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FISCAL AGENT AGREEMENT

This Fiscal Agent Agreement ("Fiscal Agent Agreement") dated as of June 1, 2007, is approved and entered into by **COMMUNITY FACILITIES DISTRICT NO. 95-1 OF THE DEL MAR UNION SCHOOL DISTRICT** ("District"), a Mello-Roos community facilities district formed and existing pursuant to California law, and **UNION BANK OF CALIFORNIA, N.A.**, a national banking association, as fiscal agent ("Fiscal Agent").

RECITALS:

1. The Board of Trustees of the Del Mar Union School District ("School District") located in San Diego County, California (hereinafter sometimes referred to as the "Board" or the "Legislative Body of CFD No. 95-1"), has heretofore undertaken proceedings and declared the necessity to issue bonds on behalf of Community Facilities District No. 95-1 of the Del Mar Union School District pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California ("Act"); and

2. The Board has previously adopted Community Facilities District Goals and Policies pursuant to Government Code Section 53312.7 by the adoption of Resolution No. CFD 95-1 adopted on January 11, 1995; and

3. On April 19, 1995, the Board adopted the "Resolution of the Board of Trustees of the Del Mar Union School District Determining the Validity of Prior Proceedings, Establishing Community Facilities District No. 95-1, Authorizing the Levy of a Special Tax Within Community Facilities District No. 95-1, Establishing an Appropriations Limit and Calling an Election" (Resolution No. CFD 95-07) ("Formation Resolution" or "Resolution of Formation"), which resolution established Community Facilities District No. 95-1 of the Del Mar Union School District ("District" or "CFD No. 95-1"), and authorized the levy of the special taxes to fund authorized public facilities, subject to the approval of the voters within the territory included within CFD No. 95-1; and

4. On April 19, 1995, the Board of Trustees adopted the "Resolution of the Board of Trustees of the Del Mar Union School District Determining the Necessity to Incur Bonded Indebtedness in an Amount Not to Exceed \$100,000,000 Within Community Facilities District No. 95-1" (Resolution No. CFD 95-08) ("Bond Authorization Resolution"), which resolution authorized CFD No. 95-1 to issue bonds, in an amount not to exceed \$100,000,000, secured by the special taxes previously authorized by the Board of Trustees under the Act to finance the authorized public facilities for the benefit of CFD No. 95-1; and

5. Pursuant to the Formation Resolution and the Bond Authorization Resolution, a special combined election ("Election") was duly and legally held and conducted for the territory

within CFD No. 95-1 on May 10, 1995, at which Election there was submitted to the qualified voters of CFD No. 95-1 the following proposition, which provided in pertinent part, as set forth below:

"PROPOSITION A:

Shall Community Facilities District No. 95-1 of the Del Mar Union School District be authorized to finance the cost of K-6 School Facilities, through the annual levy of special taxes on property as set forth in Resolution No. CFD 95-07 of Del Mar Union School District, and shall Community Facilities District No. 95-1 be authorized to incur bonded indebtedness in a maximum amount of \$100,000,000 to finance such facilities and shall an appropriations limit be established for Community Facilities District No. 95-1 as described in Resolution No. CFD 95-07?"

6. More than two-thirds of the votes cast at such Election were cast in favor of the above-referenced proposition, and CFD No. 95-1 is now authorized to issue bonds CFD No. 95-1 for the purposes set forth in the foregoing propositions and up to an aggregate principal amount equal to \$100,000,000; and

7. In accordance with Section 53340 of the California Government Code, the Board, acting as the Legislative Body of CFD No. 95-1, adopted Ordinance No. 1995-1 on June 14, 1995 ("Ordinance"), providing for the levy of the authorized special taxes within CFD No. 95-1 to provide for specified purposes, including, but not limited to, funding debt service on authorized and issued bonds of CFD No. 95-1; and

8. In 1999, the School District executed and delivered \$12,660,000 Del Mar Union District 1999 Certificates of Participation (School Facilities Project)("1999 Certificates") to design, acquire, construct and install public school facilities for the benefit of the territory within CFD No. 95-1, which school facilities were and are within the scope of public school facilities which CFD No. 95-1 was authorized to finance; and

9. In connection with the execution and delivery of the 1999 Certificates, the School District and CFD No. 95-1 entered into that certain agreement entitled "Agreement for Pledge of Special Taxes by and Between Community Facilities District No. 95-1 of the Del Mar Union School District and Del Mar Union School District" dated as of July 1, 1999 ("Pledge Agreement") under which CFD No. 95-1 pledged special taxes levied and collected within CFD No. 95-1 to the payment of lease payments with respect to the 1999 Certificates, subject to the terms and conditions set forth in such Pledge Agreement; and

10. The Board, acting as the Legislative Body of CFD No. 95-1, has previously conducted proceedings to annex additional territory into CFD No. 95-1 pursuant to the provisions of the Act (collectively the "Annexation Proceedings"), including the authorization of the levy of special taxes of the District on such annexed territory and the adoption of ordinances (collectively with Ordinance No. CFD 1995-1, the "Ordinances", as further described and defined herein) authorizing the levy and collection of special taxes on such annexed territory (collectively the

"Annexations") and a description of such Annexations and such annexed territory is on file with the Clerk of the Board and is incorporated herein by this reference; and

11. Based upon the documents and the Election referred to above, CFD No. 95-1 is now authorized to issue bonds, pursuant to the Act, in an aggregate principal amount not-to-exceed \$100,000,000 for the purposes set forth in the Bond Authorization Resolution; and

12. Under the provisions of the Act, on May 23, 2007, the Board of Trustees, acting in the capacity as the Legislative Body of the District, adopted its Resolution No. CFD 95-__ ("Resolution of Issuance" or "Resolution of Bond Issuance"), which resolution, among other matters, authorized the issuance of the Community Facilities District No. 95-1 of the Del Mar Union School District Series 2007 Special Tax Bonds in an aggregate principal amount not-to-exceed \$22,500,000 upon the security of the Special Taxes and provided that such issuance would be in accordance with the Act and this Fiscal Agent Agreement, and authorized the execution hereof.

13. The bonds to be issued hereunder are for purposes of financing authorized public facilities for the benefit of the District, prepayment and refunding of the outstanding 1999 Certificates (pursuant to their terms) for reasons set forth in the Resolution of Issuance and for payment of certain costs incident to the issuance of the bonds.

14. The Board of Trustees, acting in its capacity as the Legislative Body of CFD No. 95-1, has directed to proceed to issue authorized bonds in the aggregate principal amount of \$_____ designated as **"Community Facilities District No. 95-1 of the Del Mar Union School District Series 2007 Special Tax Bonds"** ("Series 2007 Special Tax Bonds").

