timber Creek Ln	Finished Lot	1*	\$ 101,500	\$ -	\$ 101,500
124	241-261-17	Timber Creek Ln	Finished Lot	4	\$ 101,500	\$ -	\$ 101,500
125	241-261-18	Timber Creek Ln	Finished Lot	2*	\$ 101,500	\$ -	\$ 101,500
126	241-261-19	Timber Creek Ln	Finished Lot	3*	\$ 101,500	\$ -	\$ 101,500
127	241-261-20	Timber Creek Ln	Finished Lot	2	\$ 101,500	\$ -	\$ 101,500
128	241-261-21	Timber Creek Ln	Finished Lot	4	\$ 101,500	\$ -	\$ 101,500
129	241-261-22	Timber Creek Ln	Finished Lot	3*	\$ 101,500	\$ -	\$ 101,500
130	241-261-23	Timber Creek Ln	25% Fin. Home	4	\$ 339,900	\$ 79,500	\$ 260,400
131	241-261-24	Timber Creek Ln	25% Fin. Home	3*	\$ 314,900	\$ 79,500	\$ 235,400
132	241-261-25	Timber Creek Ln	25% Fin. Home	2*	\$ 322,900	\$ 79,500	\$ 243,400
133	241-261-26	Timber Creek Ln	25% Fin. Home	4	\$ 326,900	\$ 79,500	\$ 247,400
134	241-261-27	Timber Creek Ln	25% Fin. Home	3*	\$ 302,900	\$ 79,500	\$ 223,400
135	241-261-28	Timber Creek Ln	25% Fin. Home	2*	\$ 299,900	\$ 79,500	\$ 220,400
136	241-261-29	Plum Tree Ln	50% Fin. Home	1*	\$ 239,900	\$ 53,000	\$ 186,900
137	241-261-30	Plum Tree Ln	50% Fin. Home	4*	\$ 269,900	\$ 53,000	\$ 216,900
138	241-261-31	Plum Tree Ln	50% Fin. Home	3*	\$ 260,900	\$ 53,000	\$ 207,900
139	241-261-32	Plum Tree Ln	50% Fin. Home	2*	\$ 269,900	\$ 53,000	\$ 216,900
140	241-261-33	Plum Tree Ln	50% Fin. Home	3*	\$ 262,900	\$ 53,000	\$ 209,900
141	241-261-34	Plum Tree Ln	50% Fin. Home	4*	\$ 277,900	\$ 53,000	\$ 224,900
142	241-261-35	Plum Tree Ln	50% Fin. Home	2*	\$ 265,900	\$ 53,000	\$ 212,900
150	241-202-02	Old Ranch Rd	Finished Lot	1	\$ 101,500	\$ -	\$ 101,500
154	241-202-06	Old Ranch Rd	Finished Lot	3	\$ 101,500	\$ -	\$ 101,500
155	241-202-07	Old Ranch Rd	Finished Lot	4	\$ 101,500	\$ -	\$ 101,500
420	241-201-29	Old Ranch Rd	Finished Lot	1	\$ 101,500	\$ -	\$ 101,500
421	241-202-08	Old Ranch Rd	Finished Lot	2	\$ 101,500	\$ -	\$ 101,500
422	241-202-09	Old Ranch Rd	Finished Lot	1	\$ 101,500	\$ -	\$ 101,500
423	241-202-10	Old Ranch Rd	Finished Lot	2	\$ 101,500	\$ -	\$ 101,500
424	241-202-11	Old Ranch Rd	Finished Lot	3	\$ 101,500	\$ -	\$ 101,500
Sum Total:							\$ 13,698,200

"AS IS" VALUE ESTIMATE

The previous estimate of value is a sum total of the estimated values for the various components of the subject. Bulk sales of properties similar to the subject are not typically found in this market; therefore, an alternative method of estimating the "as is" value has been applied. It is based on the idea that a buyer of the subject property would realize certain holding costs and expect a profit for the time and effort to complete construction and sales of the homes. The "as is" value is derived by deducting holding costs and developer's profit from the sum total of the components.

The following table shows our estimates of holding costs and profit, and the subtraction of those figures from the sum total of the components results in an estimate of the "as is" value. Marketing and advertising costs have been applied at a reasonable rate of 1.5 percent of the sum total, sales costs have been estimated at three percent of the sum total, and overhead and administration is one percent of the sum total. Real estate taxes have been applied at the current tax rate, but since it has been estimated that all homes will be sold and closed within nine months and the homes will close escrow gradually throughout the period, the nine months of taxes were reduced by 50 percent ($\$13,698,200 \times 1.04362\%/YR \times 9/12 MO \times 50\%$). The Assessment District No. 95-1 and the HOA fee have also been applied in the same manner ($\$775/YR \times 67 homes \times 9/12 MO \times 50\%$) and ($\$104.5/MO \times 67 homes \times 9 MO \times 50\%$). Developer's profit has been estimated at ten percent of the sum total. The analysis results in an estimate of the subject's "as is" value of approximately \$11,470,000, rounded, or a discount of about 16.3 percent.

"AS IS" VALUE ESTIMATE - Richmond American		
Sum Total Before Discount		\$ 13,698,200
Marketing/Advertising	1.5%	\$ (205,473)
Sales Costs	3%	\$ (410,946)
Overhead & Admin.	1%	\$ (136,982)
RE Taxes	1.04362%	\$ (53,609)
Assmnt 95-1/Year	\$ 775	\$ (19,472)
HOA Fee/Month	\$ 104.50	\$ (31,507)
Developer's Profit	10%	\$ (1,369,820)
"AS IS" VALUE ESTIMATE		\$11,470,391

PROPERTY APPRAISAL

L&W INVESTMENTS (CONTINENTAL HOMES)

Catavina Subdivision

36 Lots of 97 Total

Partially Finished Homes & Finished Homes

6,600 & 8,000 SF Minimum Lot Size

SUBJECT PROPERTY PHOTOGRAPHS



Catavina homes at Plum Court. View is to the south.



Homes under construction at Ranchview Place. View is to the west.

LAND DESCRIPTION

The subject property is a portion of the Catavina 97 lot residential home subdivision. Catavina is an active project currently experiencing construction of new homes which are sold to individual home buyers. The subject consists of 36 of the total 97 lots and the subject property ranges in condition from partially finished homes to finished homes. The remaining 61 lots have been developed with homes and sold to individual home buyers and are, therefore, not a part of the subject to be appraised.

Size and Shape

The shape of the 36 lots typically reflect rectangular to irregular configuration. The minimum lot size is 6,600 and 8,000 square feet, but most of the lots are in the range of 9,000 to 10,000 square feet in size, and they have some rear and side slope areas. Please refer to the Site Plan presented at the end of the Market Overview section of this report which shows the layout of the subject property's 36 homesites.

Topography/Drainage

All of the homesites are graded to level pad areas, and they have some rear and side slope areas. Each homesite is graded to allow drainage to flow off the homesite to the existing streets and storm drain system.

Views

Those lots located on Rosewood Lane and Ranchview Place have backcountry and distant golf course views. The remaining lots have golf course views.

Soil Conditions

No soils report was provided. It is assumed that there are no soil conditions present which would preclude development of the subject in accordance with its highest and best use.

Utilities

All public utilities necessary for residential development are installed throughout the subject property. The available utilities include public water, sewer, natural gas, electrical power, cable television, and telephone. All utilities are underground.

Access and Street Improvements

The subject properties front at and are accessed via fully improved residential surface streets. These access streets are Old Ranch Road, Plum Court, Orchard View Lane, Rosewood Lane, and Ranchview Place. All access streets through the community accommodate single lanes of bi-directional traffic and they are improved with asphalt paving and concrete gutter and sidewalk.

Flood Zone Designation

According to Flood Insurance Rate Map Community Panel No. 06073C1082 F, dated June 19, 1997, the subject property is entirely within Flood Hazard Zone X, areas determined to be outside the 500-year floodplain. Flood insurance in Zone X is available, but not required.

Toxic Hazard

We have not reviewed a hazardous materials report specifically for the appraised property. An inspection of the property did not reveal any toxic or hazardous materials conditions. In this appraisal, it is assumed that there are no toxic or hazardous conditions present on or below the surface of the subject property.

Seismic Hazard

The subject is not located within an identified "Earthquake Fault Zone" as designated by the California State Division of Mines and Geology. However, the land is located in an area prone to seismic events, a condition that it shares with other properties located in the general Southern California area.

Natural, Cultural, Recreational, and Scientific Conditions

We have not reviewed an environmental conditions report specifically for the subject property. Our final estimate of value assumes that there are no legitimate environmental or ecological reasons that would prevent orderly development of the land to its highest and best use.

Easements and Encumbrances

A title report has not been provided. Our analysis reflects the assumption that there are no easements or encumbrances that would negatively affect the development of the subject property in accordance with its highest and best use.

Land Use

The appraised property is within the Rancho San Pasqual Specific Planning Area (SPA 95-16) controlled by the City of Escondido and adopted July 1995. That plan allows for development of the community with 580 homesites.

Specifically, the subject Catavina development was approved for 97 homesites with a minimum lot size of 6,600 and 8,000 square feet.

Property Status

The Catavina subdivision is an active project currently experiencing construction of new homes which are sold to individual home buyers. The subject consists of 36 of the total 97 lots and the subject property ranges in condition from partially finished homes to finished homes.

As indicated in the following summary, many of the lots have a completed home developed on the site, which are in escrow and waiting to close. There are also other subject lots which are being developed with a home and are currently in escrow.

L&W Investments (Continental) - Catavina (*home in escrow)				
Lot	Assessor's Parcel No.	Location	Status	Plan No.
262	241-250-01	Old Ranch Rd	Finished Home	2*
263	241-250-02	Old Ranch Rd	Finished Home	6*
264	241-250-03	Plum Ct	Finished Home	11*
265	241-250-04	Plum Ct	Finished Home	2*
266	241-250-05	Plum Ct	Finished Home	6*
267	241-250-06	Plum Ct	Finished Home	8*
268	241-250-07	Plum Ct	Model Home	2*
269	241-250-08	Plum Ct	Model Home	6*
270	241-250-09	Plum Ct	Model Home	9*
272	241-250-11	Plum Ct	Finished Home	9*
273	241-250-12	Plum Ct	Finished Home	6*
274	241-250-13	Old Ranch Rd	Finished Home	2*
275	241-250-14	Old Ranch Rd	Finished Home	6*
347	241-250-07	Orchard View Ln	Finished Home	10*
350	241-250-10	Orchard View Ln	Finished Home	9*
355	241-250-15	Orchard View Ln	Finished Home	2*
431	241-280-01	Ranchview Pl	60% Fin. Home	9*
432	241-280-02	Ranchview Pl	60% Fin. Home	2*
433	241-280-03	Ranchview Pl	60% Fin. Home	6
434	241-280-04	Ranchview Pl	60% Fin. Home	2*
435	241-280-05	Ranchview Pl	60% Fin. Home	10*
436	241-280-06	Ranchview Pl	60% Fin. Home	2*
437	241-280-07	Ranchview Pl	60% Fin. Home	10*
438	241-280-08	Ranchview Pl	60% Fin. Home	11*
439	241-280-09	Ranchview Pl	60% Fin. Home	2*
440	241-280-10	Ranchview Pl	60% Fin. Home	6*
443	241-280-13	Rosewood Ln	50% Fin. Home	2
444	241-280-14	Rosewood Ln	50% Fin. Home	2*
445	241-280-15	Rosewood Ln	50% Fin. Home	6*
446	241-280-16	Rosewood Ln	50% Fin. Home	8*
447	241-280-17	Rosewood Ln	50% Fin. Home	6*
448	241-280-18	Rosewood Ln	50% Fin. Home	2*
449	241-280-19	Rosewood Ln	50% Fin. Home	10*
450	241-280-20	Rosewood Ln	50% Fin. Home	6
451	241-280-21	Rosewood Ln	50% Fin. Home	11*
452	241-280-22	Rosewood Ln	50% Fin. Home	8*

IMPROVEMENT DESCRIPTION

The developer is improving the subject lots with detached single family homes. There are six floor plans, including two single level plans and four, two-story plans. We were not provided with construction drawings, but we were provided with floor plan information from the sales office. The individual plans are briefly described below labeled plans 2, 6, 8, 9, 10, and 11.

Plan 2: This is a two-story home which has 3,641 square feet of living space. This home incorporates four bedrooms plus a den, four bathrooms, and an attached three-car garage. The double door entry leads to the living room, and other rooms on the first level include a formal dining room, den (which can be converted to a bedroom), kitchen, and family room with a wood-burning fireplace. The kitchen has a breakfast nook and center island. Also on the ground floor is a service room (which includes a washer/dryer hook-up and utility sink) and a bathroom with a shower. The staircase is located off the living room, near to the entry. On the upper level of the home can be found the master bedroom and bathroom as well as the family bedrooms. The master bath incorporates dual basins, a separate oval tub and shower, and a walk-in closet. The two secondary bathrooms have dual basins and a combination shower/tub. The living room is open below.

Plan 6: This is a two-story home which has 3,347 square feet of living space. This home incorporates three bedrooms plus a den and bonus room, four bathrooms, and an attached three-car garage. The double door entry leads to the living room, and other rooms on the first level include a formal dining room, den (which can be converted to a bedroom), kitchen, and family room with a wood-burning fireplace. The kitchen has a breakfast nook and center island. Also on the ground floor is a service room (which includes a washer/dryer hook-up and utility sink) and a bathroom with a combination shower/tub. The staircase is located near the entry. On the upper level of the home can be found the master bedroom and bathroom as well as the family bedrooms and bonus room (which can be converted to a bedroom). The master bath incorporates dual basins, a separate oval tub and shower, and a walk-in closet and the master bedroom has a retreat area (which can be converted to a bedroom). The two secondary bathrooms have dual basins and a combination shower/tub. The living room is open below.

