

## RATE AND METHOD OF APPORTIONMENT OF SPECIAL LEVY

### PUBLIC IMPROVEMENT DISTRICT NO. 2007-1 LOCATED IN ANGEL FIRE, NEW MEXICO

A Special Levy shall be levied, extended, and collected in Public Improvement District No. 2007-1 located in Angel Fire, New Mexico (hereinafter referred to as the “District” or “PID No. 2007-1”) each Fiscal Year, in an amount determined by the District Board or its designee through the application of the procedures described below. All of the real property in the District, unless exempted by the provisions hereof, shall be subject to the Annual Special Levy for the purposes, to the extent, and in the manner herein provided.

#### A. DEFINITIONS

The terms used herein shall have the following meanings:

“**Acre**” means 43,560 square feet of land. The Acres for a Parcel means the land area of a Parcel as shown on a Cadastral Map, or if the land area is not shown on a Cadastral Map, the land area shown on or computed from the applicable Final Plat.

“**Act**” means the Public Improvement District Act, being Sections 5-11-1 through 5-11-27, NMSA 1978.

“**Administrative Expenses**” means the actual or reasonably estimated costs permitted in accordance with the Act and directly related to the administration of the District as determined by the District Board or its designee, including, but not limited to, the following: the costs of computing the Annual Special Levy and of preparing the collection schedules (whether by the District Board or designee thereof or both); the costs of collecting the Annual Special Levy (whether by the County, or otherwise); the costs of remitting the Annual Special Levy to the Trustee for any Bonds; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under any Indenture; the costs of the District or designee in computing the amount of rebatable arbitrage, if any; the costs of the District or designee in complying with the disclosure requirements of applicable federal and state securities laws and of the Act, including, but not limited to, public inquiries regarding the Annual Special Levy; and the costs associated with the release of funds from any escrow account. Administrative Expenses shall also include amounts advanced for any administrative purpose of the District including the costs of calculating the prepayment of the Annual Special Levy; recordings related to the prepayment, discharge or satisfaction of the Annual Special Levy; and the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Annual Special Levies and the reasonable fees of legal counsel to the District incurred in connection with the foregoing.

“**Administrator**” means the designee of the District Board responsible for determining the Special Levy Requirement and coordinating the billing and collection of the Annual Special Levy.

“**Annual Special Levy**” means the special levy collected in each Fiscal Year from each Parcel pursuant to Section D to fund the Special Levy Requirement.

“**Bankruptcy Fund**” means that certain “Infrastructure Improvement Fund”, in the amount of \$2,000,000, that was created by the April 20, 1995 Amended Joint Plan of Reorganization of Angel Fire Corporation et al. in Case No. 11-93-12176 (Bankruptcy Court for the District of New Mexico).

“**Bonds**” means any bonds or other debt, including refunding bonds, whether in one or more series, secured by the Annual Special Levy.

“**Cadastral Map**” means an official map of the County designating parcels by uniform property tax numbers.

“**County**” means the County of Colfax, New Mexico.

“**Fiscal Year**” means the twelve-month period starting July 1 and ending June 30.

“**Final Plat**” means a final plat or final subdivision of land that is approved by the Village and recorded with the County.

“**Indenture**” means the indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“**Levyable Property**” means all Parcels in the District which are not exempt from the Annual Special Levy pursuant to Section G or which have not prepaid the Maximum Annual Special Levy in full pursuant to Section H.

“**Maximum Annual Special Levy**” means the maximum Annual Special Levy, determined in accordance with Section B and Section C, that can be levied by the District Board in any Fiscal Year on any Parcel of Levyable Property, subject, however, to the adjustments permitted by Section 5-11-20(F)(1) of the Act.

“**Parcel**” means a lot or parcel within the boundaries of the District that is assigned a uniform property tax number as shown on a Cadastral Map.