15. It is in the public interest and for the benefit of the School District, the District and the owners of the Series 2007 Special Tax Bonds (as defined in Section 1.02 hereof) that the District enter into this Fiscal Agent Agreement to provide for the issuance and security of the Series 2007 Special Tax Bonds, the disbursement of proceeds of the Series 2007 Special Tax Bonds, the disposition of Net Taxes (as defined herein) securing the Series 2007 Special Tax Bonds, the administration and payment of the Series 2007 Special Tax Bonds and certain related matters.

16. The District has determined that all things necessary to cause the Series 2007 Special Tax Bonds, when authenticated by the District and issued as provided in the Act, the Resolution of Issuance and this Fiscal Agent Agreement, to be legal, valid and binding special obligations of the District in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Fiscal Agent Agreement and the creation, authorization, execution and issuance of the Series 2007 Special Tax Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, IN CONSIDERATION OF THE COVENANTS AND PROVISIONS SET FORTH HEREIN AND FOR THE VALUABLE CONSIDERATION THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I
STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01. Authority for this Fiscal Agent Agreement. This Fiscal Agent Agreement is entered into pursuant to the provisions of the Act and the Resolution of Issuance.

Section 1.02. Definitions. In addition to the definitions heretofore included in the Recitals, and unless the context otherwise requires, the following terms shall have the following meanings:

"**Act**" means the Mello-Roos Community Facilities Act of 1982, as amended, being Section 53311, et seq., of the Government Code of the State of California.

"**Administrative Expenses**" means the administrative costs with respect to the calculation and collection of the Special Taxes and any other costs related to the Bonds and the Fiscal Agent Agreement, including the fees and expenses of the Fiscal Agent and any persons, parties, consultants or attorneys employed pursuant to Covenants 2, 3 or 12 of Section 5.02 and Section 5.03 hereof, costs and legal expenses of foreclosure actions undertaken pursuant to the terms hereof to the extent not recovered pursuant to statutory authorization, costs otherwise incurred by the District in order to carry out the authorized purposes of the Bonds, including statutory disclosure, for both the District and relating to the developer continuing disclosure obligations, if any, and reporting requirements and "Administrative Expenses" as defined in the Rate and Method of Apportionment of Special Taxes for the District.

"**Administrative Expense Fund**" means the fund of that name established under and held by the Fiscal Agent pursuant to Sections 3.01 and 3.05 of this Fiscal Agent Agreement.

"**Administrative Expense Requirement**" means an amount up to \$40,000 per Fiscal Year.

"**Annual Debt Service**" means, with respect to any Outstanding Bonds, for each Bond Year, the sum of (a) the interest payable on such Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year.

"**Authorized Investments**" means, subject to Section 3.13 hereof, any of the following investments, if and to the extent the same are at the time legal for investment of the School District's funds:

(a) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest, and which have a maximum term to maturity not to exceed five years.

(b) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, and which have a maximum term to maturity not to exceed five years, including:

- Export-Import Bank
- Rural Economic Community Development Administration (formerly the Farmers Home Administration)
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration
- Federal Financing Bank.

(c) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America, and which have a maximum term to maturity not to exceed five years:

- Senior debt obligations rated "AAA" by Moody's and "AAA" by Standard & Poor's issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System.
- Senior debt obligations of other government sponsored agencies approved in advance by the Bond Insurer.

(d) U. S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks, which may include the Fiscal Agent and its affiliates, which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank).

(e) Commercial paper which is rated at the time of purchase in the single highest calculation, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase.

(f) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P. Such money market funds include funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services.

(g) Pre-funded Municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

- (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

- (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (a) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on the bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(h) Municipal Obligations rated "Aaa/AAA" or general obligations of states with a rating of "A-2/A" or higher by both Moody's and S&P.

(i) Investment Agreements approved in writing by the Bond Insurer (supported by appropriate opinions of counsel).

(j) A taxable or tax exempt government money market portfolio mutual fund restricted to obligations with either maturities of one year or less or a dollar weighted average maturity of 120 days or less, and rated in one of the two highest categories by Moody's or S&P. Such money market funds may include funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services.

(k) The Local Agency Investment Fund referred to in Section 16429.1 of the Government Code of the State of California to the extent the Fiscal Agent may deposit and withdraw funds directly.

(l) The San Diego County Investment Pool provided the District may statutorily invest funds in such Investment Pool.

(m) The California Asset Management Program (CAMP).

"Authorized Representative(s)" or "District Representative(s)" means an officer of the School District authorized to provide written directives on behalf of the District, which shall include the School District's Superintendent, the Director of Facilities & Human Resources, and such other persons as shall be designated in writing by the School District.

"Board" or "Board of Trustees" means the Board of Trustees of the Del Mar Union School District.

"Bond Counsel" means a firm of nationally recognized bond attorneys, initially Bowie, Arneson, Wiles & Giannone.

"Bond Fund" means the fund of that name established under and held by the Fiscal Agent pursuant to Sections 3.01 and 3.06 of this Fiscal Agent Agreement.

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

"Bond Year" means each twelve month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Closing Date to September 1, 2007, both dates inclusive.

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

"Bonds" means the Series 2007 Special Tax Bonds and any Parity Bonds issued pursuant to the terms of this Fiscal Agent Agreement and any Supplement(s) thereto.

"Business Day" means a day which is not a Saturday or a Sunday or a day on which banks in Los Angeles, California and New York, New York are not required or permitted to be closed.

"Capitalized Interest Subaccount" means that subaccount of the Interest Account of the Bond Fund established under and held by the Fiscal Agent pursuant to Section 3.01 and 3.06 of this Fiscal Agent Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor provisions thereto.

"Completion Date" means the date on which the Project is completed and all Project Costs have been paid as evidenced by a certificate to that effect delivered to the Fiscal Agent by the District.

"Construction Fund" means the fund of that name established under and held by the Fiscal Agent pursuant to Sections 3.01 and 3.09 of this Fiscal Agent Agreement.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the District or School District and related to the authorization, sale and issuance of the Series 2007 Special Tax Bonds, which items of expense shall include, but not be limited to, printing costs, cost of reproducing and binding documents, closing costs, filing and recording fees, fees and expenses of counsel to the District or School District, initial fees and expenses of the Fiscal Agent, including its first annual administration fee and fees of its counsel, expenses incurred by the District and the School District in connection with the authorization and issuance of the Series 2007 Special Tax Bonds, Underwriter's discount, legal fees and charges, including Bond Counsel, District financial consultants' fees, charges for execution, transportation and safekeeping of the Series 2007 Special Tax Bonds and other costs, charges and fees in connection with the foregoing.

"Costs of Issuance Account" means the account of that name established under, and held by the Fiscal Agent pursuant to, Sections 3.01 and 3.09 of this Fiscal Agent Agreement.

"Dated Date" or **"Delivery Date"** means June __, 2007, the date the Series 2007 Special Tax Bonds are delivered, and with respect to any Parity Bonds which may be issued, means the date each such series of Parity Bonds are delivered.