Plan 8: This is a single level unit which includes a living area of 2,525 square feet. This home features three bedrooms plus a den, two and one-half bathrooms, and an attached three-car garage. The single entry door leads to the living and dining rooms. Located off the dining room is the kitchen which incorporates a center island and breakfast nook. The family room is adjacent to the kitchen and incorporates a wood-burning fireplace. Near the entry is a den (which can be converted to a bedroom). At the hallway to the bedrooms is a powder room. The master bedroom includes a large master bathroom. The master bathroom has a shower and separate oval tub, dual basins, and a walk-in closet. The secondary bath has a combination tub/shower and two basins. The service room includes washer/ dryer hook-up.

Plan 9: This is a two-story home with a living area of 3,200 square feet. The residence has four bedrooms plus a bonus room, three bathrooms, and an attached two-car garage and an attached one-car garage. Entry to this home is through a single door which lead to the living and dining rooms. Adjacent to the dining room is the kitchen and family room which has a wood-burning fireplace. The kitchen has a center island and breakfast nook. Also on the ground floor is a full bathroom, one bedroom, and a service room which has a utility sink and washer/dryer hook-ups. The staircase is located off the main entry. The upstairs of is improved with a master bedroom, master bathroom, two secondary bedrooms, a bonus room (which can be converted to a bedroom), and a secondary bathroom. The master bath has an oval tub and separate shower, dual basins, and a walk-in closet. The secondary bathroom has a tub and shower combination and dual basins.

Plan 10: This is a single level unit which includes a living area of 2,597 square feet. This home features three bedrooms plus a den, three bathrooms, and an attached three-car garage. The single entry door leads to the living and dining rooms. Located off the dining room is the kitchen which incorporates a center island and breakfast nook. The family room is adjacent to the kitchen and incorporates a wood-burning fireplace and a media niche. Near the entry is a den (which can be converted to a bedroom). The master bedroom includes a large master bathroom. The master bathroom has a shower and separate oval tub, dual basins, and a walk-in closet. The secondary baths have a combination tub/shower and two basins. The service room includes washer/ dryer hook-up and a utility sink.

Plan 11: This is a two-story home with a living area of 2,841 square feet. The residence has three bedrooms plus a den and bonus room, three bathrooms, and an attached three-car garage. Entry to this home is through a single door which lead to the living and dining rooms. Adjacent to the dining room is the kitchen and family room which has a wood-burning fireplace. The kitchen has a center island and breakfast nook. Also on the ground floor is a full bathroom, den (which can be converted to a bedroom), one bedroom, and a service room which has a utility sink and washer/dryer hook-ups. The staircase is located off the main entry. The upstairs of is improved with a master bedroom, master bathroom, two secondary bedrooms, a bonus room (which can be converted to a bedroom), and a secondary bathroom. The master bath has an oval tub and separate shower, dual basins, and a walk-in closet. The secondary bathroom has a tub and shower combination and dual basins. The home sizes are summarized below.

Plan	Levels	Br/Ba	Unit Size (SF)	Garage Parking Spaces
2	2	4+D/4	3,641	3
6	2	3+D+B/4	3,347	3
8	1	3+D/2.5	2,525	3
9	2	4+B/3	3,200	3
10	1	3+D/3	2,597	3
11	2	3+D+B/3	2,841	3

Construction and Amenities Overview

Architecture

- ◆ Ranch and Early California Spanish
- ◆ Double door entry in Plan 6
- ◆ Color coordinated concrete tile roofs
- ◆ Concrete driveways and walkways and front yard landscaping

Kitchens

- ◆ Ceramic tile countertops
- ◆ Pantries
- ◆ Wood cabinetry
 - Oak
 - Prefinished interior
 - Eurostyle drawer guides
- ◆ Whirlpool appliances
 - Self-cleaning built-in double oven
 - Microwave oven
 - Multi-cycle dishwasher
 - Gas cooktop
- ◆ Island counter
- ◆ Breakfast nook
- ◆ Double sink with Eurostyle faucet and garbage disposal
- ◆ Vinyl flooring
- ◆ Plumbed for ice maker

Master Bedroom/Bathroom

- ◆ Walk-in closets
- ◆ Oval bathtub with separate shower

- ◆ Oak cabinetry
- ◆ Dual sinks
- ◆ Full width set-in pullman mirrors
- ◆ Compartmentalized water closets

Interiors

- ◆ Volume ceilings
- ◆ Rounded interior corners
- ◆ Raised panel interior doors
- ◆ Polished brass hardware
- ◆ Ceramic tile entry
- ◆ Family room with wood-burning fireplace
- ◆ Interior laundry room with gas/electric service and separate sink
- ◆ Prewired for telephone and cable television
- ◆ Wall-to-wall carpeting
- ◆ Light fixtures
- ◆ Arched doorways

Energy and Safety Features

- ◆ Smoke detectors throughout
- ◆ Thermostatically-controlled forced air heating and air conditioning
- ◆ Energy efficient dual glazed windows
- ◆ Fully insulated exterior walls and ceilings
- ◆ Weather stripped exterior doors
- ◆ Copper plumbing system

Feature Options

- ◆ Security system
- ◆ Electric garage door openers
- ◆ Mirrored wardrobe doors
- ◆ Intercom
- ◆ Cedar-lined wall (master closet)
- ◆ Deck off master bedroom in Plans 2, 6, 9 and 11

Flex Options

- ◆ Plan 2
 - Bedroom Den
- ◆ Plan 6
 - Den to Bedroom
 - Bonus Room to Bedroom
- ◆ Plan 8
 - Den to Bedroom
- ◆ Plan 9
 - Bonus Room to Bedroom
- ◆ Plan 10
 - Den to Bedroom
- ◆ Plan 11
 - Bonus Room to Bedroom
 - Den to Bedroom

Comments

The homes are well-designed, with no observed functional problems. The interior appointments are equivalent to other similarly priced projects, and the developer is offering a flexible option package for each plan. Given the sales history of the Catavina project, and the current level of demand evidenced in the subject market for new homes similar to the subject, no evidence of external obsolescence was observed.

OWNERSHIP AND SALES HISTORY

Portions of the subject land were purchased from the master developer (Signal Landmark) of the Rancho San Pasqual master planned development. Reportedly, L&W Investments began purchasing portions of the total 97 lots (for the Catavina subdivision) in 1996 and the final takedown of 25 lots closed in June 1997 at a purchase price of \$1,287,500 (\$51,500/lot) with a finished cost of \$86,000 per lot. The purchase prices for the previous takedowns in 1996 and 1997 are not provided. Signal Landmark was the owner of the subject property three years prior to the date of value.

VALUATION

HIGHEST AND BEST USE

As Vacant Land

Legally Permissible: The subject sites are zoned for residential development which includes minimum lot sizes of 6,600 and 8,000 square feet. There are currently no moratoriums in effect that would adversely affect utilization of the subject property in accordance with its legally permissible uses. According to city officials, single family detached dwellings on minimum 6,600 and 8,000 square foot homesites represents the only legally permissible use for the subject property at this time.

Physically Possible Uses: The subject consists of finished homesites. Development of the subject with homes can be accomplished without detrimental costs or delays. All utilities and services serve the property.

Economically Feasible and Maximally Productive Uses: The issue of economic viability is primarily tied to the health of the San Diego economy and on supply and demand characteristics associated with population growth. The subject market area has shown good market acceptance; and the appraised land is close and convenient to employment centers, shopping facilities, and major thoroughfares.

Over time, San Diego County has experienced more favorable growth patterns than most areas of the nation, and most new development in the county is expected to occur to the north and south of metropolitan San Diego, in either the north or south portions of the county.

Market conditions relating to the demand for and development of land for housing have improved noticeably over the past two years, and much of this activity has involved acquisitions by merchant builders of finished homesites or entitled subdivision parcels planned for single-family housing.

Conclusion: Given all known characteristics of the subject, single-family residential development of the property appears to represent a reasonable use of the land. It is highly speculative as to whether an alternative use would be superior or more profitable to that which is planned or has been approved. Based on other projects that have been developed in the area and on market activity pertaining to product developed on those parcels, we have concluded that development of the subject with single family homes is appropriate for the land and should achieve good market acceptance.

As Improved/Proposed

The subject lots are a finished condition and they have partially completed and completed homes. They are improved and planned to be improved with good quality, detached single family residences ranging in size from 2,525 square feet to 3,641 square feet. These homes possess characteristics that are typical of the marketplace in which they compete. The new homes contribute substantially to total property value and, in our opinion, represent the highest and best use of the site.

METHODOLOGY

In this analysis, it was first necessary to estimate the value of various components of the subject property - finished homes and partially finished homes. The value of the partially finished homes was estimated by deducting the remaining home construction costs from the finished home value estimate.

The "as is" value is derived by deducting holding costs (marketing, sales costs, overhead & administration, taxes, etc.) and developer's profit from the sum total of the above described components.

SALES COMPARISON APPROACH

As previously indicated, in this analysis, it was first necessary to estimate the value of various components of the subject property - finished homes and partially finished homes. A summary indicating our estimates of market value for each of these components can be found following this section. The following is a discussion of the valuation for those components.

Finished Homes

As previously indicated, most of the subject property is in escrow to individual home buyers that are either waiting to close escrow or for construction to be completed. In fact, 33 of the total 36 properties are in escrow.

It was previously discussed in the Market Overview section of this report that the sales office personnel report significant price increases between phases at up to \$10,000 or more and if a home falls out of escrow the asking price is increased. Further, concessions are virtually nonexistent and there is typically no negotiating from the asking price. Finally, the developers report that all homes will be sold and closed by sometime in the 1st quarter 1999.

We were able to obtain the escrow and asking prices for the homes from the sales agents at the Catavina sales office. Based on the availability of this data and current market conditions, it was reasonable to utilize those reported escrow and asking prices as our estimates of market value for the homes. The appraised values for each of the homes are shown in the summary following this section of the report. Including lot premiums, the Plan 2's were estimated in the range of \$341,500 to \$481,500 (model \$479,000), the Plan 6's in the range of \$328,500 to \$384,295 (model \$479,000), the Plan 8's in the range of \$313,000 to \$338,000, Plan 9's in the range of \$332,900 to \$385,800 (model \$439,000), the Plan 10's in the range of \$290,000 to \$326,000, and Plan 11's in the range of \$286,500 to \$345,500. These values are considered reasonable and they are supported by the current sales at the adjacent subdivisions in the Rancho San Pasqual community.

Partially Finished Homes

As indicated, some of the subject property includes homes which are under construction. Based on our inspection and discussions with the developer of Catavina, we concluded that the homes varied in the level of completion from approximately 50 percent to 60 percent. The developer, Mr. Don McKay, also provided us with the average construction costs of the homes at Catavina. He indicated that the average cost to build a home in Catavina is approximately \$136,250 or about \$45.48 per square foot assuming an average home size of 2,996 square feet. In our opinion and based on the costs of other comparable product, that figure is considered to be reasonable for the subject homes.

The value of the partially finished homes was estimated by deducting the remaining home construction costs from the finished home value estimate. For example and based on an average cost to construct a home at Catavina of \$136,250, and 50 percent of the costs remain to complete construction prior to escrow closing, the total deduction for the remaining home construction costs is estimated at \$68,125 ($\$136,250 \times 50\%$).

As can be seen from the following summary, the sum of the component values is \$11,926,285.