“**Special Levy Requirement**” means that amount determined by the District Board or its designee as required in any Fiscal Year to pay: (1) Administrative Expenses, (2) debt service on any Bonds, (3) an amount equal to the anticipated delinquent Annual Special Levies, (4) any amount required to replenish any reserve fund established in connection

with such Bonds, (5) the costs of credit enhancement and fees for instruments that serve as the basis of a reserve fund in lieu of cash related to any such Bonds, and (6) directly for authorized District public improvements to the extent proceeds from the sale of Bonds together with interest earnings thereon are insufficient to pay for the costs of such improvements.

“**Trustee**” means the trustee or fiscal agent under the Indenture.

“**Village**” means the Village of Angel Fire, New Mexico.

**B. CLASSIFICATION OF PROPERTY**

All Levyable Property shall be classified based on the applicable Final Plat and with each Final Plat by group as shown in Table 1 on the following page.

<b>TABLE 1 PID No. 2007-1 PROPERTY CLASSIFICATIONS</b>			
<b>SUBDIVISION</b>	<b>GROUP/ SUBGROUP</b>	<b>TRACT AND/OR LOT NUMBERS</b>	<b>NUMBER OF TRACTS OR LOTS</b>
COUNTRY CLUB 1A AMENDED	1	Lots 86, 87, 1462RA (Country Club Unit 1)	3
	2	Lots 14 – 35, 51 – 83	55
COUNTRY CLUB 1B AMENDED	1A	Lots 24A, 25A, 25B, 41, 42, 161A, 162 – 165	10
	1B/2 <sup>1</sup>	Lots 1 – 23, 26 – 33, 34A, 36 – 38, 43, 44, and 147 – 159	50
	1C/3 <sup>2</sup>	Lot 39	1
ANGEL FIRE WEST VILLAGE	1	Lots 12 – 15, 17 – 19	7
	2	Lots 20, 33 – 53	22
	3	Lots 21 – 32	12
	4	Lots 54 – 63	10
	5	Lots 64 – 94, 99 – 138, 140 - 147, 148A, 150 – 156, 1343RA (Country Club 1&2 Amended/Reamended)	88
	6	Lots 157 – 165	9
	7	Lots 166 – 171, 181	7
	8	Lots 172 – 180	9
	9	Tract AH, Lot 16	2
COUNTRY CLUB 1&2 AMENDED/REAMENDED	1A	Lots 108, 1029 – 1033, 1072 – 1081, 1082RA	17
	1B/2A <sup>3</sup>	Lots 1007 – 1014, 1015A, 1018, 1019, 1021 – 1028, 1085	20
	2B	Lots 1001 – 1003, 1004A	4
	3A	Lot 485RA	1
	3A2/3B	Lots 327, 328, 370, 456 – 460, 1175 – 1279, 1284 – 1290	120
	4A/5A <sup>4</sup>	Lots 1298A, 1300	2
	4B/5B/6A <sup>4,5</sup>	Lots 1297A, 1301, 1302A, 1303, 1304, 1305	6
4C/5C/6B <sup>4,5</sup>	Lots 487 – 489, 1280A, 1292 – 1294, 1306, 1309 – 1329, 1331A, 1332 – 1336	35	
CHALETS UNIT 4	1	Lots 106 – 139	34
ANGEL FIRE VILLAGE UNIT 2, BLOCK G	1	Lots 1A, 2A, 5	3
ANGEL FIRE VILLAGE NORTH	1	Lots 5 – 14	10
	2/4A1 <sup>6</sup>	Lots 42, 43	2
	3/4A2 <sup>6</sup>	Lots 38 – 41, 72 – 88, 93 – 95, 102 – 117, 120 – 132, 133A, 135 – 140, 158 – 164, 170 – 181, 182A, 184 – 223, 225 – 239, 242 – 249, 254 – 257, 262 – 264	150
	4A3 <sup>6</sup>	36A, 44 – 48, 89 – 92, 100, 101, 118, 119, 157, 165 – 167, 168A, 169, 224, 240, 241, 250 – 252, 258, 259A	28
	4B <sup>6</sup>	Lots 65RA (Angel Fire Chalets Unit 4), 96 – 99, 141 – 156, 267 – 275, 281, 282	32

**TABLE 1 (CONTINUED)  
PID No. 2007-1  
PROPERTY CLASSIFICATIONS**

<sup>1</sup>Subgroup 1B and Group 2 are comprised of the same lots.