"Depository" means any depository which holds Bonds pursuant to the terms of this Fiscal Agent Agreement, initially, with respect to the Series 2007 Special Tax Bonds, The Depository Trust Company.

"Developed Property" shall have the same meaning set forth in the Rate and Method.

"Dissemination Agent" means the Dolinka Group, Inc., or any successor dissemination agent appointed by the District pursuant to the District's Continuing Disclosure Agreement.

"District" or **"CFD No. 95-1"** means Community Facilities District No. 95-1 of the Del Mar Union School District.

"District Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate provided by the School District on behalf of the District, dated the Delivery Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Escrow Agreement" means the Escrow Agreement entered into by and between the Fiscal Agent, as the Escrow Holder, and the District dated as of the Delivery Date and providing for the prepayment and defeasance of the outstanding 1999 Certificates.

"Escrow Fund" means the 1999 Certificates Escrow Fund established and administered under the Escrow Agreement and described in the Escrow Agreement.

"Excess Investment Earnings" shall mean an amount equal to the sum of:

(i) the excess of

(A) the aggregate amount earned from the Delivery Date on all Nonpurpose Investments in which Gross Proceeds are invested (other than amounts attributable to an excess described in this subparagraph (i)), over

(B) the amount that would have been earned if the yield on such Nonpurpose Investments (other than amounts attributable to an excess described in this subparagraph (i)) had been equal to the Yield on the Bonds,

plus

- (ii) any income attributable to the excess described in paragraph (i).

In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and annual debt service on the Bonds during each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of one year's earnings on such fund or account or one-twelfth (1/12) of annual debt service on the Bonds, as well as amounts earned on such earnings. The District intends that the Bond Fund, including the Principal Account and the Interest Account established therein, the Special Tax Fund and the Redemption Fund will be the type of funds described in the preceding sentence.

"Federal Securities" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent:

(i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or

(ii) any of the following obligations of the following agencies of the United States of America: (i) direct obligations of the Export-Import Bank, (ii) certificates of beneficial ownership issued by the Farmers Home Administration, (iii) participation certificates issued by the General Services Administration, (iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (v) project notes issued by the United States Department of Housing and Urban Development and (vi) public housing notes and bonds guaranteed by the United States of America.

"Fiscal Agent" means Union Bank of California, N.A., and its successors and assigns or any and other fiscal agent which may be appointed pursuant to Section 7.01 hereof.

"Fiscal Agent Agreement" means this Fiscal Agent Agreement, as amended or supplemented pursuant to the terms hereof.

"Fiscal Year" means the period from July 1 to June 30 in any year.

"Gross Proceeds" means any proceeds of the Bonds and any funds (other than proceeds of the Series 2007 Special Tax Bonds) that are part of a reserve or replacement fund for the Bonds within the meaning of Section 1.148-1(b) of the Regulations.

"Gross Taxes" means the amount of all Special Taxes collected within the District and proceeds from the sale of property collected pursuant to the foreclosure provisions of this Fiscal Agent Agreement for the delinquency of such Special Taxes.

"Independent Financial Consultant" means a consultant or firm of such consultants generally recognized to be qualified in the field of implementation and administration of community facilities districts, or the financial consulting field, appointed and paid by the District and who, or each of whom:

(1) is independent of the District and the School District or any of the property owners within the District;

(2) does not have any substantial interest, direct or indirect, with the District or any of the property owners within the District; and

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

["Insurance Policy" or "Bond Insurance Policy" means the financial guaranty insurance policy issued by the Insurer insuring the scheduled payment of principal of and interest on the Series 2007 Special Tax Bonds as provided for therein.]

["Insurer" or "Bond Insurer" means Ambac Assurance Corporation, a Wisconsin domiciled stock insurance company, or any successor thereto.]

"Interest Account" means the account of that name established under, and held by the Fiscal Agent pursuant to, Sections 3.01 and 3.06 of this Fiscal Agent Agreement.

"Interest Payment Date" means March 1 and September 1 of each year during which Bonds are Outstanding, commencing September 1, 2007.

"Legislative Body" means the Board of Trustees, acting as the Legislative Body of the District.

"Mandatory Redemption Account" means the account of that name established under, and held by the Fiscal Agent pursuant to, Section 3.01 and 3.08 of this Fiscal Agent Agreement.

"Mandatory Sinking Payments" means the amounts to be applied to the redemption of the Series 2007 Special Tax Bonds in accordance with the schedule set forth in Exhibit "A" hereto and any subsequent schedule set forth in any Supplement hereto.

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

(1) the principal amount of all Outstanding Bonds payable in such Bond Year whether at maturity or by redemption together with a premium thereon, if any premium is payable; and

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

"Moody's" means Moody's Investors Services, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

"Net Taxes" means the amount of all Gross Taxes minus the Administrative Expense Requirement, as further set forth in Section 3.03.

"1999 Certificates" means the outstanding Del Mar Union School District 1999 Certificates of Participation (School Facilities Project).

"Nominee" means the nominee of DTC, which may be DTC, as determined from time to time pursuant to Section 2.08.

"Nonpurpose Investments" means any security, investment, obligation, annuity, investment-type property, specified private activity bond or any other type of investment property defined in Section 148 of the Code in which Gross Proceeds are invested (other than tax-exempt securities which are described in Section 103(a) of the Code) and which is not acquired to carry out the governmental purpose of the Bonds.

["Optional Redemption Account" means the account of that name established under, and held by the Fiscal Agent pursuant to, Section 3.01 and 3.08 of this Fiscal Agent Agreement.]

"Ordinance" means, collectively, Ordinance No. 1995-1 adopted by the Board of Trustees on June 14, 1995, Ordinance No. 1997-01 adopted by the Board of Trustees on December 10, 1997, Ordinance No. 2002-01 adopted by the Board of Trustees on March 20, 2002, Ordinance No. 2002-02 adopted by the Board of Trustees on December 18, 2002, Ordinance No. 2004-01 adopted by the Board of Trustees on April 28, 2004, and those other and further ordinances which may be adopted by the Board of Trustees, providing for the levy and collection of the Special Taxes within territory which may in the future be annexed into the District pursuant to the Act.

"Outstanding" means all Bonds theretofore issued by the District, except:

(1) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation;

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

(3) Bonds paid and discharged pursuant to Article IX hereof.

"Parity Bonds" means all bonds, notes or similar evidences of indebtedness hereafter issued, payable out of the Net Taxes and which, as provided for in this Fiscal Agent Agreement, rank on a parity with the Series 2007 Special Tax Bonds.

"Participating Underwriter" shall have the meaning ascribed thereto in the District Continuing Disclosure Agreement.

"Principal Account" means the account of that name established under, and held by the Fiscal Agent pursuant to, Sections 3.01 and 3.06 of this Fiscal Agent Agreement.