L&W Investments (Continental) - Catavina (*home in escrow)							
Lot	Assessor's Parcel No.	Location	Status	Plan No.	Finished Lot/Home Value	Less: Fin. Costs	Indicated Value
262	241-250-01	Old Ranch Rd	Finished Home	2*	\$ 365,500	\$ -	\$ 365,500
263	241-250-02	Old Ranch Rd	Finished Home	6*	\$ 343,500	\$ -	\$ 343,500
264	241-250-03	Plum Ct	Finished Home	11*	\$ 286,500	\$ -	\$ 286,500
265	241-250-04	Plum Ct	Finished Home	2*	\$ 341,500	\$ -	\$ 341,500
266	241-250-05	Plum Ct	Finished Home	6*	\$ 329,000	\$ -	\$ 329,000
267	241-250-06	Plum Ct	Finished Home	8*	\$ 313,000	\$ -	\$ 313,000
268	241-250-07	Plum Ct	Model Home	2*	\$ 479,000	\$ 10,000	\$ 469,000
269	241-250-08	Plum Ct	Model Home	6*	\$ 479,000	\$ -	\$ 479,000
270	241-250-09	Plum Ct	Model Home	9*	\$ 439,000	\$ -	\$ 439,000
272	241-250-11	Plum Ct	Finished Home	9*	\$ 332,000	\$ -	\$ 332,000
273	241-250-12	Plum Ct	Finished Home	6*	\$ 328,500	\$ -	\$ 328,500
274	241-250-13	Old Ranch Rd	Finished Home	2*	\$ 353,500	\$ -	\$ 353,500
275	241-250-14	Old Ranch Rd	Finished Home	6*	\$ 331,000	\$ -	\$ 331,000
347	241-250-07	Orchard View Ln	Finished Home	10*	\$ 326,000	\$ -	\$ 326,000
350	241-250-10	Orchard View Ln	Finished Home	9*	\$ 379,000	\$ -	\$ 379,000
355	241-250-15	Orchard View Ln	Finished Home	2*	\$ 404,000	\$ -	\$ 404,000
431	241-280-01	Ranchview Pl	60% Fin. Home	9*	\$ 385,800	\$ 54,500	\$ 331,300
432	241-280-02	Ranchview Pl	60% Fin. Home	2*	\$ 417,500	\$ 54,500	\$ 363,000
433	241-280-03	Ranchview Pl	60% Fin. Home	6	\$ 384,295	\$ 54,500	\$ 329,795
434	241-280-04	Ranchview Pl	60% Fin. Home	2*	\$ 387,500	\$ 54,500	\$ 333,000
435	241-280-05	Ranchview Pl	60% Fin. Home	10*	\$ 304,000	\$ 54,500	\$ 249,500
436	241-280-06	Ranchview Pl	60% Fin. Home	2*	\$ 364,000	\$ 54,500	\$ 309,500
437	241-280-07	Ranchview Pl	60% Fin. Home	10*	\$ 290,000	\$ 54,500	\$ 235,500
438	241-280-08	Ranchview Pl	60% Fin. Home	11*	\$ 300,000	\$ 54,500	\$ 245,500
439	241-280-09	Ranchview Pl	60% Fin. Home	2*	\$ 366,500	\$ 54,500	\$ 312,000
440	241-280-10	Ranchview Pl	60% Fin. Home	6*	\$ 362,750	\$ 54,500	\$ 308,250
443	241-280-13	Rosewood Ln	50% Fin. Home	2	\$ 481,500	\$ 68,125	\$ 413,375
444	241-280-14	Rosewood Ln	50% Fin. Home	2*	\$ 422,500	\$ 68,125	\$ 354,375
445	241-280-15	Rosewood Ln	50% Fin. Home	6*	\$ 380,140	\$ 68,125	\$ 312,015
446	241-280-16	Rosewood Ln	50% Fin. Home	8*	\$ 330,250	\$ 68,125	\$ 262,125
447	241-280-17	Rosewood Ln	50% Fin. Home	6*	\$ 377,800	\$ 68,125	\$ 309,675
448	241-280-18	Rosewood Ln	50% Fin. Home	2*	\$ 389,000	\$ 68,125	\$ 320,875
449	241-280-19	Rosewood Ln	50% Fin. Home	10*	\$ 325,000	\$ 68,125	\$ 256,875
450	241-280-20	Rosewood Ln	50% Fin. Home	6	\$ 380,500	\$ 68,125	\$ 312,375
451	241-280-21	Rosewood Ln	50% Fin. Home	11*	\$ 345,500	\$ 68,125	\$ 277,375
452	241-280-22	Rosewood Ln	50% Fin. Home	8*	\$ 338,000	\$ 68,125	\$ 269,875
Sum Total							\$1,926,285

"AS IS" VALUE ESTIMATE

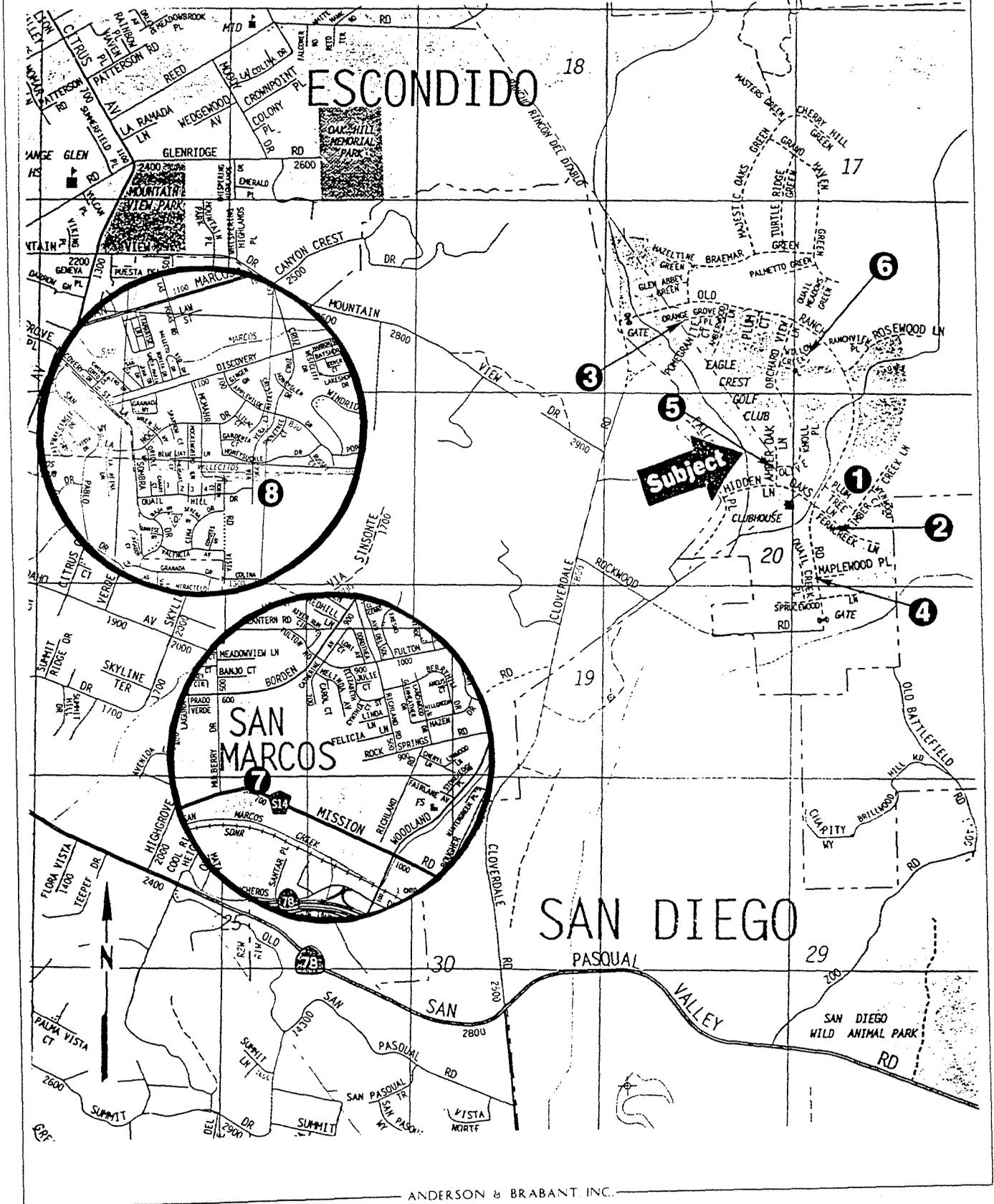
The previous estimate of value is a sum total of the estimated values for the various components of the subject. Bulk sales of properties similar to the subject are not typically found in this market; therefore, an alternative method of estimating the "as is" value has been applied. It is based on the idea that a buyer of the subject property would realize certain holding costs and expect a profit for the time and effort to complete construction and sales of the homes. The "as is" value is derived by deducting holding costs and developer's profit from the sum total of the components.

The following table shows our estimates of holding costs and profit, and the subtraction of those figures from the sum total of the components results in an estimate of the "as is" value. Marketing and advertising costs have been applied at a reasonable rate of 1.5 percent of the sum total, sales costs have been estimated at three percent of the sum total, and overhead and administration is one percent of the sum total. Real estate taxes have been applied at the current tax rate, but since it has been estimated that all homes will be sold and closed within six months and the homes will close escrow gradually throughout the period, the six months of taxes were reduced by 50 percent ($\$11,926,285 \times 1.04362\%/YR \times 6/12 \text{ MO} \times 50\%$). The Assessment District No. 95-1 and the HOA fee have also been applied in the same manner ($\$775/YR \times 36 \text{ homes} \times 6/12 \text{ MO} \times 50\%$) and ($\$104.5/MO \times 36 \text{ homes} \times 6 \text{ MO} \times 50\%$). Developer's profit has been estimated at ten percent of the sum total. The analysis results in an estimate of the subject's "as is" value of approximately \$10,028,000, rounded, or a discount of about 15.9 percent.

"AS IS" VALUE ESTIMATE - L&W Investments		
Sum Total Before Discount		\$ 11,926,285
Marketing/Advertising	1.5%	\$ (178,894)
Sales Costs	3%	\$ (357,789)
Overhead & Admin.	1%	\$ (119,263)
RE Taxes	1.04362%	\$ (31,116)
Assmnt 95-1/Year	\$ 775	\$ (6,975)
HOA Fee/Month	\$ 104.50	\$ (11,286)
Developer's Profit	10%	\$ (1,192,629)
"AS IS" VALUE ESTIMATE		\$10,028,334

**ADDENDA
REASSESSMENT DISTRICT No. 98-1
FOUR RESIDENTIAL SUBDIVISIONS
RANCHO SAN PASQUAL
ESCONDIDO, CALIFORNIA**

LAND SALES MAP



MARKET DATA
Land Sale No. 1

Project Name: Montecito (third takedown)
Location: Old Ranch Road & Timber Creek Lane, Escondido
TBMC: 1130-H3
APN/Tract: Tract No. 706R-C and Tract No. 706R-A, Map 13274
Zoning: SF-4 within the Rancho San Pasqual Specific Plan
Site Data:
Gross Land Area: N/A
Topography: Level
Street Imps.: All in place
Utilities: All available at site
Assessments: \$875/year plus \$104.50/month HOA fee
Existing Imps.: Partially finished lots
Entitlements: Recorded Final Map
No. Lots: 33
Density: N/A
Minimum Lot Size: 6,600 SF

Transaction: Grant Deed -
Recorded: November 1997
Doc. No.: 567611

Sale Price: \$1,759,144

Terms:
Cash: Cash equivalent
Financing: N/A

Unit Prices:
Price Per Lot: \$53,307
Dev. Costs: \$31,340
Finished Lot Cost: \$84,647

Seller: Signal Landmark

Buyer: LMD Montecito LLC (Lucas & Mercier Development, Inc.)

Source: Rick Mercier, buyer

Comments: This is the third and final take down of lots at the Montecito project. The first lot takedown recorded in June 1996 and involved 44 homesites. The finished lot cost pertaining to the first group was \$78,000 per homesite. The second takedown recorded in May 1997 and involved 49 lots, and the finished lot was \$83,327 per homesite.

MARKET DATA
Land Sale No. 2

Project Name: Montecito (Unit II or second takedown)
Location: Fern Creek Road & Plum Tree Lane, Escondido
TBMC: 1130-H3
APN/Tract: Tract No. 706R-C and Tract No. 706R-A, Map 13274
Zoning: SF-4 within the Rancho San Pasqual Specific Plan
Site Data:
Gross Land Area: N/A
Topography: Level
Street Imps.: All in place
Utilities: All available at site
Assessments: \$875/year plus \$104.50/month HOA fee
Existing Imps.: Partially finished lots
Entitlements: Recorded Final Map
No. Lots: 49
Density: N/A
Minimum Lot Size: 6,600 SF
Transaction: Grant Deed -
Recorded: May 23, 1997
Doc. No.: N/A
Sale Price: \$2,491,000
Terms:
Cash: Cash equivalent
Financing: N/A
Unit Prices:
Price Per Lot: \$50,837
Dev. Costs: \$32,490
Finished Lot Cost: \$83,327
Seller: Signal Landmark
Buyer: LMD Montecito LLC (Lucas & Mercier Development, Inc.)
Source: Rick Mercier, buyer
Comments: This is the second take down of lots at the Montecito project. These 49 lots are being developed in five phases ranging in size from five to 13 units. The first lot takedown took recorded in June 1996 and involved 44 homesites. The finished lot cost pertaining to the first group was \$78,000 per homesite.

MARKET DATA
Land Sale No. 3

Project Name: Madera (fourth takedown)
Location: Sprucewood Lane and Orange Grove Place, Escondido
TBMC: 1130-J3
APN/Tract: 35 Lots in Tract 703R-F, Map No. 13287
Zoning: SF-4 within the Rancho San Pasqual Specific Plan
Site Data:
Gross Land Area: N/A
Topography: Level
Street Imps.: All in place
Utilities: All available at site
Assessments: \$875/year plus \$104.50/month HOA fee
Existing Imps.: Partially finished lots
Entitlements: Recorded Final Map
No. Lots: 35
Density: N/A
Minimum Lot Size: 5,500 SF
Transaction: Grand Deed -
Recorded: April 1998
Doc. No.: N/A
Sale Price: \$1,670,000
Terms:
Cash: Cash Equivalent
Financing: N/A
Unit Prices:
Price Per Lot: \$47,714
Dev. Costs: \$26,786
Finished Lot Cost: \$74,500
Seller: Signal Landmark
Buyer: Richmond American
Source: Brian Spillman, Buyer
Comments: This is the final and fourth takedown involving 136 lots in the Madera development. The lots are being taken down in bundles of about 29 to 36 homesites.