<sup>2</sup>Subgroup 1C and Group 3 are comprised of the same lots.

<sup>3</sup>Subgroup 1B and Subgroup 2A are comprised of the same lots.

<sup>4</sup>Country Club 1 & 2 Amended/Reamended Group 4 is comprised of three subgroups. Subgroup 4A and Subgroup 4B includes the lots scheduled to receive sewer improvements under the Bankruptcy Plan; Subgroup 4C includes the balance. Group 5 is divided into Subgroups 5A, 5B, and 5c based on their overlap with Subgroup 4A, 4B, and 4C. Taken together, Group 4 (Subgroups 4A, 4B, and 4C) and Group 5 (Subgroup 5A, 5B, and 5C) overlap. Group 4 is used to account for sewer improvements and Group 5 is used to account for road improvements.

<sup>5</sup>Country Club 1 & 2 Amended/Reamended Group 6 includes all but two of the lots comprising Groups 4 and 5. Group 6 is divided into Subgroups 6A and 6B based on their overlap with Subgroups 4B, 4C, 5B, and 5C. Group 6 lots will receive water, electric, and telephone improvements.

<sup>6</sup>Angel Fire Village North Group 4 is split into four subgroups. Each subgroup receives the same improvements, but Group 4B is comprised of the Additional Lots which will not receive a share of the Bankruptcy Fund.

SUBDIVISION	GROUP/ SUBGROUP	TRACT AND/OR LOT NUMBERS	NUMBER OF TRACTS OR LOTS
CHALETS UNIT 1A AMENDED	1A <sup>7</sup>	Tracts A-1, A-2, B-1, B-2, B-3, B-4, D-1, E	8
	2A <sup>7</sup>	Tracts C, F	2
	1B <sup>9</sup> /2B <sup>7</sup>	Tract D-2	1
CHALETS 2G AMENDED	1	Lots 21 – 58	38
	2	Lots 1 – 20, 59 – 87	49
<b>TOTAL</b>			<b>847</b>

### C. MAXIMUM ANNUAL SPECIAL LEVY

The Maximum Annual Special Levy applicable to each Parcel of Levyable Property shall be the sum of the Maximum Annual Special Levy for each of the lots attributable to such Parcel. The Maximum Annual Special Levy amounts are set forth in Table 2 below.

<b>TABLE 2</b> <b>PID No. 2007-1</b> <b>MAXIMUM ANNUAL SPECIAL LEVY</b> <b>(FISCAL YEARS 2008-09 AND 2009-10)</b>			
SUBDIVISION	GROUP/ SUBGROUP	COST PER LOT/ACRE <sup>8</sup>	MAXIMUM ANNUAL SPECIAL LEVY <sup>1</sup>
COUNTRY CLUB 1A AMENDED	1	\$9,600.74	\$1,132
	2	\$10,820.10	\$1,273
COUNTRY CLUB 1B AMENDED	1A	\$54,566.21	\$6,426
	1B/2	\$67,080.10	\$7,901
	1C/3	\$33,897.72	\$3,991
ANGEL FIRE WEST VILLAGE	1	\$68,588.93	\$8,079
	2	\$25,527.11	\$3,010
	3	\$36,204.73	\$4,587
	4	\$53,974.37	\$6,655
	5	\$26,162.19	\$3,293
	6	\$21,842.56	\$2,577
	7	\$58,563.43	\$6,902
	8	\$36,020.63	\$4,241
	9	\$15,112.54	\$1,779
COUNTRY CLUB 1&2 AMENDED/REAMENDED	1A	\$3,000.12	\$352
	1B/2A	\$40,036.28	\$4,714
	2B	\$23,652.60	\$2,784
	3A	\$14,228.91	\$1,677
	3A2/3B	\$19,184.59	\$2,261
	4A/5A	\$25,359.19	\$2,986
	4B/5B/6A	\$37,448.37	\$4,410
4C/5C/6B	\$37,448.37	\$4,659	
CHALETS UNIT 4	1	\$9,640.57	\$1,135
ANGEL FIRE VILLAGE UNIT 2, BLOCK G	1	\$22,933.27	\$2,700
ANGEL FIRE VILLAGE NORTH	1	\$17,223.95	\$2,029
	2/4A1	\$23,180.86	\$2,730
	3/4A2	\$16,711.39	\$1,969
<b>TABLE 2</b> <b>PID No. 2007-1</b> <b>MAXIMUM ANNUAL SPECIAL LEVY</b> <b>(FISCAL YEARS 2008-09 AND 2009-10)</b>			
SUBDIVISION	GROUP/ SUBGROUP	COST PER LOT/ACRE <sup>9</sup>	MAXIMUM ANNUAL SPECIAL LEVY <sup>1</sup>