"Principal Corporate Trust Office" means the corporate trust office of the Fiscal Agent, which, at the date of execution of this Fiscal Agent Agreement, is located at Corporate Trust Services, Union Bank of California, N.A., 120 South San Pedro Street, Suite 400, Los Angeles, California 90012, or such other office(s) as the Fiscal Agent may designate from time to time; provided, however that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Fiscal Agent at which, at any particular time, its corporate trust agency business shall be conducted.

"Project" means the "Facilities," or any portion thereof, as defined in the Resolution of Formation, and the Community Facilities District Report dated April 14, 1995, to be designed, constructed, acquired, installed, financed or completed by the District. The Project also includes the prepayment of lease payments for the 1999 Certificates.

"Project Costs" means the costs of design, acquisition, construction, financing, refinancing and installation of the Project and all costs related thereto. Project Costs may include the payment, or prepayment, of lease payments necessary for the acquisition of all or part of the Project. The Project also includes the prepayment of lease payments for the 1999 Certificates.

"Purchase Price" for the purpose of computation of the Yield of the Bonds, has the same meaning as the term "issue price" in Sections 1273 (b) and 1274 of the Code, and, in general, means the initial offering price to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds are sold or, if the Bonds are privately placed, the price paid by the original purchaser or the acquisition cost of the original purchaser. The term "Purchase Price," for the purpose of computation of the Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds for acquisition thereof, or, if later, on the date that Investment Property (as defined in Section 148(b)(2) and (3) of the Code) constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Bonds, as the case may be.

"Rate and Method" means the Rate and Method of Apportionment of Special Taxes of the District as set forth in the Ordinance, as approved pursuant to the Act and as such may be amended or interpreted from time to time.

"Rating Agencies" means S&P and Moody's.

"Rebate Fund" means the fund of that name established under, and held by the Fiscal Agent pursuant to, Sections 3.01 and 3.10 of this Fiscal Agent Agreement.

"Record Date" means the 15th day of the calendar month preceding an Interest Payment Date whether or not such day is a business day.

"Redemption Fund" means the fund of that name established under, and held by the Fiscal Agent pursuant to Sections 3.01 and 3.08 of this Fiscal Agent Agreement.

"Regulations" means any temporary, proposed or final regulations of the United States Department of Treasury with respect to obligations issued pursuant to Section 103 and Sections 141 to 150 of the Code.

"Reserve Fund" means the fund of that name established under, and held by the Fiscal Agent pursuant to, Sections 3.01 and 3.07 of the Fiscal Agent Agreement.

"Reserve Requirement" means with respect to the Bonds an amount, as of any date of calculation, equal to the least of (i) 10% of the original principal amount of the Bonds, less original issue discount, if any, plus original issue premium, if any, (ii) Maximum Annual Debt Service, or (iii) 125% of average annual debt service on the Bonds.

"Responsible Officer" of the Fiscal Agent means and includes the president, every senior vice president, every vice president, every assistant vice president, every trust officer or any other authorized officer of the Fiscal Agent at its Principal Corporate Trust Office.

"School Construction Account" means the account of that name established under, and held by the Fiscal Agent pursuant to Sections 3.01 and 3.09 of this Fiscal Agent Agreement.

"School District" means the Del Mar Union School District.

"Securities Depositories" means The Depository Trust Company at its then-current address; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a certificate delivered to the Fiscal Agent.

"Series 2007 Special Tax Bonds" means the Community Facilities District No. 95-1 of the Del Mar Union School District Series 2007 Special Tax Bonds.

"Sinking Fund Payment" means the annual sinking fund payment to be deposited in the Sinking Fund Redemption Account of the Redemption Fund to redeem a portion of the Term Bonds.

"Sinking Fund Redemption Account" means the account of that name established under, and held by the Fiscal Agent pursuant to, Sections 3.01 and 3.08 of this Fiscal Agent Agreement.

"Special Tax Fund" means the fund of that name established under, and held by the Fiscal Agent pursuant to, Sections 3.01 and 3.03 of this Fiscal Agent Agreement.

"Special Taxes" means the special taxes levied by the Legislative Body within the District pursuant to the Act, the Resolution of Formation, the Ordinance and the voter approvals obtained at the May 10, 1995, combined special election held within the District and the special tax elections conducted for the within-referenced Annexations. Special Taxes also include such special taxes authorized in future annexation proceedings authorized pursuant to the Act for territory annexed into the District in the future.

"Standard & Poors" or "S&P" means Standard & Poors Ratings Group, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

"Supplement" means any supplemental agreement amending or supplementing this Fiscal Agent Agreement.

"Tax Certificate" means the certificate of that name to be executed by an authorized representative of the District on the closing date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

"Term Bond(s)" means the Series 2007 Special Tax Bonds maturing on September 1, 20__ and September 1, 20__, and any Parity Bonds issued and designated as Term Bonds.

"Underwriter" means Stone & Youngberg LLC.

"Undeveloped Property" shall have the same meaning set forth in the Rate and Method and as set forth in the Ordinance.

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Bonds produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, as the case may be, all computed as prescribed in the applicable Regulations.

Section 1.03. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural, and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to be corresponding Articles or subdivisions of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Articles, Section or subdivision thereof.

ARTICLE II GENERAL AUTHORIZATION AND BOND TERMS

Section 2.01. Amount, Issuance, Purpose and Nature of Series 2007 Special Tax Bonds.

Under and pursuant to the Act, the Series 2007 Special Tax Bonds in the amount of \$ _____ authorized pursuant to the Act and issued in accordance with Article II hereof, shall be issued for the purposes of constructing, acquiring and completing the Project, or a portion thereof, refunding and defeasing the 1999 Certificates, funding the Reserve Requirement (which may be done by purchasing a reserve fund surety therefore), funding capitalized interest for a stated period of time and funding Costs of Issuance and initial Administrative Expenses of the District. The Series 2007 Special Tax Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and amounts in certain funds, accounts and subaccounts created hereunder as specified hereinafter. The Net Taxes are hereby pledged and set aside for the payment of the Bonds.