MARKET DATA
Land Sale No. 4

Project Name: Madera (third takedown)

Location: Quail Creek Place & Maplewood Place, Escondido

TBMC: 1130-J3

APN/Tract: 36 Lots in Tract 703R-F, Map No. 13287

Zoning: SF-4 within the Rancho San Pasqual Specific Plan

Site Data:

Gross Land Area:	N/A
Topography:	Level
Street Imps.:	All in place
Utilities:	All available at site
Assessments:	\$875/year plus \$104.50/month HOA fee
Existing Imps.:	Partially finished lots
Entitlements:	Recorded Final Map
No. Lots:	36
Density:	N/A
Minimum Lot Size:	5,500 SF

Transaction: Grand Deed -
Recorded: August 22, 1997
Doc. No.: N/A

Sale Price: \$1,856,000

Terms: Cash: Cash Equivalent
Financing: N/A

Unit Prices: Price Per Lot: \$51,556
Dev. Costs: \$21,445
Finished Lot Cost: \$73,001

Seller: Signal Landmark

Buyer: Richmond American

Source: Bob Watkins, Selling Broker

Comments: This is the third of four takedowns involving 136 lots in the Madera development. The lots are being taken down in bundles of about 29 to 36 homesites.

MARKET DATA
Land Sale No. 5

Project Name: Sedona

Location: Amber Oak Lane and Olive Knoll Place, Escondido

TBMC: 1130-H2

APN/Tract: 18 lots in Tract 13274

Zoning: SF-4 within the Rancho San Pasqual Specific Plan

Site Data:

Gross Land Area:	N/A
Topography:	Level
Street Imps.:	All in place
Utilities:	All available at site
Assessments:	\$875/year plus \$104.50/month HOA fee
Existing Imps.:	Partially finished lots
Entitlements:	Recorded Final Map
No. Lots:	18
Density:	N/A
Minimum Lot Size:	4,500 SF

Transaction: Grand Deed -

Recorded:	July 9, 1997
Doc. No.:	322317

Sale Price: \$464,500

Terms:

Cash:	Cash Equivalent
Financing:	N/A

Unit Prices:

Price Per Lot:	\$25,806
Dev. Costs:	\$39,194
Finished Lot Cost:	\$65,000

Seller: Signal Landmark

Buyer: Beazer Homes Holdings Corp.

Source: Bob Watkins, Selling Agent

Comments: This represents the fifth and final phase of lots acquired for the development. The total number of acquired lots is 109. Some of the homesites in the projects have golf course frontage and/or views.

MARKET DATA
Land Datum No. 6

Project Name: Cataviña

Location: Willow Creek Place & Orchard View Lane, Escondido

TBMC: 1130 H-2

APN/Tract: 25 lots in Tract 706R-D and E

Zoning: SF-4 within the Rancho San Pasqual Specific Plan

Site Data:

Gross Land Area:	N/A
Topography:	Level
Street Imps.:	All in place
Utilities:	All available at site
Assessments:	\$875/year plus \$104.50/month HOA fee
Existing Imps.:	Partially finished lots
Entitlements:	Recorded Final Map
No. Lots:	25
Density:	N/A
Minimum Lot Size:	7,700 SF

Transaction: Grand Deed -

Recorded:	June 17, 1997
Doc. No.:	281981

Sale Price: \$1,287,500

Terms:

Cash:	Cash Equivalent
Financing:	N/A

Unit Prices:

Price Per Lot:	\$51,500
Dev. Costs:	\$34,500
Finished Lot Cost:	\$86,000

Seller: Signal Landmark

Buyer: L & W Investments, Inc. (Continental Homes)

Source: Bob Watkins, Selling Broker

Comments: This is the final takedown of 97 lots in the Cataviña development, and several of the lots in the project have golf course frontage and views.

MARKET DATA
Land Datum No. 7

Project Name: Mission Cove
Location: N/S Mission Road, E/O Mulberry Drive, San Marcos
TBMC: 1108 J7
APN/Tract: 220-210-07, 08
Zoning: SFD
Site Data:
Gross Land Area: 10.91 Acres
Topography: Level to moderate slope
Street Imps.: On and off site improvements needed
Utilities: All available at site
Assessments: None
Existing Imps.: None
Entitlements: To recorded w/Final Map at buyer's cost
No. Lots: 29
Density: 2.66Du/Ac
Minimum Lot Size: 7,500 SF
Transaction: Grand Deed -
Recorded: In escrow, to record 7/98
Doc. No.: N/A
Sale Price: \$768,000
Terms:
Cash: Cash Equivalent
Financing: N/A
Unit Prices:
Price Per Lot: \$26,483
Dev. Costs: \$53,086
Finished Lot Cost: \$79,569
Seller: Mission Cove, Inc.
Buyer: Ashbrook Homes
Source: David Finburgh, broker
Comments: The site will be developed with 29 building lots and a large open space area. The property fronts on Mission Road, but the developable portion of the site will be off this thoroughfare some distance. The site will be developed with single and split level lots.

MARKET DATA
Land Datum No. 8

Project Name: Stonebrook
Location: SEC Via Vera Cruz & Quail Hill Drive, San Marcos
TBMC: 1128 E3
APN/Tract: 222-080-17, 47
Zoning: SFD
Site Data:
Gross Land Area: 100.44 Acres
Topography: Gentle to moderate slope
Street Imps.: Improved streets to site
Utilities: All available at site
Assessments: Mello-Roos @ \$960/YR
Existing Imps.: None
Entitlements: Final Map
No. Lots: 105
Density: 1.045Du/Ac
Minimum Lot Size: 7,200 SF
Transaction: Grand Deed -
Recorded: 7/18/97
Doc. No.: 458646
Sale Price: \$2,100,000
Terms:
Cash: Cash Equivalent
Financing: N/A
Unit Prices:
Price Per Lot: \$20,000
Dev. Costs: \$63,000
Finished Lot Cost: \$83,000
Seller: Ralph Forgeon, et al
Buyer: Kaufman and Broad
Source: Confidential
Comments: The site is currently being developed with single family homes ranging in size from 1,983 to 3,099 SF. Initial base prices were \$196,490 - \$247,490.

MARKET DATA
Land Datum No. 9

Project Name: Meadowrun Estates

Location: NWC Black Mountain Rd. & Stargaze, San Diego (Rancho Penasquitos)

TBMC: 1189 D2

APN/Tract: 312-133-65

Zoning: SFD

Site Data:

Gross Land Area:	3.26 Acres
Topography:	Level
Street Imps.:	Improved streets to site
Utilities:	All available at site
Assessments:	No Mello-Roos
Existing Imps.:	None
Entitlements:	Final Map
No. Lots:	15
Density:	4.60Du/Ac
Minimum Lot Size:	5,000 SF

Transaction: Grand Deed -

Recorded:	12/23/97
Doc. No.:	655711

Sale Price: \$1,370,000

Terms:

Cash:	Cash Equivalent
Financing:	N/A

Unit Prices:

Price Per Lot:	\$91,333
Dev. Costs:	\$35,934
Finished Lot Cost:	\$127,267

Seller: Hallmark Communities, Inc.

Buyer: Western Pacific Housing-Penasquitos

Source: Ryan Green, buyer's representative

Comments: Small infill site in an established residential neighborhood. The developer is planning 2,600-2,900 square foot homes priced from the low \$300,000's.

MARKET DATA
Land Datum No. 10

Project Name: NA

Location: South of Circle R Drive, one-half mile east of I-15, Valley Center

TBMC: 1069 A6

APN/Tract: 172-292-38 to 48 and others

Zoning: SFD

Site Data:

Gross Land Area:	10.0 Acres
Topography:	Level to gently sloping
Street Imps.:	Complete
Utilities:	All available at site
Assessments:	Mello-Roos for schools@ \$876/YR
Existing Imps.:	None
Entitlements:	Final Map
No. Lots:	77
Density:	Approx. 6.0Du/Ac
Minimum Lot Size:	5,000 SF

Transaction: Grand Deed -

Recorded:	6/18/97
Doc. No.:	NA

Sale Price: \$4,454,750

Terms:

Cash:	All Cash
Financing:	N/A

Unit Prices:

Price Per Lot:	\$57,854
Dev. Costs:	\$14,246
Finished Lot Cost:	\$72,100

Seller: Innovative Communities

Buyer: Presley Homes

Source: Shaun Dyer at Presley

Comments: The proposed product is 1,839 to 2,272 square feet price from \$192,000 to \$212,000. Rural location, but good accessibility. The lots are located in a development which is adjacent to the Castle Creek Country Club. Twenty of the lots are adjacent to riparian habitat and 13 have golf course frontage.

QUALIFICATIONS OF THE APPRAISER

David John Nauss, MAI

- I. Resident of San Diego County since 1983

- II. **Educational Background:**
 - A. Graduated in 1986 from San Diego State University with a Bachelor of Science degree in Business Administration with an emphasis in Financial Services.
 - B. Professional Education Completed:
 1. Appraisal Institute
 - a. Report Writing & Valuation Analysis
 - b. Case Studies in Real Estate Valuation
 - c. Capitalization Theory & Techniques
 - d. Capitalization Theory & Techniques
 - e. Real Estate Appraisal Principles
 - f. Basic Valuation Procedures
 - g. Standards of Professional Practice
 2. Mira Costa Community College:
 - a. Advanced Real Estate Appraisal
 - b. Real Estate Appraisal
 3. San Diego State University:
 - a. Real Estate Essentials
 - b. Fundamentals of Finance
 - c. Financial Institutions Management
 - d. Business Law
 - e. Principles of Micro Economics
 - f. Principles of Macro Economics
 4. Seminars (Partial List)
 - a. Demographics & Feasibility Analysis, December 90
 - b. Impact of Hazardous Substances, September 93
 - c. Residential Subdivision, September 93
 - d. The Impact of Changing Demographics & Economic Influences on Value, September 93
 - e. Property Profile of Operating Expenses, June 96
 - f. Market Analysis from the Buyer's Viewpoint, October 96

- III. **Professional Affiliations:**
 - A. Member Appraisal Institute, MAI
 - B. Certified General Real Estate Appraiser (AG002747)
Office of Real Estate Appraisers, State of California
 - C. Delta Sigma Pi Alumni – Professional Business Fraternity (SDSU)

Qualifications of the Appraiser — David John Nauss, MAI

Page Two

IV. Appraisal Experience:

Staff Appraiser, Anderson & Brabant, Inc. — Since June 1990

Independent Appraiser and Consultant, The Lawrence Group — May 1986 to June 1990

Analyzed Real Estate Limited Partnerships as a Student Intern,

Kelly, Duva, Pendell, Warschauer & Co. — January 1986 to May 1986

V. Expert Witness:

Assessor's Appeal Board, San Diego County

VI Types of Appraisals:

Commercial: Office Buildings, Shopping Centers, Medical Offices, Mixed-Use Projects,
Existing and Proposed

Industrial: Single- and Multiple-Tenant Industrial Parks, Existing and Proposed

Residential: Subdivisions, Single-Family, Apartments, Condominium and PUD Units,
Existing and Proposed

Vacant Land: Commercial, Industrial, Residential, Subdivision, and Rural

Other: Leaseholds, Fractional Interests, Easements, Rights-Of-Way, Partial
Acquisitions

QUALIFICATIONS OF THE APPRAISER

William B. Anderson, MAI

- I. Resident of San Diego County since 1970
- II. Educational Background:
 - A. Graduated from El Segundo High School — 1963
 - B. Attended El Camino Junior College, Palomar Junior College, and U.C.L.A.
 - C. Professional Education Completed:
 1. Appraisal Institute
 - a. Real Estate Appraisal I — Principle Methods and Techniques
 - b. Real Estate Appraisal II — Urban Properties
 - c. Real Estate Appraisal VI — Investment Analysis
 - d. Real Estate Appraisal VIII
 - e. Standards of Professional Practice
 - f. Litigation Valuation
 2. Society of Real Estate Appraisers:
 - a. Course 101 — Real Property Valuation
 - b. Course 201 — Income Property Valuation
 3. Recent Seminars:
 - Market Analysis, 4/88
 - AIREA UCIR Appraisal Report Seminar, 4/88
 - AIREA Discounted Cash Flow Analysis, 10/88
 - Cash Equivalency Analysis, 2/89
 - Investment Feasibility, 2/89
 - Capitalization Overview, 2/89
 - Applied Sales Comparison Approach, 2/89
 - Litigation Seminar, 12/89, 12/90, 11/91, 11/92, 11/94, 11/95
 - Apartment Analysis, 4/90
 - Easement Valuation, 11/90, 3/95
 - FIRREA and Its Impact on Appraisers, 6/92
 - Valuation in Today's Capital and Financing Markets, 6/92
 - Arbitration Principles, Procedures and Pitfalls, 6/92
 - Institutional Real Estate in the 1990's: A Valuation Perspective, 6/92
 - Narrative Report Generation, 11/92
 - Impact of Changing Demographics and Economic Influences on Value, 9/93
 - Subdivision Analysis, 9/93
 - The Impact of Hazardous Substances on Real Estate, 9/93
 - Understanding Limited Appraisals, 7/94
 - Trial Preparation (Mock Trial), 9/94
 - Fair Lending and the Appraiser, 12/94
 - California Laws & Regulations, 3/96
 - The Appraiser In Cyberspace, 12/95
 - Appraising High-Value and Historic Homes, 09/97

III. Professional Affiliations:

- A. Member, Appraisal Institute, MAI
- B. Member, International Right of Way Association
- C. 1988 President, AIREA, San Diego Chapter No. 42
- D. FNMA: Approved Appraiser, Level III — FNMA No. 1141363
- E. Certified General Real Estate Appraiser (AG002315)
Office of Real Estate Appraisers, State of California