<sup>7</sup>As Tract D-2 is included in both Groups 1 and 2, both groups are divided into two subgroups, one of which includes only Tract D-2 and the other which is comprised of the remaining lots.

<sup>8</sup>All amounts are per lot except for Chalets Unit 1A Amended and Angel Fire Unit 2, Block G, which are per acre.

	4A3	\$5,683.69	\$668
	4B	\$5,683.69	\$749
CHALETS UNIT 1A AMENDED	1A	\$1,998.54	\$235
	2A	\$249.63	\$30
	1B/2B	\$1,543.41	\$181
CHALETS 2G AMENDED	1	\$16,301.72	\$1,920
	2	\$47,260.08	\$5,565

Commencing on July 1, 2010 and each July 1 thereafter, the Maximum Annual Special Levy may increase by no more than two percent (2.0%) annually.

## 1. Subdivision of Tracts and/or Lots

In the event any lot within the District is subdivided or is converted to a condominium, on or after the date of the filing of the petition to form the District, the Maximum Annual Special Levy applicable to the lots or condominium units resulting from such subdivision or conversion shall be computed as follows:

### a. R-1 Residential (Single Family)

In the case of a subdivision of a tract zoned R-1 into multiple tracts, the Maximum Annual Special Levy applicable to the subdivided tract shall be allocated to each new tract on the basis of its Acreage.

In the case of a subdivision of a tract zoned R-1 into individual single family residential lots, the Maximum Annual Special Levy applicable to the subdivided tract shall be allocated equally to each residential lot within such subdivision.

In the case of a subdivision of a lot zoned R-1, the Maximum Annual Special Levy applicable to the subdivided lot shall apply to each residential lot within such subdivision.

### b. R-2 Residential (Medium Density), R-3 Residential (High Density)

In the case of a subdivision of a lot zoned R-2 or R-3 the Maximum Annual Special Levy applicable to the subdivided lot shall be allocated to each new tract and/or lot on the basis of its Acreage.

In the case of the conversion of a lot zoned R-2 or R-3 to a condominium, the Maximum Annual Special Levy applicable to the condominium units shall be computed by dividing the Maximum Annual Special Levy applicable to the converted lot by the number of units in the condominium.

### c. O-1 Village Core, O-2 Mixed Use

<sup>9</sup>All amounts are per lot except for Chalets Unit 1A Amended and Angel Fire Unit 2, Block G, which are per acre.

In the case of a subdivision of a tract or lot zoned O-1 or O-2, the Maximum Annual Special Levy applicable to the subdivided tract shall be allocated to each new tract and/or lot on the basis its Acreage.

In the case of a subdivision of a tract or lot zoned O-1 or O-2 to a condominium, the Maximum Annual Special Levy applicable to the condominium units shall be computed by dividing the Maximum Annual Special Levy applicable to the converted lot by the number of units in the condominium.

**2. Consolidation of Tracts and/or Lots**

The Maximum Annual Special Levy for any lot created by the consolidation of two or more tracts or lots or two or more condominium units, on or after the date of the filing of the petition to form the District, shall be equal to the sum of the Maximum Annual Special Levy applicable to the tracts or lots or condominium units, as applicable, which were consolidated.