Section 2.02. Limited Obligation. The Bonds and interest thereon are not payable from the general fund of the District or the School District. Except with respect to the Special Taxes, neither the credit nor the taxing power of the District or the School District is pledged for the payment of the Bonds or interest thereon, and no Owner of the Bonds may compel the exercise of the taxing power by the District or the School District or the forfeiture of any of their property. The principal of and interest on the Bonds and premiums upon the redemption of any thereof are not a debt of the District or the School District, the State of California nor any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds are not a legal or equitable pledge, charge, lien or encumbrance, upon any property or income, receipts or revenues of the District or the School District, except the Net Taxes which are, under the terms of this Fiscal Agent Agreement, pledged and set aside for the payment of the Bonds and interest thereon. Neither the members of the Legislative Body or the Board of Trustees nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Section 2.03. Equality of Bonds, Pledge of Net Taxes. Pursuant to the Act and this Fiscal Agent Agreement, the Bonds shall be equally payable from the Net Taxes without priority for number, date of the Bonds, date of sale, date of execution or date of delivery, and the payment of the interest on and principal of the Bonds and any premiums upon the redemption thereof shall be exclusively paid from the Net Taxes and amounts held in certain funds and accounts created hereunder, specifically including the Special Tax Fund, the Bond Fund and Redemption Fund (and the accounts and subaccounts thereof). All of the Net Taxes are hereby pledged and set aside for the payment of the Bonds, and such Net Taxes and any interest earned on the Net Taxes shall constitute a trust fund for the payment of the interest on and principal of the Bonds and so long as any of the Bonds or interest thereon are unpaid the Net Taxes and interest thereon shall not be used for any other purpose, except as permitted by this Fiscal Agent Agreement or any Supplement, and shall be held in trust for the benefit of the Bondowners and shall be applied pursuant to this Fiscal Agent Agreement, or to this Fiscal Agent Agreement as modified pursuant to provisions herein. Notwithstanding any provision contained in this Fiscal Agent Agreement to the contrary, Net Taxes deposited in the Administrative Expense Fund, the Construction Fund (and the account and subaccounts thereof) and the Rebate Fund shall no longer be considered to be pledged to the Bonds and the Administrative Expense Fund, the Construction Fund (and the accounts and subaccounts thereof) and the Rebate Fund shall not be construed as trust funds held for the benefit of the Bondowners.

In the event that the Fiscal Agent lacks sufficient amounts to make timely payment of principal and interest and premium upon redemption, if any, on the Bonds when due, such principal and interest and premium on the Bonds shall be paid from available amounts held by the Fiscal Agent in the Special Tax Fund (and its accounts), Bond Fund, Reserve Fund and/or Redemption Fund under this Fiscal Agent Agreement (not including those amounts deposited in the Construction Fund (and the accounts and subaccounts thereof), Administrative Expense Fund and the Rebate Fund) in accordance with such terms without preference or priority of interest over principal or principal over interest, or of any installment of principal or interest over any other installment of principal or interest, ratably to the aggregate amount of such principal and interest.

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

Section 2.04. Description of Series 2007 Special Tax Bonds; Interest Rates. The Series 2007 Special Tax Bonds shall be issued in fully registered form without coupons, in denominations of \$5,000 or any multiple thereof and shall be numbered consecutively from one upwards. The Series 2007 Special Tax Bonds shall be originally dated the Dated Date, shall mature and be payable on September 1 in the aggregate principal amounts, and shall bear interest at the rates as set forth in Exhibit "A" attached hereto. Interest on the Bonds shall be computed on the basis of a 360-day year comprised of twelve 30-day months. Interest shall be payable with respect to each Series 2007 Special Tax Bond on each Interest Payment Date, commencing September 1, 2007, until the

principal sum of that Series 2007 Special Tax Bond has been paid; provided, however, that if, at the maturity date of any Series 2007 Special Tax Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof, in full accordance with the terms of this Fiscal Agent Agreement, such Series 2007 Special Tax Bond shall then cease to bear interest.

"CUSIP[®]" identification numbers shall be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of the purchaser to accept delivery of and pay for the Bonds. In addition, failure on the part of the District to use such CUSIP[®] numbers in any notice to Owners of the Bonds shall not constitute an event of default or any violation of the District's contract with such Owners and shall not impair the effectiveness of any such notice.

Section 2.05. Medium and Payment. The Bonds shall be payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money of the United States of America. The principal of the Bonds and any premiums due upon the redemption thereof shall be payable upon presentation thereof at the Principal Corporate Trust Office of the Fiscal Agent. Interest on any Bond shall be payable from the Interest Payment Date next preceding the date of authentication, unless (i) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date (as defined herein) but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from such Interest Payment Date, or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest will be payable from the Dated Date of such Bond; provided, however, that if at the time of authentication of a Bond, interest is in default, interest on that Bond shall be payable from the last date on which the interest has been paid or made available for payment, or if no interest has been paid or made available for payment, interest shall be payable from the Dated Date of such Bond. Interest on any Bond shall be paid to the person whose name shall appear in the Bond Register as the Owner of such Bond as of the close of business on the Record Date. Such interest shall be paid by check of the Fiscal Agent mailed to such Bondowner by first class mail at his or her address as it appears on the Bond Register as of the Record Date; provided that, in the case of an Owner of \$1,000,000 or more in aggregate principal amount of the Bonds, upon the Fiscal Agent's receipt of written request of such Owner prior to the Record Date accompanied by wire transfer instructions, such interest shall be paid on the Interest Payment Date in immediately available funds by wire transfer to an account in the United States.

Section 2.06. Form of Bond and Certificate of Authentication; Temporary Bonds. The definitive Series 2007 Special Tax Bonds shall be in typewritten form. The Series 2007 Special Tax Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit "B", which form is hereby approved and adopted as the form of the Series 2007 Special Tax Bonds and of the certificate of authentication.

Any Bond(s) issued under this Fiscal Agent Agreement, or any Supplement, may be initially issued in temporary form exchangeable for definitive Bond(s). The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the

District and may contain such reference to any of the provisions of this Fiscal Agent Agreement as may be appropriate. Every temporary Bond shall be executed and sealed by the District in substantially the same manner as provided in this Section 2.06. If the District issues temporary Bonds, it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered for cancellation at the Principal Corporate Trust Office of the Fiscal Agent, and the District shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of the same interest rates and maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Fiscal Agent Agreement as definitive Bonds issued hereunder.

Section 2.07. Execution and Authentication. The Bonds shall be signed on behalf of the District by the facsimile signature of the President of the Board of Trustees of the School District (or in the absence of the President, the Vice President) and the seal of the District (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon, and attested by the manual or facsimile signature of the Clerk of the Board of Trustees of the School District (or in the absence of the Clerk, an Assistant Clerk or the Secretary of the Board) acting as the Legislative Body. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed have been authenticated and delivered by the Fiscal Agent (including new Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or to lost, stolen, destroyed or mutilated Bonds), such Bond may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bond had not ceased to hold such offices.

The Bonds shall bear thereon a certificate of authentication, in the form set forth in Exhibit "B" hereto, executed manually by the Fiscal Agent. Only such Bonds bearing such certificate of authentication shall be entitled to any right or benefit under this Fiscal Agent Agreement, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Fiscal Agent.

Section 2.08. Registration Books/Book Entry. The Fiscal Agent will keep or cause to be kept, at the Principal Corporate Trust Office of the Fiscal Agent, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon reasonable notice by the District; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as hereinbefore provided.