IV. Appraisal Experience:

Co-owner — Anderson & Brabant, Inc., 1979 to present
Co-Owner — Robert M. Dodd & Associates, Inc., 1977 to 1979
Staff Appraiser, Vice President and Appraisal Manager — Financial Appraisals, Inc.,
1968 to 1977
Staff Appraiser — Financial Savings and Loan Association, Culver City, California,
1964 to 1966

V. Expert Witness:

Superior Court, San Diego County
Municipal Court, San Diego County
Federal Bankruptcy Court, San Diego County, San Bernardino County
Assessment Appeals Board, San Diego County
Various Arbitration Hearings as Witness and Arbitrator

VI. Types of Appraisals:

Residential Property:	Single-Family Residence, Condominiums, Apartments, Subdivisions, Mobile Home Parks, Existing and Proposed
Commercial Property:	Automobile Dealerships, Office Buildings, Shopping Centers, Office Condominiums, Etc., Existing and Proposed
Industrial Property:	Single/Multi-Tenant, Business Parks, Etc., Existing and Proposed
Vacant Land:	Industrial, Commercial, Residential, and Rural
Agricultural:	Ranches, Avocado and Citrus Groves, Etc.
Special Purpose Appraisals:	Leasehold Estates, Possessory Interest, Historical Appraisals, Etc.
Special Purpose Properties:	Churches, Yacht Club & Marina, Golf Courses, Etc.
Special Projects:	San Marcos County Landfill and Keller Canyon Landfill

VII. Partial List of Appraisal Clients:

Lenders

Bank of America
North County Bank
First Federal of Santa Monica
First Interstate Bank
GE Capital
Great Western Bank
Imperial Savings and Loan
Pacific Coast Savings & Loan
Palomar Savings & Loan
Rancho Santa Fe National Bank
Union Bank
Wells Fargo Bank

Title Companies

Chicago Title Co.
First American Title Co.
Safeco Title Co.
St. Paul Title Co.
Title Insurance & Trust

Government Agencies and Municipalities

California Department of Transportation/Caltrans
City of Chula Vista
City of Escondido
City of Oceanside
City of San Diego
City of San Marcos
City of Vista
County of San Diego
Federal Deposit Insurance Corp.
Olivenhain Municipal Water District
Poway Municipal Water District
Ramona Unified School District
Small Business Administration
Vallecitos Water District
Valley Center Municipal Water District
U.S. Department of Justice

Law Firms

Daley & Heft
Endeman, Lincoln, Turek & Heater
Gray, Cary, Ware & Freidenrich
Jones, Hatfield & Penfield
Kaufman, Lorber & Grady
Muns, Mehalik & Lynn
Paul, Hastings, Janofsky & Walker
Post, Kirby, Noonan & Sweat
Rutan & Tucker
Smith & Peltzer
Sobel & Custer
Sternberg, Eggers, Kidder & Fox
Sullivan, Delafield, McGrath & McDonald
Wingert, Grebing, Anello & Chapin
White & Bright

Others

Theodore Barry & Associates
CDS Development Company
The Dickerson Company
Fox Plumbing Company
Hollandia Dairy
Homer Heller Ford
The Kissell Company
Los Alamitos Race Course
MCI
North County Transit District
Pacific Shelter Company
Pacific Telephone
Pacific Western Holding Co.
Pardee Construction
The Phelan Group
Sasco Development Company
J.C. Schumacher Company
Sutro Mortgage Company
Wessell Construction Company

APPENDIX C

Form of Bond Counsel Opinion

August 27, 1998

Honorable Mayor and City Councilmembers
City of Escondido
Escondido, California

Re: \$5,105,000 City of Escondido Reassessment District No. 98-1 (Rancho San Pasqual) Limited Obligation Refunding Bonds (the "Bonds")

Ladies and Gentlemen:

We have examined the record of the proceedings of the City Council of the City of Escondido, California (the "City"), for the levy of reassessments and authorization and issuance of the Bonds in the aggregate principal amount of \$5,105,000 upon unpaid reassessments in what is known and designated as Reassessment District No. 98-1.

The proceedings were had and taken pursuant to the provisions of the "Refunding Act of 1984 for 1915 Improvement Act Bonds", being Division 11.5 of the Streets and Highways Code of the State of California (the "Act"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. No examination has been made of the ownership and use of the property assessed.

From our examination, we are of the opinion that the proceedings have been taken in accordance with the laws, court decisions and Constitution of the State of California, and in compliance with the provisions of the Act, that the Bonds, having been issued in duly authorized form and executed by the proper officials and delivered in the manner provided by law, are legal, valid and binding limited refunding obligations of the City, enforceable in accordance with their terms, and that the payment of each of the Bonds is secured by valid reassessment liens upon certain land as described in said proceedings.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization and other similar laws affecting creditors' rights, or equitable principles relating to or limiting creditors' rights and to limitations on remedies applicable to governmental entities.

In our opinion, the interest on the Bonds is excluded from gross income for federal income tax purposes, is exempt from personal income taxation by the State of California, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. This opinion presumes that the City complies with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal or state income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal or state tax consequences arising with respect to the Bonds.

Honorable Mayor and City Councilmembers
City of San Diego
August 27, 1998
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We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or any other offering material related to the Bonds and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Respectfully submitted,

BROWN DIVEN HESSELL & BREWER LLP

APPENDIX D

Continuing Disclosure Agreement

This Continuing Disclosure Agreement (the "Disclosure Agreement") is made and entered into as of July 1, 1998, by the City of Escondido (the "City") and BNY Western Trust Company, as Dissemination Agent (the "Dissemination Agent") in connection with the issuance of the \$5,105,000 City of Escondido Reassessment District No. 98-1 (Rancho San Pasqual) Limited Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to a Bond Indenture, dated as of July 1, 1998 (the "Indenture") between the City and BNY Western Trust Company, as fiscal agent (the "Fiscal Agent"). The City and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and the Dissemination Agent for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, 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 of the City as described in Sections 3(a) and 4(a) or 4(b) of this Disclosure Agreement.

"Disclosure Representative" of the City shall mean the City Manager or his or her designee, or such other officer or employee as the City shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean BNY Western Trust Company, or any successor Dissemination Agent designated in writing by the City and which has filed with the City and the Fiscal Agent a written acceptance of such designation.

"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. Currently, the following are National Repositories:

Bloomberg Municipal Repository
P.O. Box 840
Princeton, NJ 08542-0840
(609) 279-3200
FAX (609) 279-5962
E-mail: MUNIS@Bloomberg.com

Kenny Information Systems, Inc.
Attn: Kenny Repository Service
65 Broadway, 16th Floor
New York, NY 10006
(212) 770-4595
FAX (212) 797-7994

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
(201) 346-0701
FAX (201) 947-0107
E-mail: nrmsir@dpccdata.com

Thomson NRMSIR
Attn: Municipal Disclosure
395 Hudson Street, 3rd Floor
New York, NY 10014
(212) 807-5001 or (800) 689-8466
FAX (212) 989-2078
E-mail: Disclosure@Muller.com

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

"Reassessment District" shall mean the City of Escondido's Reassessment District No. 98-1 (Rancho San Pasqual).

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

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

"State 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 Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) At its sole cost and expense, not later than December 1 of each year, commencing with the year 1998, the City shall file or cause its Dissemination Agent to file with each Repository and the Participating Underwriter an Annual Report which meets the requirements of Sections 4(a) and 4(b) of this Disclosure Agreement with a copy to the Fiscal Agent. The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Fiscal Agent to the effect that such report constitutes the annual report required to be filed hereunder. The Dissemination Agent and the Fiscal Agent may conclusively rely upon such certification of the City, and shall have no duty or obligation to review such Annual Report. Each 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; provided that the audited financial statements of the City may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report. The Dissemination Agent shall have no duty to review or approve the content of the Annual Report, or any part thereof. If City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) Business Days prior to the latest date specified in subsection (a) for providing the Annual Report to Repositories, the City shall provide its Annual Report to the Dissemination Agent. If the Dissemination Agent has not received a copy of the Annual Report by such date, the Dissemination Agent shall notify the City.

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

(d) The Dissemination Agent shall:

- (i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and
- (ii) to the extent it can confirm such filing of the Annual Report, file a report with the Fiscal Agent and the City 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 Annual Reports shall contain or include by reference the following:

(a) The audited financial statements of the City for the most recently ended fiscal year, prepared in accordance with generally accepted accounting principles applicable from time to time to the City. If the City's 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 in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Other financial information and operating data relating to Reassessment District No. 98-1 contained in the Official Statement for the Bonds as follows:

- (1) Principal amount of Bonds outstanding.
- (2) Balance in the improvement fund and the escrow fund for the Bonds.
- (3) Balance in any reserve fund for the Bonds and a statement of the Reserve Requirement.
- (4) Total assessed value of all parcels subject to the Reassessment Lien and the current year's assessed value for the Reassessment District.

(5) Reassessment tax and property tax delinquency rate for parcels in the District for the most recent year.

(6) Concerning delinquent parcels:

- number of parcels delinquent in payment of reassessment taxes,
- amount of total delinquency and as a percentage of total levy, and
- status of the City's actions on covenants to pursue foreclosure proceedings upon delinquent properties.

(7) Identify of any delinquent tax payer obligated for more than 10% of the annual reassessment lien, and

- assessed value of applicable properties, and
- summary of results of foreclosure sales, if available.

(8) Significant amendments to land use entitlements for property in the District known to the City.

(9) Status of any significant legislative, administrative, and judicial challenges to the construction of the development in the District known to the City's Director of Financial Services, without independent inquiry, for any year in which construction activity has occurred in the District.

(10) To the extent available in the records of the City without significant additional expense, the number of building permits and certificates of occupancy provided by the City with respect to residential units in the District for the most recent year for which such information is available.

(11) To the extent not otherwise provided pursuant to the preceding items 1-10 annual information required to be filed by the City for the District with the California Debt and Investment Advisory Commission pursuant to Section 53359.5(b) of the Act.

(12) An update to the following tables in the Official Statement:

Table 1	Five Largest Reassessment Assesses for Fiscal Year 1997/98
Table 2	Property Assessment Summary
Table 4	Value-to-Lien Ratios

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City 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 City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if the City determines that such event is material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events adversely affecting the tax-exempt status of the Bonds;
- (7) modifications to rights of Owners of Bonds;
- (8) bond calls;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds; and
- (11) rating changes.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible, but in no event later than ten business days after the occurrence thereof, determine if such event would be material under applicable federal securities laws. The Dissemination Agent shall have no responsibility for such determination and shall be entitled to conclusively rely on the City's determination.

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

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

(e) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event and has received a notice of the occurrence in a format suitable for filing with each Repository, the Dissemination Agent shall file a notice of such occurrence with the Repositories and the State Repository. 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. Notice of a Listed Event is only required under this Section 5 following the occurrence of the Listed Event.

(f) The Dissemination Agent may conclusively rely on an opinion of counsel that the City's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The City's obligations 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 City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to act as such under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be BNY Western Trust Company. The Dissemination Agent may at any time resign by providing thirty days written notice to the City and the Fiscal Agent, such resignation to become effective upon acceptance of appointment by a successor Dissemination Agent. Upon receiving notice of such resignation, the City shall promptly appoint a successor Dissemination Agent by an instrument in writing, delivered to the Fiscal Agent. If no appointment of a successor Dissemination Agent shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Dissemination Agent shall have given to the City and the Fiscal Agent written notice of its resignation, the Dissemination Agent may apply to any court of competent jurisdiction to appoint a successor Dissemination Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Dissemination Agent. The City shall provide the Fiscal Agent with written notice of the identity of any successor Dissemination Agent appointed or engaged by the City.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 4 or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted.

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

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

(d) No amendment increasing or affecting the obligations or duties of the Dissemination Agent or the Fiscal Agent shall be made without the consent of either such party.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information 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.

If an amendment is made to the undertaking 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. 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, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 5(c).

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City 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 City 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 City shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice if occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Fiscal Agent at the written request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent it has been indemnified to its satisfaction from any cost, liability or expense whatsoever, including, without limitation, fees and expenses of its attorneys, or 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 City or 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 City or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Fiscal Agent and Dissemination Agent. All of the immunities, indemnities, and exceptions from liability in Article XI of the Indenture insofar as they relate to the Fiscal Agent shall apply to the Dissemination Agent in this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent may rely on and shall be protected in acting or refraining from acting upon any direction from the City or an opinion of nationally recognized bond counsel. The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the City from time-to-time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties of hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to them by the City hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Owners, or Beneficial Owners or any other party. The obligations of the City 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 Agreement. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach of this Agreement.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Notices. Notices should be sent in writing to the following addresses. The following information may be conclusively relied upon until changed in writing.

Disclosure Representative: City of Escondido
201 N. Broadway
Escondido, CA 92025
Attention: City Manager

Dissemination Agent: BNY Western Trust Company
700 S. Flower Street, 2nd Floor
Los Angeles, CA 90017-4104

SECTION 14. 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.

CITY OF ESCONDIDO

By: _____
Its: _____

BNY Western Trust Company, as Dissemination Agent

By: _____
Its: Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Escondido

Name of Bond Issue: Reassessment District No. 98-1 (Rancho San Pasqual) Limited Obligation Refunding Bonds

Date of Issuance: _____, 1998

NOTICE IS HEREBY GIVEN that the City of Escondido has not provided an Annual Report with respect to the above-named Bonds as required by the Indenture, dated as of June 1, 1998. [The Issuer anticipates that the Annual Report will be filed by _____.]