**3. Reduction Following Final Payment for Public Improvements**

Following the final payment for the public improvements, the Maximum Annual Special Levy for each District Parcel shall be reduced, if applicable, to reflect the amount by which the actual public improvement costs are less than the estimated public improvement costs. The percentage reduction applicable to each District parcel, if any, shall correspond to the largest percentage reduction that can be made to the Maximum Annual Special Levies for the District without reducing the annual debt service coverage ratio for the Bonds to less than one hundred ten percent (110%). Each year's annual debt service coverage ratio shall be determined by subtracting each year's estimated Administrative Expenses from such year's reduced Maximum Annual Special Levies and then dividing the result by the corresponding annual interest and principal payment on the Bonds.

**D. DETERMINATION OF ANNUAL SPECIAL LEVY**

Commencing with Fiscal Year 2008-2009 and for each following Fiscal Year, the District Board shall apportion the Annual Special Levies so that (i) the amount of each Annual Special Levy is the same percentage of the corresponding Maximum Annual Special Levy and (ii) the total of the Annual Special Levies equals the Special Levy Requirement. The Annual Special Levy shall be collected from each Parcel up to 100% of the applicable Maximum Annual Special Levy.

**E. MANNER OF COLLECTION**

The Annual Special Levy shall constitute a lien on the property subject thereto which shall have priority co-equal to the lien of general ad valorem property taxes. The Annual Special Levy will be billed by the County in the same manner and at the same time as general ad valorem property taxes and will appear as a separate item on the property tax bill for real property within the District as that property is identified on the tax roll on January 1 of each year in which the Annual Special Levy is in effect. As provided in the Act, the District has established foreclosure remedies which shall apply following nonpayment of the Annual Special Levy, as follows. The Annual Special Levy shall be subject to foreclosure by the District beginning six months after written notice of delinquency is provided to the owner of the real property to which to delinquency applies. The lien of the Annual Special Levy includes delinquencies, penalties and interest thereon at a rate not to exceed the maximum legal rate of interest per year and penalties otherwise applicable.

**F. TERM**

The Annual Special Levy shall cease to be levied following the payment of all scheduled interest, principal, and premium, if any, for the Bonds, but pursuant to Section 5-11-20(F) of the Act, shall not in any event be levied for a term exceeding 30 years commencing with the Fiscal Year following the sale of the Bonds.

**G. EXEMPTIONS**

Parcels in the District owned by or dedicated to the federal government, the State of New Mexico, the County of Colfax, the Village of Angel Fire, or any local government or other public agency shall be exempt from the Annual Special Levy; provided, however, that pursuant to Section 5-11-20(G) of the Act, such exemption shall not apply to property acquired by the State or its political subdivisions after imposition of the special levy. Notwithstanding the preceding, the applicable Maximum Annual Special Levy, if any, shall be prepaid prior to the conveyance of any such property to a public entity.



## H. PREPAYMENT

The Maximum Annual Special Levy for the current and all remaining Fiscal Years through the final maturity of the outstanding Bonds for any Parcel may be prepaid in full or in part and the obligation of the Parcel to pay that portion of the Maximum Annual Special Levy that has been prepaid permanently satisfied as described herein, provided that a prepayment may be made only if there are no outstanding delinquent Annual Special Levies with respect to such Parcel and all other Parcels under the same ownership at the time of prepayment. An owner of a Parcel intending to prepay the Maximum Annual Special Levy after the issuance of Bonds shall provide the District Board with written notice of intent to prepay and the amount of the Maximum Annual Special Levy to be prepaid. Within 30 days of receipt of such written notice (10 days in the event of a prepayment prior to the issuance of the Bonds), the District Board or its designee shall notify such owner of the prepayment amount for such Parcel and the date through which such prepayment shall be valid.

### 1. Prepayment Prior to the Issuance of Bonds

The Maximum Annual Special Levy may be prepaid in full prior to the issuance of Bonds provided that the District has awarded the Design/Build Contract (as such term is defined in the Development Agreement pertaining to the District) for the District public improvements. Upon prepayment, the Administrator shall cause a notice of cancellation of the Maximum Annual Special Levy for the Parcel to be recorded in the County real property records. Promptly following the award of the Design/Build Tract, the District shall provide public notice (via the internet and/or other media as the District may deem to be appropriate) of the amount necessary to prepay in full the Maximum Annual Special Levy for each Parcel. Parcel owners shall be provided a period of at least 30 calendar days, following such notice and prior to the pricing of Bonds, in which to prepay the Maximum Annual Special Levy on their Parcel(s) in full.