With respect to the Bonds registered in the Bond Register in the name of the Nominee, neither the District nor the Fiscal Agent shall have any responsibility or obligation to any broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as securities depository ("Participant") or to any person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, neither the District nor the Fiscal Agent shall have any responsibility or obligation (unless the District is at such time the Depository) with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any

Participant or any other person, other than an Owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the District redeems the Bonds in part, or (iv) the payment to any Participant or any other person, other than an Owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds. The District and the Fiscal Agent may treat and consider the person in whose name each Bond is registered in the Bond Registrar as the holder and absolute Owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption, if applicable, and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The District shall pay all principal of and interest on the Bonds only to or upon the order of the respective Owner of a Bond, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner of a Bond, as shown in the Bond Register, shall receive a Bond evidencing the obligation of the District to make payments of principal and interest pursuant to this Fiscal Agent Agreement. Upon delivery by the Depository to the Owners of the Bonds, and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Date, the word Nominee in this Fiscal Agent Agreement shall refer to such nominee of the Depository.

In order to qualify the Bonds for the Depository's book-entry system, the District is executing and delivering to the Depository a Representation Letter in the form prescribed by Depository. The execution and delivery of the Representation Letter shall not in any other way limit the provisions of this Section or in any other way impose upon the District any obligation whatsoever with respect to persons having interests in the Bonds other than the owners of the Bonds, as shown on the Bond Register. In addition to the execution and delivery of the Representation Letter, the District shall take such other actions, consistent with this Fiscal Agent Agreement, as are reasonably necessary to qualify the Bonds for the Depository's book-entry program.

In the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the Depository shall no longer so act and gives notice to the District of such determination, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered Bond, per maturity, registered in the name of such successor or substitute qualified securities depository or its nominee. If the District fails to identify another qualified securities depository to replace the Depository then the Bonds shall no longer be restricted to being registered in the Bond Register in the name of the Nominee, but shall be registered in whatever name or names owners of the Bonds transferring or exchanging Bonds shall designate, in accordance with provisions of Section 2.09, hereof, and the District shall prepare and deliver Bonds to the owners thereof for such purposes.

In the event of a reduction in aggregate principal amount of Bonds Outstanding or an advance refunding of part of the Bonds outstanding, DTC in its discretion, (a) may request the

District to prepare and issue a new Bond or (b) may make an appropriate notation on the Special Tax Bond indicating the date and amounts of such reduction in principal, but in such event the District records maintained by the Fiscal Agent shall be conclusive as to what amounts are outstanding on the Bond, except in the case of final maturity in which case the Bond must be presented to the Fiscal Agent prior to payment.

Notwithstanding any other provisions of this Fiscal Agent Agreement to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository and acceptable to the District.

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

Section 2.09. Registration of Exchange or Transfer. The registration of any Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Corporate Trust Office of the Fiscal Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Fiscal Agent and duly executed by the Bondowner or his or her duly authorized attorney. Bonds may be exchanged at the Principal Corporate Trust Office of the Fiscal Agent for a like aggregate principal amount and maturity of Bonds of other authorized denominations. The Fiscal Agent may charge the Bondowner any tax or other governmental charge required with respect to such transfer or exchange. Whenever any Bonds shall be surrendered for registration of transfer or exchange, the District shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond, for a like aggregate principal amount and maturity; provided, that the Fiscal Agent shall not be required to register transfers or make exchanges of (i) Bonds for a period of 15 days next preceding the date established by the Fiscal Agent for selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

Section 2.10. Mutilated, Lost, Destroyed or Stolen Bonds. If any Bond shall become mutilated, the District shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor, date, maturity and amount in exchange and substitution for the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be destroyed and a certificate of destruction delivered to the District by the Fiscal Agent. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence is satisfactory to the Fiscal Agent and if an indemnity satisfactory to the Fiscal Agent shall be given, the District, at the expense of the Bondowner, shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor and maturity, numbered and dated as such Fiscal Agent shall determine in lieu of and in substitution for the Bond so lost, destroyed or stolen. Any Bond issued under the provisions of this Section 2.10 in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits hereof with all other Bonds secured hereby. The Fiscal Agent shall not treat both the original Bond(s) and any replacement Bond(s) as being Outstanding for the purpose of determining the principal amount of Bonds for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the

original and replacement Bond(s) shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond for a Bond which has been mutilated, lost, destroyed or stolen, and which has matured or been called for redemption, the Fiscal Agent may make payment with respect to such Bond upon receipt of an indemnity satisfactory to the Fiscal Agent.

ARTICLE III CREATION OF FUNDS AND APPLICATION OF PROCEEDS AND SPECIAL TAXES

Section 3.01. Funds and Accounts. The following funds and accounts are hereby created and established and shall be maintained by the Fiscal Agent:

- (a) Community Facilities District No. 95-1 Special Tax Fund ("Special Tax Fund");
- (b) Community Facilities District No. 95-1 Bond Fund ("Bond Fund") in which there is established an Interest Account (including a Capitalized Interest Subaccount) and a Principal Account;
- (c) Community Facilities District No. 95-1 Reserve Fund ("Reserve Fund");
- (d) Community Facilities District No. 95-1 Administrative Expense Fund ("Administrative Expense Fund");
- (e) Community Facilities District No. 95-1 Construction Fund ("Construction Fund"), in which there is established a School Construction Account and a Costs of Issuance Account;
- (f) Community Facilities District No. 95-1 Redemption Fund ("Redemption Fund"), in which there is established an Optional Redemption Account and a Sinking Fund Redemption Account; and
- (g) Community Facilities District No. 95-1 Rebate Fund ("Rebate Fund"), as directed by the terms hereof.

The Fiscal Agent may establish additional accounts or subaccounts of the above-described funds and accounts as the Fiscal Agent shall deem necessary and prudent in furtherance of its duties pursuant to this Fiscal Agent Agreement upon written notification to the District.

The District hereby determines that the arrangement of such funds and account, pursuant to the provisions hereof, is in the best interests of the Bond Owners and the District.

Section 3.02. Disposition of Series 2007 Special Tax Bond Proceeds. The proceeds of the sale of the Series 2007 Special Tax Bonds shall be received by the Fiscal Agent and deposited as follows:

(a) The sum of \$_____ shall be deposited into the Capitalized Interest Subaccount of the Interest Account of the Bond Fund;

(b) The sum of [\$40,000.00] shall be deposited in the Administrative Expense Fund;

(c) The sum of \$_____ shall be deposited in the Costs of Issuance Account of the Construction Fund;

(d) The sum of \$_____ shall be deposited in the School Construction Account of the Construction Fund; and

(e) The sum of \$_____ shall be transferred on the Delivery Date to the Escrow Holder for deposit into the Escrow Fund established under the terms of the Escrow Agreement.