Dated: _____

_____, on behalf of ISSUER

cc: Issuer

APPENDIX E
General Information Pertaining to Reassessment District Properties

Reassessment District No. 98-1

Property Owners (listed Alphabetically), Reassessment Liens, 1998 Assessed Values, Assessed Value to Reassessment Lien Ratios

Assessor Parcel Number	Owner's Name	Reassessment Lien Amount	1998 Assessment Roll According to the County of San Diego			Assessed Value To Reassessment Lien Ratio
			Land	Improvement	Total	
2412012500	Abrams Lawrence D & Maxine J	8,492.46	51,000	123,000	174,000	20.5
2412303800	Aceves Oscar & Laura	8,492.46	19,586	0	19,586	2.3
2412505100	Adkison David K & Barbara A	8,492.46	47,940	180,000	227,940	26.8
2412011000	Aldern Christopher B	8,492.46	51,000	0	51,000	6.0
2412011300	Amato Vincent & Marie P	8,492.46	51,000	0	51,000	6.0
2412201400	Arebalo Michael E & Sheri K	8,492.46	51,000	130,000	181,000	21.3
2412200700	Bach Peter & Christenson Misty	8,492.46	51,000	115,000	166,000	19.5
2412502900	Bailey Olyn R Iii & Linda C	8,492.46	47,940	0	47,940	5.6
2412000300	Bakken William D & Theresa C	8,492.46	14,415	0	14,415	1.7
2412503600	Ballon Robert & Monica	8,492.46	60,000	0	60,000	7.1
2412410400	Banyas Barbara	8,492.46	30,100	0	30,100	3.5
2412502800	Bartz Russell D & Cynthia R	8,492.46	45,000	0	45,000	5.3
2412020400	Bashore Harry W Iii & Mary D	8,492.46	51,000	195,000	246,000	29.0
2412411600	Baxter James & Catherine	8,492.46	36,720	79,000	115,720	13.6
2412410800	Beale William A & Joanna K	8,492.46	20,400	79,000	99,400	11.7
2412421200	Beazer Homes Holdings Corp	8,492.46	33,000	0	33,000	3.9
2412300100	Beazer Homes Holdings Corp <dba Beazer H	8,492.46	19,588	0	19,588	2.3
2412504100	Beeunas Mary E	8,492.46	50,000	0	50,000	5.9
2412302500	Bender Lester R & Nancy E	8,492.46	19,588	0	19,588	2.3
2412205700	Bennett Charles E	8,492.46	60,000	0	60,000	7.1
2412203600	Berry David P & Gloria R	8,492.46	60,000	0	60,000	7.1
2412603400	Berry Joseph P & Gabriela S	8,492.46	0	0	0	0.0
2412402400	Bobb Mark T & Lucy	8,492.46	13,672	0	13,672	1.6
2412301600	Bonafede Anthony M & Teresa D	8,492.46	12,569	0	12,569	1.5
2412203900	Boose Robert D & Ellen M	8,492.46	60,000	0	60,000	7.1
2412203400	Borgatti Dana L & Juliana	8,492.46	60,000	0	60,000	7.1
2412200100	Boss Herbert E & Elizabeth W	8,492.46	51,000	115,000	166,000	19.5
2412401000	Bosse Dennis G & Elena G	8,492.46	30,100	0	30,100	3.5
2412420800	Boyer Chris & Carrie	8,492.46	20,000	0	20,000	2.4
2412010900	Boyne Matthew J & Mary E	8,492.46	51,000	0	51,000	6.0
2412402300	Bramson David M	8,492.46	18,230	0	18,230	2.1
2412200400	Brandell Howard L & Rochelle A	8,492.46	51,000	145,000	196,000	23.1
2412422100	Bremseth Janet M	8,492.46	36,720	0	36,720	4.3
2412201000	Briquelet Dustin J & Alicia M	8,492.46	51,000	100,000	151,000	17.8
2412301900	Brooks Daniel & Wendy W	8,492.46	12,569	0	12,569	1.5
2412010800	Brown James D	8,492.46	51,000	0	51,000	6.0
2412200600	Brown Patrick J & Rhonda M	8,492.46	51,000	145,000	196,000	23.1
2412402600	Bushee Jonathan & Joan J	8,492.46	13,672	0	13,672	1.6
2412300900	Butcher Michael S	8,492.46	19,588	0	19,588	2.3
2412301700	Cairns Richard W	8,492.46	12,569	0	12,569	1.5
2412205400	Calabrrese Leo & Maria Family Trust 03-31	8,492.46	60,000	0	60,000	7.1
2412400300	Carpenter Stephen M & Judith A	8,492.46	30,100	0	30,100	3.5
2412700500	Carver John R & Medina Evangeline M	8,492.46	0	0	0	0.0
2412302700	Cereghini Paul	8,492.46	19,588	0	19,588	2.3
2412202200	Chappell Richard A & Betty J	8,492.46	45,900	145,000	190,900	22.5
2412502100	Chmelka Donald F & Verlene M	8,492.46	56,100	125,000	181,100	21.3
2412021400	COBBLESTONE GOLF GROUP INC	221,835.50	0	0	0	0.0
2412100400	COBBLESTONE GOLF GROUP INC	0.00	362,423	134,614	497,037	NA
2412100500	COBBLESTONE GOLF GROUP INC	0.00	502,215	196,743	698,958	NA
2412100600	COBBLESTONE GOLF GROUP INC	0.00	0	0	0	NA
2412100700	COBBLESTONE GOLF GROUP INC	0.00	1,335,790	517,747	1,853,537	NA
2412100800	COBBLESTONE GOLF GROUP INC	0.00	486,683	186,388	673,071	NA
2412110100	COBBLESTONE GOLF GROUP INC	0.00	36,241	20,709	56,950	NA
2412110200	COBBLESTONE GOLF GROUP INC	0.00	497,038	196,743	693,781	NA
2412000200	Cohen Larry F & Cynthia	8,492.46	14,415	0	14,415	1.7
2412203500	Conroy Julia E	8,492.46	60,000	0	60,000	7.1
2412011700	Cooper Gary W & Laura L	8,492.46	51,000	0	51,000	6.0
2412000600	Couch Corey T & Anniisa K	8,492.46	45,900	0	45,900	5.4
2412401200	Craddock Jeffrey	8,492.46	30,100	0	30,100	3.5
2412201700	Crase Claude W & Barbara L	8,492.46	51,000	100,000	151,000	17.8
2412011500	Dadd Alan M & Carol A	8,492.46	51,000	0	51,000	6.0
2412201300	Dean Steven M & Jenson-dean Monique	8,492.46	51,000	100,000	151,000	17.8
2412303000	Demarie Philip S & Groff Gena M	8,492.46	19,588	0	19,588	2.3
2412206100	Demorest James P & Cynthia S	8,492.46	44,800	0	44,800	5.3
2412503200	Dennis Denny R & Maryclare	8,492.46	55,000	0	55,000	6.5
2412012300	Desforges Paul G & Meryl J	8,492.46	51,000	123,000	174,000	20.5
2412001100	Dill Mark A & Marsha G	8,492.46	51,000	0	51,000	6.0
2412202600	Dillinger William D & Jamie L	8,492.46	44,800	0	44,800	5.3
2412001400	Doerner Family Trust 11-08-79	8,492.46	51,000	0	51,000	6.0
2412300600	Douglas Dan	8,492.46	19,588	0	19,588	2.3
2412302200	Eckstein Michael & Stacy	8,492.46	12,569	0	12,569	1.5
2412420900	Elmore Kevin R & Jessandra O	8,492.46	20,000	0	20,000	2.4

APPENDIX E
General Information Pertaining to Reassessment District Properties

Reassessment District No. 98-1

Property Owners (listed Alphabetically), Reassessment Liens, 1998 Assessed Values, Assessed Value to Reassessment Lien Ratios

Assessor Parcel Number	Owner's Name	Reassessment Lien Amount	1998 Assessment Roll			Assessed Value To Reassessment Lien Ratio
			According to the County of San Diego			
			Land	Improvement	Total	
2412203700	Enriquez Virgil P & Maricris Q	8,492.46	60,000	0	60,000	7.1
2412202500	Esposito Joseph	8,492.46	45,900	145,000	190,900	22.5
2412411700	Evans Kim M & Michelle L	8,492.46	36,720	81,500	118,220	13.9
2412206000	Feiner Charles E & Pina M	0.00	44,800	0	44,800	NA
2412012700	Finley Casey A & Joan E	8,492.46	51,000	114,000	165,000	19.4
2412204500	Flebbe George R & Donna G	8,492.46	44,800	0	44,800	5.3
2412204600	Fosterling Trudianne	8,492.46	44,800	0	44,800	5.3
2412505300	Fowler Acil D & Diana M	8,492.46	47,940	235,000	282,940	33.3
2412303500	Fox Earl F & Alice J	8,492.46	19,588	0	19,588	2.3
2412401900	Francis Joseph R & Mary L	8,492.46	15,950	0	15,950	1.9
2412202400	Friedman Michael C & Holly A	8,492.46	45,900	130,000	175,900	20.7
2412201600	Fuller Jeffrey & Jeanette M	8,492.46	51,000	115,000	166,000	19.5
2412412100	Gallagher Jeffery S & Jennifer M	8,492.46	38,760	81,500	120,260	14.2
2412411400	Garrison Barbara T Trust	8,492.46	36,720	72,000	108,720	12.8
2412503300	Geiger William T & Kimberly A	8,492.46	55,000	0	55,000	6.5
2412702500	Geist Anthony R & Laura R	8,492.46	0	0	0	0.0
2412401500	Gerhold John G & Linda	8,492.46	15,950	0	15,950	1.9
2412600300	Ginty Peter G & Pauline	8,492.46	0	0	0	0.0
2412205800	Gonzales Roland C & Maria Sonia C	8,492.46	60,000	0	60,000	7.1
2412512300	Gooding Charles P & Victoria A	8,492.46	55,000	0	55,000	6.5
2412011400	Gordon Robert L & Florence L	8,492.46	51,000	0	51,000	6.0
2412011900	Grant William L	8,492.46	51,000	0	51,000	6.0
2412501800	Gratz William C & Marsha	8,492.46	56,100	180,000	236,100	27.8
2412502000	Gray Martin	8,492.46	56,100	135,000	191,100	22.5
2412203100	Grayson David A & Shauna L	8,492.46	44,800	0	44,800	5.3
2412012400	Green 1990 Trust	8,492.46	51,000	117,000	168,000	19.8
2412000900	Gunderson John H & Pamela J	0.00	51,000	0	51,000	NA
2412000800	Gunnarson Rolf S & Karen	8,492.46	51,000	0	51,000	6.0
2412300200	Haase Peggy J Trust 1-23-96	8,492.46	39,588	110,000	149,588	17.6
2412203000	Hamrick Charles W & Joan M	8,492.46	44,800	0	44,800	5.3
2412600100	Hanlon Family Trust 12-10-92	8,492.46	0	0	0	0.0
2412202900	Hansen Joseph A & Darlene	8,492.46	44,800	0	44,800	5.3
2412502300	Hardie William R Jr & Cynthia A	8,492.46	56,100	130,000	186,100	21.9
2412205300	Harper Scott C & Sandra G	8,492.46	60,000	0	60,000	7.1
2412421500	Harrigan Elizabeth J	8,492.46	36,000	0	36,000	4.2
2412010400	Hartman Ronald L & Amy F	8,492.46	51,000	108,000	159,000	18.7
2412503900	Hebert Timothy P & Jean A	8,492.46	45,000	0	45,000	5.3
2412410600	Hedden Lorene E	8,492.46	30,100	0	30,100	3.5
2412512500	Heidemann Scott A & Terrie M	8,492.46	55,000	0	55,000	6.5
2412603300	Helm Thomas R & Amy C	8,492.46	0	0	0	0.0
2412512100	Helstrom Richard C Jr & Kathryn M	8,492.46	34,226	0	34,226	4.0
2412510200	Hewitt Harry W Iii & Kathleen M	8,492.46	55,000	0	55,000	6.5
2412422300	Hill Jack R & Marilyn V	8,492.46	36,720	0	36,720	4.3
2412400500	Holland Sherwood L	8,492.46	30,100	0	30,100	3.5
2412204100	Holliday Robert P Jr & Linda	8,492.46	44,800	0	44,800	5.3
2412202800	Hollimon Richard R & Becky L	8,492.46	44,800	0	44,800	5.3
2412012000	Hone Robert E	8,492.46	51,000	0	51,000	6.0
2412410300	Hudson Richard G	8,492.46	30,100	0	30,100	3.5
2412402500	Hunt Nancy J	8,492.46	13,672	0	13,672	1.6
2412302000	Hytry David M & Holly M	8,492.46	12,569	0	12,569	1.5
2412303400	Irvin Kay S & Joan R	8,492.46	19,588	0	19,588	2.3
2412000100	Isacco James T & Tracy C	8,492.46	14,415	0	14,415	1.7
2412504700	Jackson Blaise J & Theresa A	8,492.46	47,940	100,000	147,940	17.4
2412421600	Jackson Darrin D & Kimberley J	8,492.46	36,000	0	36,000	4.2
2412204300	Jackson Mark L & Stacy R	8,492.46	44,800	0	44,800	5.3
2412421900	Jackson Thomas & Kathleen	8,492.46	36,000	0	36,000	4.2
2412010100	Janoska James J & Diana W	8,492.46	51,000	114,000	165,000	19.4
2412204400	Jester James K & Karen E	8,492.46	44,800	0	44,800	5.3
2412302600	Jio Richard & Louise	8,492.46	19,588	0	19,588	2.3
2412301800	Johnson Clay R & Kristina	8,492.46	12,569	0	12,569	1.5
2412700400	Johnson Steven C & Schaumburg Bonnie M	8,492.46	0	0	0	0.0
2412510600	Kapocius Thomas J & Martha A	8,492.46	55,000	0	55,000	6.5
2412001000	Kaslick John C & Judith K	8,492.46	51,000	0	51,000	6.0
2412410700	Kast Christopher & Patricia A	8,492.46	30,600	81,000	111,600	13.1
2412012200	Kaull Stanley R & Barbara Ay	8,492.46	51,000	0	51,000	6.0
2412010300	Keller Happy H & Patricia M	8,492.46	51,000	123,000	174,000	20.5
2412421800	Kelley Kevin M & Sandra J	8,492.46	36,000	0	36,000	4.2
2412504900	Kelly Kevin E & Julie W	8,492.46	47,940	130,000	177,940	21.0
2412400400	Kennedy Lawrence D	8,492.46	30,100	0	30,100	3.5
2412510100	Kenney John R Jr & Mary A	8,492.46	55,000	0	55,000	6.5
2412411200	King John O & Janice A	8,492.46	36,720	0	36,720	4.3
2412302100	Klein Goldie E	8,492.46	12,569	0	12,569	1.5