A “prepayment prior to the issuance of Bonds” means an amount equal to (a) the sum of (i) Cost and (ii) Fees, where the terms “Cost” and “Fees” have the following meanings:

“**Cost**” means the allocable share of the estimated cost of construction of the District public improvements based on the amount of the Design/Build Contract and the cost of the Design/Build Contract procurement (collectively, the “Construction Cost”), and equals (a) the quotient derived by dividing (i) the then applicable Maximum Annual Special Levy for the Parcel intending to prepay by (ii) the corresponding aggregate Maximum Annual Special Levy for the District, multiplied by (b) the total estimated cost of construction of the District public improvements based on the

Construction Cost (less any amount of the Construction Cost that has been or will be paid from the Bankruptcy Fund).

**“Fees”** means the allocable share of District formation costs, including without limitation all professional fees and costs (collectively, the “District Formation Cost”), and equals (a) the quotient derived by dividing (i) the then applicable Maximum Annual Special Levy for the Parcel intending to prepay by (ii) the corresponding aggregate Maximum Annual Special Levy for the District, multiplied by (b) the total estimated District Formation Cost (less any amount of the District Formation Cost that has been or will be paid from the Bankruptcy Fund).

Upon the receipt of a prepayment for a Parcel prior to the issuance of Bonds by the District, the obligation to pay the Maximum Annual Special Levy for such Parcel shall be deemed to be permanently satisfied, the Maximum Annual Special Levy shall not be levied thereafter on such Parcel, and the Administrator shall cause a notice of cancellation of the Maximum Annual Special Levy for such Parcel to be recorded in the County real property records.

## **2. Full Prepayment Subsequent to the Issuance of Bonds**

A “Full Prepayment” means an amount equal to (a) the sum of (1) Principal, (2) Premium, (3) Defeasance, and (4) Fees minus (b) the Reserve Fund Credit, where the terms “Principal,” “Premium,” “Defeasance,” “Fees,” and “Reserve Fund Credit” have the following meanings:

**“Principal”** means the principal amount of Bonds to be redeemed and equals the quotient derived by dividing (i) the then applicable Maximum Annual Special Levy for the Parcel intending to prepay by (ii) the corresponding aggregate Maximum Annual Special Levy for the District, (and excluding from (ii) any Maximum Annual Special Levy for Parcels which have previously prepaid), and multiplying the quotient by the principal amount of outstanding Bonds.

**“Premium”** means an amount equal to the Principal multiplied by the applicable redemption premium, if any, for any Bonds so redeemed with the proceeds of any such prepayment.

**“Defeasance”** means the amount needed to pay interest on the Principal to be redeemed until the earliest redemption date for the outstanding Bonds. Credit shall be given for any amount of the Annual Special Levy billed to such Parcel for the current Fiscal Year which (i) has been paid, (ii) has been deposited with the Trustee, (iii) has not yet been utilized to pay interest and/or principal on the Bonds, and (iv) will not be utilized for the

District's Administrative Expenses. Note that any Annual Special Levies subsequently received for the Parcel will be credited and refunded after the close of the Fiscal Year.

**“Fees”** equal the expenses of the District associated with the prepayment as calculated by the District Board or its designee and include, but are not limited to, the costs of computing the prepayment, the costs of amending any Annual Special Levy previously enrolled with the County, the costs of redeeming the Bonds, and the costs of recording and publishing and/or recording any notices to evidence the prepayment of the Maximum Annual Special Levy and the redemption of Bonds.

**“Reserve Fund Credit”** shall equal the lesser of (i) the expected reduction in the applicable Reserve Requirement (as defined in the Indenture), if any, following the redemption of Bonds from proceeds of the Full Prepayment or (ii) the amount derived by subtracting the new Reserve Requirement in effect after the redemption of Bonds from the balance in the Reserve Fund (as defined in the Indenture) on the Prepayment calculation date, but in no event shall such amount be less than zero.