The Fiscal Agent may, at its discretion, establish temporary fund(s) or account(s) to facilitate the foregoing deposits.

Section 3.03. Special Tax Fund. The Special Taxes and other amounts constituting Gross Taxes collected by the District shall be transferred no later than 10 days after receipt thereof, to the Fiscal Agent and shall be held in trust in the Special Tax Fund for the benefit of the District and the Bondowners and shall be transferred from the Special Tax Fund in the following order of priority:

(a) To the Administrative Expense Fund an amount equal to the Administrative Expense Requirement.

(b) To the Interest Account of the Bond Fund an amount such that the balance in the Interest Account one business day prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds on such Interest Payment Date. Monies in the Interest Account shall be used for the payment of interest on the Bonds as the same become due.

(c) To the Principal Account of the Bond Fund one business day prior to each maturity date for the Bonds, an amount up to the amount needed to make the principal payment due on the Bonds during the current Bond Year.

(d) To the Sinking Fund Redemption Account of the Redemption Fund an amount up to the amount needed to make the Mandatory Sinking Payments due on the Bonds during the current Bond Year as set forth in Section 3.08.

(e) To the Reserve Fund, the amount, if any, necessary to replenish the Reserve Fund to the Reserve Requirement.

(f) To the extent that Administrative Expenses are not fully satisfied in (a) above, to the Administrative Expense Fund in the amount(s) required to bring the balance therein to the amount identified by the District to the Fiscal Agent to meet such additional Administrative Expenses (over and above the Administrative Expense Requirement) in the coming Fiscal Year, or Administrative Expenses from a prior Fiscal Year which remain unpaid.

[(g) To the Redemption Fund, the amount, if any, the District directs the Fiscal Agent to deposit pursuant to Section 3.08(b).]

(h) Any remaining Special Taxes and other amounts constituting Net Taxes shall remain in the Special Tax Fund subject to the provisions of (i), below.

(i) Any remaining Special Taxes and other amounts constituting Net Taxes, if any, shall remain in the Special Tax Fund until the end of the corresponding Bond Year. At the end of the Bond Year any remaining funds in the Special Tax Fund, which are not required to cure a delinquency in the payment of principal and interest on the Bonds (including payment of Mandatory Sinking Fund Payments due during the current Bond Year), to restore the Reserve Fund as provided for in (e), above, or to pay current or pending Administrative Expenses as provided for in (a) and (f), above, shall, without further action by any party, be transferred by the Fiscal Agent to the District free and clear of any lien thereon. Any funds which are required to cure any such delinquency shall be retained in the Special Tax Fund and expended or transferred, at the earliest possible date, for such purpose.

At the date of the redemption, defeasance or maturity of the last Bond and after all principal and interest then due on any Bond has been paid or provided for, all other covenants are complied with and all fees and expenses of the Fiscal Agent have been paid, monies in the Special Tax Fund will be transferred to the District by the Fiscal Agent and may be used by the District for any lawful purpose. Funds in the Special Tax Fund shall be invested in accordance with Section 3.13 herein. Investment earnings on amounts in the Special Tax Fund, if any, shall be retained therein.

Section 3.04. [Reserved]

Section 3.05. Administrative Expense Fund. Upon receipt of Net Taxes the Fiscal Agent shall transfer from the Special Tax Fund to the Administrative Expense Fund, from time to time, the Administrative Expense Requirement, and any amount(s) that the District has determined and of which the District has notified the Fiscal Agent of pursuant to Section 3.03(f) as set forth herein. The Administrative Expense Requirement, and the deposit of funds into the Administrative Expense Fund, shall be subject to the provisions and priorities set forth in Section 3.03. Upon receipt of a duly executed payment request in substantially the form attached hereto as Exhibit "E", the Fiscal Agent shall pay Administrative Expenses from amounts in the Administrative Expense Fund, directly to the contractor or such other person, corporation or entity designated as the payee on such form, which payee may include the District, or School District, or shall reimburse the District, or

School District, for Administrative Expenses paid by the District, or School District, from such amounts.

Investment earnings on amounts in the Administrative Expense Fund, if any, shall be retained therein.

Section 3.06. Bond Fund. Funds held in the Bond Fund (and the accounts and subaccounts thereof) are pledged to the payment of principal and interest on the Bonds, as applicable.

(a) One Business Day prior to each Interest Payment Date, the Fiscal Agent shall withdraw from the Special Tax Fund or monies or security on deposit in the Reserve Fund, in the event that sufficient monies are unavailable in the Special Tax Fund, and deposit in the Principal Account and the Interest Account of the Bond Fund established for Bonds an amount equal to all of the principal and all of the interest due and payable on Bonds on the ensuing Interest Payment Date, less amounts on hand in the Bond Fund (including funds available in the Capitalized Interest Subaccount) or the Redemption Fund available to pay principal and/or interest on such Bonds. Notwithstanding the foregoing, amounts in the Bond Fund resulting from transfers from the Construction Fund pursuant to Section 3.09(d) shall be used to pay the principal of and interest on such Bonds prior to the use of any other amounts in the Bond Fund for such purpose. The Fiscal Agent shall apply monies in the Interest Account and Principal Account to the payment of interest and principal, respectively, on the Bonds on each Interest Payment Date.

(b) Monies in the Bond Fund shall be invested in accordance with Section 3.13. All investment earnings and profits resulting from such investment shall be retained in the accounts established for the Bonds in the Bond Fund and used to pay principal of and interest on the Series 2007 Special Tax Bonds. Upon final maturity of the Bonds and the payment of all principal of and interest on the Bonds, any monies remaining in the Bond Fund shall be transferred to the Special Tax Fund.

(c) Within the Interest Account of the Bond Fund, there is hereby established a Capitalized Interest Subaccount. The Fiscal Agent shall, on the Delivery Date, deposit funds, as specified in Section 3.02, into the Capitalized Interest Subaccount. On or prior to September 1, 2007, the Fiscal Agent shall withdraw all monies from the Capitalized Interest Subaccount and shall cause such funds to be deposited in the Interest Account of the Bond Fund for application on September 1, 2007. On September 2, 2007, the Fiscal Agent shall transfer any amounts remaining in the Capitalized Interest Subaccount into the Interest Account of the Bond Fund and shall thereupon close the Capitalized Interest Subaccount. Upon transfer of such amounts to the Interest Account, such amounts shall be applied to payment of interest becoming due on the Series 2007 Special Tax Bonds for application on the next Interest Payment Date as provided herein. Upon such transfer, the Fiscal Agent shall provide written notice to the District of the amount of such transfer. Monies in the Capitalized Interest Subaccount shall be invested in accordance with Section 3.13 and earnings thereon shall be retained in such Subaccount.

Section 3.07. Reserve Fund.