APPENDIX E
General Information Pertaining to Reassessment District Properties

Reassessment District No. 98-1

Property Owners (listed Alphabetically), Reassessment Liens, 1998 Assessed Values, Assessed Value to Reassessment Lien Ratios

Assessor Parcel Number	Owner's Name	Reassessment Lien Amount	1998 Assessment Roll			Assessed Value To Reassessment Lien Ratio
			According to the County of San Diego			
			Land	Improvement	Total	
2412421000	Klutz Paul L & Barbara J	8,492.46	20,000	0	20,000	2.4
2412421700	Koch Dane	8,492.46	36,000	0	36,000	4.2
2412410900	Krushel Leslie A	8,492.46	20,400	78,000	98,400	11.6
2412500100	L & W INVESTMENTS INC	8,492.46	34,226	0	34,226	4.0
2412500200	L & W INVESTMENTS INC	8,492.46	34,226	0	34,226	4.0
2412500300	L & W INVESTMENTS INC	8,492.46	24,447	0	24,447	2.9
2412500400	L & W INVESTMENTS INC	8,492.46	24,447	0	24,447	2.9
2412500500	L & W INVESTMENTS INC	8,492.46	34,226	0	34,226	4.0
2412501000	L & W INVESTMENTS INC	8,492.46	34,226	0	34,226	4.0
2412501100	L & W INVESTMENTS INC	8,492.46	24,447	0	24,447	2.9
2412501200	L & W INVESTMENTS INC	8,492.46	24,447	0	24,447	2.9
2412501300	L & W INVESTMENTS INC	8,492.46	34,226	0	34,226	4.0
2412501400	L & W INVESTMENTS INC	8,492.46	34,226	0	34,226	4.0
2412510700	L & W INVESTMENTS INC	8,492.46	34,226	0	34,226	4.0
2412510800	L & W INVESTMENTS INC	8,492.46	39,115	0	39,115	4.6
2412510900	L & W INVESTMENTS INC	8,492.46	39,115	0	39,115	4.6
2412511000	L & W INVESTMENTS INC	8,492.46	39,115	0	39,115	4.6
2412511100	L & W INVESTMENTS INC	8,492.46	39,115	0	39,115	4.6
2412511200	L & W INVESTMENTS INC	8,492.46	29,337	0	29,337	3.5
2412511300	L & W INVESTMENTS INC	8,492.46	29,337	0	29,337	3.5
2412511400	L & W INVESTMENTS INC	8,492.46	24,509	0	24,509	2.9
2412511500	L & W INVESTMENTS INC	8,492.46	39,115	0	39,115	4.6
2412511600	L & W INVESTMENTS INC	8,492.46	39,115	0	39,115	4.6
2412511700	L & W INVESTMENTS INC	8,492.46	39,115	0	39,115	4.6
2412511800	L & W INVESTMENTS INC	8,492.46	39,115	0	39,115	4.6
2412511900	L & W INVESTMENTS INC	8,492.46	34,226	0	34,226	4.0
2412512000	L & W INVESTMENTS INC	8,492.46	34,226	0	34,226	4.0
2412512400	L & W INVESTMENTS INC	8,492.46	55,000	0	55,000	6.5
2412800100	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412800200	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412800300	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412800400	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412800500	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412800600	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412800700	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412800800	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412800900	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412801000	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412801300	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412801400	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412801500	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412801600	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412801700	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412801800	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412801900	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412802000	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412802100	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412802200	L & W INVESTMENTS INC	8,492.46	0	0	0	0.0
2412802300	L & W INVESTMENTS INC	0.00	0	0	0	NA
2412802400	L & W INVESTMENTS INC	0.00	0	0	0	NA
2412500600	L & W INVS INC	8,492.46	56,100	0	56,100	6.6
2412500700	L & W INVS INC	8,492.46	56,100	275,000	331,100	39.0
2412500800	L & W INVS INC	8,492.46	56,100	265,000	321,100	37.8
2412500900	L & W INVS INC	8,492.46	56,100	250,000	306,100	36.0
2412020200	L M D Eagle Crest L L C	8,492.46	51,000	0	51,000	6.0
2412020600	L M D Eagle Crest L L C	8,492.46	51,000	0	51,000	6.0
2412020700	L M D Eagle Crest L L C	8,492.46	51,000	0	51,000	6.0
2412600700	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412600800	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412600900	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412601000	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412601100	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412601200	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412601300	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412601400	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412601500	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412601600	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412601700	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412601800	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412601900	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412602000	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412602100	L M D Montecito L L C	8,492.46	0	0	0	0.0

APPENDIX E
General Information Pertaining to Reassessment District Properties

Reassessment District No. 98-1

Property Owners (listed Alphabetically), Reassessment Liens, 1998 Assessed Values, Assessed Value to Reassessment Lien Ratios

Assessor Parcel Number	Owner's Name	Reassessment Lien Amount	1998 Assessment Roll			Assessed Value To Reassessment Lien Ratio
			According to the County of San Diego			
			Land	Improvement	Total	
2412602200	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412602300	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412602400	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412602500	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412602600	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412602700	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412602800	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412602900	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412603000	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412603100	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412603500	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412603700	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412603900	L M D Montecito L L C	0.00	0	0	0	NA
2412612900	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412613000	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412613100	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412613200	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412613300	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412613400	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412613500	L M D Montecito L L C	8,492.46	0	0	0	0.0
2412613600	L M D Montecito L L C	0.00	0	0	0	NA
2412011800	Lamotte Doris C Trust 11-18-96	8,492.46	51,000	0	51,000	6.0
2412010200	Lawton Joseph A & Mary C	8,492.46	51,000	117,000	168,000	19.8
2412201900	Leblanc Joseph J & Berry-leblanc Keely O	8,492.46	45,900	115,000	160,900	18.9
2412402000	Lee Jeffrey D & Lori F J	8,492.46	15,950	0	15,950	1.9
2412504600	Leggitt William D & Sandra K	8,492.46	47,940	135,000	182,940	21.5
2412001300	Lepisto Lowell & Peggy 1990 Trust	8,492.46	51,000	0	51,000	6.0
2412205500	Little Rex J 1997 Trust	8,492.46	60,000	0	60,000	7.1
2412402200	Lizarraga Lionel & Sandra	8,492.46	18,230	0	18,230	2.1
2412012900	Lmd Eagle Crest Llc	8,492.46	18,540	0	18,540	2.2
2412020800	Lmd Eagle Crest Llc	8,492.46	18,540	0	18,540	2.2
2412020900	Lmd Eagle Crest Llc	8,492.46	18,540	0	18,540	2.2
2412021000	Lmd Eagle Crest Llc	8,492.46	18,540	0	18,540	2.2
2412021100	Lmd Eagle Crest Llc	8,492.46	18,540	0	18,540	2.2
2412610100	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412610200	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412610300	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412610400	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412610500	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412610600	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412610700	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412610800	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412610900	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412611000	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412611100	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412611200	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412611300	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412611400	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412611500	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412611600	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412611700	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412611800	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412611900	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412612000	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412612100	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412612200	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412612300	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412612400	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412612500	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412612600	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412612700	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412612800	Lmd Eagle Crest Llc	8,492.46	0	0	0	0.0
2412613700	Lmd Eagle Crest Llc	0.00	0	0	0	NA
2412613800	Lmd Eagle Crest Llc	0.00	0	0	0	NA
2412204200	Lopez Matthew G & Kim K	8,492.46	44,800	0	44,800	5.3
2412411900	Lovelace Lawrence C & Jeanette	8,492.46	36,720	72,000	108,720	12.8
2412600400	Lovell Russell E & Walker Cynthia L	8,492.46	0	0	0	0.0
2412421300	Lowe Carolyn	8,492.46	40,000	0	40,000	4.7
2412202300	Lulich Anton C & Sharon I	8,492.46	45,900	115,000	160,900	18.9
2412200500	Luts Andrew & Deidre	8,492.46	51,000	115,000	166,000	19.5
2412205600	Luts Phillip D & Hue H	8,492.46	60,000	0	60,000	7.1
2412510300	Marsh Stephen M & Cathy A	8,492.46	55,000	0	55,000	6.5

APPENDIX E
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Reassessment District No. 98-1

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Assessor Parcel Number	Owner's Name	Reassessment Lien Amount	1998 Assessment Roll According to the County of San Diego			Assessed Value To Reassessment Lien Ratio
			Land	Improvement	Total	
2412201500	Marshall Scott C & Nicol M	8,492.46	51,000	130,000	181,000	21.3
2412012100	Mcallister James P & Mary M	8,492.46	51,000	0	51,000	6.0
2412420400	McClure George E Jr & Joann J	0.00	20,400	0	20,400	NA
2412420200	Mccready Richard F & Margaret E	8,492.46	20,400	0	20,400	2.4
2412402700	Mcgraw Thomas A & Caroline A	8,492.46	11,393	0	11,393	1.3
2412301000	Meister Carol A	8,492.46	19,588	0	19,588	2.3
2412504500	Migliore Steven W & Linda R	8,492.46	47,940	0	47,940	5.6
2412700200	Miller Kevin J & Lisa R	8,492.46	0	0	0	0.0
2412202100	Mills Andrew & Cathy	8,492.46	45,900	130,000	175,900	20.7
2412301200	Minton Donald P & Betty C	8,492.46	19,588	0	19,588	2.3
2412001200	Monty Gerald A & Dianne M	8,492.46	51,000	0	51,000	6.0
2412410100	Morris Major & Anne-grethe J	8,492.46	30,100	0	30,100	3.5
2412303300	Movroydis Dean A & Lillian M	8,492.46	19,588	0	19,588	2.3
2412300400	Mulder Janice L	8,492.46	39,588	125,000	164,588	19.4
2412600500	Munson James R	8,492.46	0	0	0	0.0
2412700900	Musick Family Trust 07-08-91	8,492.46	0	0	0	0.0
2412504800	Myers Thomas W & Susan L	8,492.46	47,940	125,000	172,940	20.4
2412300300	Nelson Leo Ellis	8,492.46	39,588	120,000	159,588	18.8
2412205000	Neveu Mark R & Susie M	8,492.46	44,800	0	44,800	5.3
2412001500	Nolan Darby L Trust 05-26-94	0.00	51,000	0	51,000	NA
2412203200	Odonnell Dell W	8,492.46	44,800	0	44,800	5.3
2412205200	Oppenheimer Michael D & Julie C	8,492.46	60,000	0	60,000	7.1
2412603600	Orie Donald R & Xing Bin	8,492.46	0	0	0	0.0
2412301100	Osorio Alfonso H Jr & Lara-cervantes Enr	8,492.46	19,588	0	19,588	2.3
2412400600	Palmer Josefa M Living Trust 08-28-97	8,492.46	30,100	0	30,100	3.5
2412303700	Pan Michael & Sally	8,492.46	19,588	0	19,588	2.3
2412302400	Pangan-gasq Angelita	8,492.46	19,588	0	19,588	2.3
2412501900	Panlasigui Michael A & Darlene R	8,492.46	56,100	235,000	291,100	34.3
2412203800	Parnell Juanita A	8,492.46	60,000	0	60,000	7.1
2412300800	Parrish John S & Doreatha F	8,492.46	19,588	0	19,588	2.3
2412420300	Payne Linda	8,492.46	20,400	0	20,400	2.4
2412700600	Peet Gilbert B & D Diane	8,492.46	0	0	0	0.0
2412400800	Peisner Patricia A	8,492.46	30,100	0	30,100	3.5
2412503800	Peters Lawrence P & Janet A	8,492.46	45,000	0	45,000	5.3
2412303200	Peterson John M & Heidi B	8,492.46	19,588	0	19,588	2.3
2412010500	Peterson Mark G & Laura T	8,492.46	51,000	123,000	174,000	20.5
2412505000	Peterson Stephen T & Carol L	8,492.46	47,940	220,000	267,940	31.6
2412205100	Philen Charles T & Anne M	8,492.46	44,800	0	44,800	5.3
2412502400	Phillips Craig A & Jami A	8,492.46	56,100	0	56,100	6.6
2412401400	Philo Robert H & Susan L	8,492.46	15,950	0	15,950	1.9
2412504000	Plant Michael J & Cathleen M	8,492.46	50,000	0	50,000	5.9
2412700700	Plotnick Kenneth J & Elizabeth	8,492.46	0	0	0	0.0
2412202000	Quakenbush Frank E & Patricia A	8,492.46	45,900	145,000	190,900	22.5
2412021300	Rancho San Pasqual Community Assn	0.00	42,865	0	42,865	NA
2412100300	Rancho San Pasqual Community Assn	0.00	0	0	0	NA
2412207800	Rancho San Pasqual Community Assn	0.00	0	0	0	NA
2412208100	Rancho San Pasqual Community Assn	0.00	0	0	0	NA
2412303900	Rancho San Pasqual Community Assn	0.00	0	0	0	NA
2412402100	Rancho San Pasqual Community Assn	0.00	0	0	0	NA
2412403000	Rancho San Pasqual Community Assn	0.00	0	0	0	NA
2412501500	Rancho San Pasqual Community Assn	0.00	0	0	0	NA
2412505400	Rancho San Pasqual Community Assn	0.00	0	0	0	NA
2412512600	Rancho San Pasqual Community Assn	0.00	0	0	0	NA
2412401800	Renner Suzanne M	8,492.46	15,950	0	15,950	1.9
2412011100	Reuther Charles A	8,492.46	51,000	0	51,000	6.0
2412201200	Richards James D Iii	8,492.46	51,000	115,000	166,000	19.5
2412207400	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	51,000	180,000	231,000	27.2
2412207500	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	51,000	170,000	221,000	26.0
2412207600	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	51,000	150,000	201,000	23.7
2412207700	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	51,000	1,000	52,000	6.1
2412700800	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412701000	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412701100	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412701200	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412701300	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412701400	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412701500	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412701600	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412701700	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412701800	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412701900	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412702000	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0