The sum of the amounts calculated in the preceding steps shall be paid to the District and shall be used to (a) pay interest and principal on Bonds, (b) redeem Bonds in accordance with the Indenture, and (c) pay Fees associated with the Full Prepayment. Upon the receipt of the Full Prepayment by the District and the deposit of such funds with the Trustee, the obligation to pay the Maximum Annual Special Levy for such Parcel shall be deemed to be permanently satisfied, the Maximum Annual Special Levy shall not be levied thereafter on such Parcel, and the Administrator shall cause a notice of cancellation of the Maximum Annual Special Levy for such Parcel to be recorded in the County real property records.

### **3. Partial Prepayment Subsequent to the Issuance of Bonds**

A “Partial Prepayment” means an amount computed pursuant to the preceding Section H.2 by substituting the portion of the Maximum Annual Special Levy to be prepaid for the term Maximum Annual Special Levy when computing Principal.

Notwithstanding the foregoing, no Full Prepayment or Partial Prepayment shall be allowed unless the amount of Maximum Annual Special Levy that may be collected after the proposed prepayment is at least the sum of (i) the estimated Administrative Expenses associated with and/or allocable to the Special Levy Requirement and (ii) one hundred ten percent (110%) of the debt service for the Bonds issued and outstanding, taking into account the amount of Bonds to remain outstanding after such prepayment.

## **I. AMENDMENTS**

This Rate and Method of Apportionment of Special Levy may be amended pursuant to and to the extent permitted by the Act. The District Board may make clarifications with respect to this Rate and Method of Apportionment of Special Levy without further notice under the Act and without notice to owners of property within the District in order to (i) clarify or correct minor inconsistencies in the matters set forth herein and/or (ii) provide for lawful procedures for the collection and enforcement of the Annual Special Levy so as to assure the efficient collection of the Annual Special Levy for the benefit of the owners of the Bonds. No amendment shall be approved by the District Board if it violates any other agreement binding upon the District and unless and until it has (i) found and determined that the amendment is necessary and appropriate and does not materially adversely affect the rights of the owners of the Bonds or the District Board has obtained the consent of one hundred percent (100.00%) of the owners of the Bonds and (ii) received an opinion from bond counsel to the effect that the amendment does not violate the Act, and is authorized pursuant to the terms of the Indenture and this Rate and Method of Apportionment of Special Levy.

## **J. REFUNDS**

In the event that Bonds are not issued, for any reason, then the Annual Special Levy amount that has been collected from each Parcel owner will be refunded in full to such Parcel owner; provided, however, that if any portion of the total Annual Special Levy amounts collected has been spent on District purposes (such amount being herein termed the “Special Levy Expenditure”), then all Annual Special Levy amounts paid with respect to each Parcel will be refunded to the Parcel owner, less a sum (the “Expenditure Percentage Amount”) that is equal to (1) the amount of the Special Levy Expenditure, (2) multiplied by the Maximum Annual Special Levy applicable to the Parcel, (3) divided by the grand total of all Maximum Annual Special Levies applicable to all Parcels. In the event that a Parcel owner has not paid Annual Special Levy amounts, that owner will not receive a refund but will continue to be liable for the Expenditure Percentage Amount. If a Parcel owner has prepaid an amount of his Annual Special Levy, all of such prepayment shall be refunded to such owner, less an amount corresponding to the Expenditure Percentage Amount, if any. If full refunds, as described above, cannot be paid within a reasonable time because of the failure of some Parcel owners to pay Annual Special Levies or Expenditure Percentage Amounts, or any other reason, then a pro rata refund shall be made, with the deficiency to be paid, pro rata, from time to time as the District may reasonably determine as monies become available. In all circumstances, if Bonds are not issued and any Annual Special Levy amounts have been applied to District purposes, the intent of the District shall be to refund Annual Special Levies to Parcel owners in the proportion that the Maximum Annual Special Levy on their Parcel(s) bears to the grand total of all Maximum Annual Special Levies applicable to all Parcels.