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Reassessment District No. 98-1

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Assessor Parcel Number	Owner's Name	Reassessment Lien Amount	1998 Assessment Roll According to the County of San Diego			Assessed Value To Reassessment Lien Ratio
			Land	Improvement	Total	
2412702100	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412702200	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412702300	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412702400	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412702600	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412702700	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412702800	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412702900	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412703000	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412703100	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412703200	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412703300	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412703400	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412703500	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412703600	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	8,492.46	0	0	0	0.0
2412703700	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	0.00	0	0	0	NA
2412703800	RICHMOND AMERICAN HOMES OF CALIFORNIA IN	0.00	0	0	0	NA
2412402900	Rideout Douglas & Christine E	8,492.46	11,393	0	11,393	1.3
2412510500	Riley Donald M & Judith A	8,492.46	55,000	0	55,000	6.5
2412010600	Roach Wade B & Lisa T	8,492.46	51,000	117,000	168,000	19.8
2412502600	Rognlie Ralph T & Kathleen F	8,492.46	56,100	0	56,100	6.6
2412411300	Romey Edward R & Mary F	8,492.46	36,720	0	36,720	4.3
2412000400	Rossi Louis M & Melanie R	8,492.46	14,415	0	14,415	1.7
2412410500	Rowe Brian E & June M Trust 05-29-94	8,492.46	30,100	0	30,100	3.5
2412201800	Russo Stephen A & Kimberly L	8,492.46	45,900	130,000	175,900	20.7
2412200300	Ryan Kelly & Traci A	8,492.46	51,000	130,000	181,000	21.3
2412205900	Sangret Richard J & Tanya L	8,492.46	60,000	0	60,000	7.1
2412600600	Sauer Family Trust 12-20-87	8,492.46	0	0	0	0.0
2412421400	Schlaefli Mark & Erica	8,492.46	40,000	0	40,000	4.7
2412501700	Schultz James L & W Gayle	8,492.46	48,960	220,000	268,960	31.7
2412503400	Schwanhausser Robert H & Sherryl L	8,492.46	55,000	0	55,000	6.5
2412401600	Scott Robert C Iii & Agnes	8,492.46	15,950	0	15,950	1.9
2412503100	Seymour Dennis A Tr & Seymour Shirley A	8,492.46	56,100	0	56,100	6.6
2412300500	Seymour James B & Geraldine M	8,492.46	19,588	0	19,588	2.3
2412503700	Shapiro Mark H & Carol L	8,492.46	60,000	0	60,000	7.1
2412504300	Shoghi Paul C & Lillie G	8,492.46	45,000	0	45,000	5.3
2402410500	SIGNAL LANDMARK INC	0.00	119,252	0	119,252	NA
2402500600	SIGNAL LANDMARK INC	951,155.52	1,070,905	0	1,070,905	1.1
2410603100	SIGNAL LANDMARK INC	195,326.58	59,262	0	59,262	0.3
2410603300	SIGNAL LANDMARK INC	0.00	0	0	0	NA
2410603400	SIGNAL LANDMARK INC	0.00	0	0	0	NA
2412020100	SIGNAL LANDMARK INC	0.00	0	0	0	NA
2412100100	SIGNAL LANDMARK INC	0.00	0	0	0	NA
2412100900	SIGNAL LANDMARK INC	0.00	0	0	0	NA
2412206200	SIGNAL LANDMARK INC	8,492.46	18,540	0	18,540	2.2
2412206300	SIGNAL LANDMARK INC	8,492.46	18,540	0	18,540	2.2
2412206400	SIGNAL LANDMARK INC	8,492.46	18,540	0	18,540	2.2
2412206500	SIGNAL LANDMARK INC	8,492.46	18,540	0	18,540	2.2
2412206600	SIGNAL LANDMARK INC	8,492.46	18,540	0	18,540	2.2
2412206700	SIGNAL LANDMARK INC	8,492.46	18,540	0	18,540	2.2
2412206800	SIGNAL LANDMARK INC	8,492.46	18,540	0	18,540	2.2
2412206900	SIGNAL LANDMARK INC	8,492.46	18,540	0	18,540	2.2
2412207000	SIGNAL LANDMARK INC	8,492.46	18,540	0	18,540	2.2
2412207100	SIGNAL LANDMARK INC	8,492.46	18,540	0	18,540	2.2
2412207200	SIGNAL LANDMARK INC	8,492.46	18,540	0	18,540	2.2
2412207300	SIGNAL LANDMARK INC	8,492.46	18,540	0	18,540	2.2
2412207900	SIGNAL LANDMARK INC	0.00	0	0	0	NA
2412208000	SIGNAL LANDMARK INC	0.00	0	0	0	NA
2412302300	SIGNAL LANDMARK INC	0.00	0	0	0	NA
2412603800	SIGNAL LANDMARK INC	0.00	0	0	0	NA
2412613900	SIGNAL LANDMARK INC	0.00	0	0	0	NA
2412801100	SIGNAL LANDMARK INC	0.00	0	0	0	NA
2412801200	SIGNAL LANDMARK INC	0.00	0	0	0	NA
2412502700	Slawinski Janusz	8,492.46	55,000	0	55,000	6.5
2412502500	Smeltzer Richard & Kristen M	8,492.46	56,100	0	56,100	6.6
2412603200	Smigal John A M & Nancy L H	8,492.46	0	0	0	0.0
2412200800	Smith Craig G & Natalie R	8,492.46	51,000	130,000	181,000	21.3
2412012600	Smith Stuart D & Alshuler Jane	8,492.46	51,000	108,000	159,000	18.7
2412300700	Soileau James R & Gena R	8,492.46	19,588	0	19,588	2.3
2412401300	Solene Rom S & Margaret L	8,492.46	30,100	0	30,100	3.5
2412200900	Sommer Christopher T & Shawn M	8,492.46	51,000	115,000	166,000	19.5
2412420100	Sorenson Jill I	8,492.46	20,400	0	20,400	2.4

APPENDIX E
General Information Pertaining to Reassessment District Properties

Reassessment District No. 98-1

Property Owners (listed Alphabetically), Reassessment Liens, 1998 Assessed Values, Assessed Value to Reassessment Lien Ratios

Assessor Parcel Number	Owner's Name	Reassessment Lien Amount	1998 Assessment Roll			Assessed Value To Reassessment Lien Ratio
			According to the County of San Diego			
			Land	Improvement	Total	
2412411100	Spadaro Paul & Margaret A	8,492.46	20,400	0	20,400	2.4
2412302800	Spees Donald H	0.00	19,588	0	19,588	NA
2412204800	Staikos George & Joanne C	8,492.46	44,800	0	44,800	5.3
2412411000	Stansfield Robert C & Maxine J	8,492.46	20,400	0	20,400	2.4
2412401100	Stenstrom Alvin K & Anglin F	8,492.46	30,100	0	30,100	3.5
2412301500	Stoker Jeffrey L & Norma J	8,492.46	12,569	0	12,569	1.5
2412000500	Stone Gregory & Joanne M	8,492.46	14,415	0	14,415	1.7
2412301400	Storck Paul R	8,492.46	12,569	0	12,569	1.5
2412010700	Strube Jack D & Bess K	8,492.46	51,000	114,000	165,000	19.4
2412420700	Stuart Daniel L & Stacy J	8,492.46	20,000	0	20,000	2.4
2412505200	Stuck Kevin F & Amy R	8,492.46	47,940	245,000	292,940	34.5
2412401700	Swain Robin C	8,492.46	15,950	0	15,950	1.9
2412501600	Swenson Scott J & Cindy A	8,492.46	48,960	245,000	293,960	34.6
2412000700	Taylor Charles W & Norma J	8,492.46	45,900	0	45,900	5.4
2412421100	Ticzon Vincent & Irene	8,492.46	33,000	0	33,000	3.9
2412302900	Tindall James M & Cora L	8,492.46	19,588	0	19,588	2.3
2412510400	Tisdale James L & Judith O	8,492.46	55,000	0	55,000	6.5
2412502200	Trick Robert M & Joann	8,492.46	56,100	100,000	156,100	18.4
2412204900	Tripp Carver E & Mariam J	8,492.46	44,800	0	44,800	5.3
2412411800	Turner David L & Stacy L	8,492.46	36,720	81,500	118,220	13.9
2412503500	Turner Lewis M Jr & Marilyn J	8,492.46	55,000	0	55,000	6.5
2412420600	Tutt Craig D & Janice	8,492.46	20,000	0	20,000	2.4
2412700100	Vandervorst Damon & Jennifer A	8,492.46	0	0	0	0.0
2412400900	Vanstelten Family Trust 06-02-87	8,492.46	30,100	0	30,100	3.5
2412422000	Vaught Ronald N & Gwendolyn K	8,492.46	36,000	0	36,000	4.2
2412422200	Verweire-haisan Kristine M V	8,492.46	36,720	0	36,720	4.3
2412301300	Vinge Jon C & Stacy R	8,492.46	12,569	0	12,569	1.5
2412400700	Vukas Michael P & Cheryle L	8,492.46	30,100	0	30,100	3.5
2412204700	Walker David J	8,492.46	44,800	0	44,800	5.3
2412700300	Walters Nancy R Trust 12-07-89	8,492.46	0	0	0	0.0
2412012800	Ward Steven A & Erica L	8,492.46	51,000	117,000	168,000	19.8
2412410200	Warner Clifford J & Michele D	8,492.46	30,100	0	30,100	3.5
2412600200	Wasiako Robert W Sr & Carol A	8,492.46	0	0	0	0.0
2412504400	Waterhouse Alan & Tracie L	8,492.46	45,000	0	45,000	5.3
2412400200	Wentworth Donald E & Corinne A	8,492.46	30,100	0	30,100	3.5
2412411500	Westphal Frank E Jr & Susan B Family Tru	8,492.46	36,720	79,000	115,720	13.6
2412204000	Widdoss Family Trust 11-23-96	8,492.46	60,000	0	60,000	7.1
2412512200	Wilcox Bruce H & Leslie A	8,492.46	55,000	0	55,000	6.5
2412504200	Wilkinson David & Lori A	8,492.46	45,000	0	45,000	5.3
2412400100	Williams Charles L & Janice L	8,492.46	30,100	0	30,100	3.5
2412503000	Williams Michele A	8,492.46	56,100	0	56,100	6.6
2412020300	Williams Ruth	8,492.46	51,000	190,000	241,000	28.4
2412020500	Williams Ruth Tr	8,492.46	51,000	205,000	256,000	30.1
2412201100	Wilson Family Revocable Living Trust 02-	8,492.46	51,000	130,000	181,000	21.3
2412420500	Wilson Geoffrey C & Susan C	8,492.46	20,000	0	20,000	2.4
2412202700	Wilson Ronald R & Jeanne R	8,492.46	44,800	0	44,800	5.3
2412011200	Winter Eric B & Sakeena H	8,492.46	51,000	0	51,000	6.0
2412303100	Winter Robert D & Shirley H	8,492.46	19,588	0	19,588	2.3
2412402800	Wolf Joseph S & Caroline M	8,492.46	11,393	0	11,393	1.3
2412412000	Wolfe Kurtis A & Vicky L	8,492.46	38,760	81,500	120,260	14.2
2412011600	Woods Donald K & Marsha L	8,492.46	51,000	0	51,000	6.0
2412303600	Yeoman Darin C & Martine J	8,492.46	19,588	0	19,588	2.3
2412203300	Yosick Stephen M & Marlene	8,492.46	60,000	0	60,000	7.1
2412200200	Young Laura A	8,492.46	51,000	145,000	196,000	23.1
Total:		\$5,105,000.00	\$16,664,909	\$11,742,944	\$28,407,853	

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