(a) There shall be maintained in the Reserve Fund an amount equal to the Reserve Requirement. Notwithstanding the foregoing, in the event of a redemption or partial defeasance of the Series 2007 Special Tax Bonds, the Reserve Requirement shall thereafter be determined by the District and communicated to the Fiscal Agent in writing and any funds in excess of such redetermined Reserve Requirement shall be utilized as set forth in this Section 3.07.

(b) Monies in the Reserve Fund shall be used solely for the purpose of (i) making transfers to the Bond Fund or Redemption Fund to pay the principal of, including Mandatory Sinking Payments, and interest on Series 2007 Special Tax Bonds when due to the extent that monies in the Interest Account and the Principal Account of the Bond Fund or monies in the Sinking Fund Redemption Account, are insufficient therefor; (ii) making any required transfer to the Rebate Fund pursuant to Section 3.10 upon written direction from the District, (iii) paying the principal and interest due on Series 2007 Special Tax Bonds in the final Bond Year, and (iv) application to the defeasance of such Series 2007 Special Tax Bonds in accordance with Article IX. If the amounts in the Interest Account or the Principal Account of the Bond Fund and the Sinking Fund Redemption Account of the Redemption Fund, are insufficient to pay the principal of, including Mandatory Sinking Payments, or interest on the Series 2007 Special Tax Bonds when due, the Fiscal Agent shall, one Business Day prior to an Interest Payment Date, withdraw from the Reserve Fund for deposit in the Interest Account and the Principal Account of the Bond Fund, or the Sinking Fund Redemption Account of the Redemption Fund, monies necessary for such purpose. Following any transfer to the Interest Account or the Principal Account of the Bond Fund, or the Sinking Fund Payment Account of the Redemption Fund, the Fiscal Agent shall notify the District of the amount needed to replenish the Reserve Fund to the Reserve Requirement and the District shall include such amount as is required at that time to correct such deficiency in the next Special Tax levy to the extent of the permitted maximum Special Tax rates.

Monies in the Reserve Fund shall be invested in accordance with Section 3.13. Any monies in the Reserve Fund in excess of the Reserve Requirement shall be withdrawn by the Fiscal Agent two (2) Business Days prior to each Interest Payment Date and deposited into the Interest Account of the Bond Fund and thereafter applied for the purposes specified for such account. The Fiscal Agent shall transfer to the Rebate Fund Excess Investment Earnings from Reserve Fund earnings upon written direction of the District pursuant to the provisions of Section 3.10 hereof.

(c) The Reserve Requirement, or any portion thereof, may be satisfied by crediting to the Reserve Fund monies, a letter of credit, a bond insurance policy, or any other comparable credit facility or any combination thereof each a ("Debt Service Reserve Surety"), which in the aggregate make funds available in the Reserve Fund in an amount equal to the Reserve Requirement; however, the long-term unsecured debt or claim-paying ability, as the case may be, of the provider of any such Debt Service Reserve Surety must have a rating of at least "A1" from Moody's if Moody's shall then be rating the Series 2007 Special Tax Bonds and "A+" from S&P, if S&P shall then be rating the Series 2007 Special Tax Bonds (provided that the Fiscal Agent shall be under no obligation and have no responsibility whatsoever to independently determine or verify such rating other than at the time of delivery). In the event of the use of such a Debt Service Reserve Surety, the Fiscal Agent shall be provided with copies of all documents in regard thereto

and shall, to the extent not in conflict with the provisions of this Fiscal Agent Agreement, conform to the forms thereof for purposes of submitting draws, and making reimbursements, thereon.

(d) Notwithstanding anything herein to the contrary, the Fiscal Agent shall transfer to the Reserve Fund, from available monies in the Special Tax Fund, the amount needed to restore the Reserve Fund to the Reserve Requirement as specified in Section 3.03. Monies in the Special Tax Fund shall be deemed available for transfer to the Reserve Fund only if such amounts will not be needed to make the deposit required to be made to the Interest Account and the Principal Account of the Bond Fund or the Sinking Fund Redemption Account of the Redemption Fund for the next Interest Payment Date.

Section 3.08. Redemption Fund.

(a) One Business Day prior to March 1 or September 1 of each year beginning March 1, 20__, after the deposits have been made to the Bond Fund as required by Section 3.06, the Fiscal Agent shall next transfer Net Taxes into the Sinking Fund Redemption Account of the Redemption Fund from the Special Tax Fund an amount equal to one-half of the Mandatory Sinking Payment due on the next September 1. Monies so deposited in the Sinking Fund Redemption Account of the Redemption Fund shall be used and applied by the Fiscal Agent to call and redeem the Bonds, in accordance with the provisions of Section 4.01(b) hereof.

[(b) One business day prior to September 1 of each year, after making the deposits to the Bond Fund pursuant to Section 3.06 above and to the Sinking Fund Redemption Account of the Redemption Fund for Mandatory Sinking Payments then due pursuant to subparagraph (a) of this section, and after making any deposits to the Reserve Fund to bring its balance to the Reserve Requirement, the District may elect to deposit Net Taxes to the Redemption Fund to call Bonds for optional redemption as set forth in Section 4.01(a). The Fiscal Agent, at the direction of the District, shall transfer from the Special Tax Fund and deposit in the Optional Redemption Account of the Redemption Fund monies available for the purpose and sufficient to redeem, at the premiums payable as provided in Section 4.01(a), the Bonds called for optional redemption.]

[Monies set aside in the Optional Redemption Account of the Redemption Fund shall be used solely for the purpose of redeeming the Bonds and shall be applied on or after the redemption date to the payment of principal of and premium on the Bonds to be redeemed upon presentation and surrender of such Bonds.]

If there are monies remaining in the Redemption Fund after any of the Bonds so designated for redemption have been redeemed and canceled or paid and canceled, such monies shall be transferred to the Special Tax Fund; provided that, if such monies are part of the proceeds of refunding Bonds, such monies shall be transferred to the fund or account created for the payment of principal of and interest on such refunding Bonds. Monies held in any account of the Redemption Fund shall be invested in accordance with Section 3.13. Investment earnings on amounts in the Redemption Fund, if any, shall be retained therein.

Section 3.09. Construction Fund.

(a) The monies in the Construction Fund and the accounts (and any subaccounts thereof) thereof shall be used exclusively to pay (i) the Costs of Issuance and (ii) Project Costs.

(b) School Construction Account. Monies deposited into the School Construction Account shall be expended to pay Project Costs. Funds in such Account shall be expended and paid at the direction of the District pursuant to a payment request form (which may be in the form of a facsimile confirmed promptly in writing) substantially in the form attached hereto as Exhibit "D". All investment earnings on funds in such Account, other than Excess Investment Earnings, shall be retained therein and applied exclusively to pay the Project Costs. The Fiscal Agent shall transfer Excess Investment Earnings from such Account to the Rebate Fund upon written direction of the District pursuant to Section 3.10.

(c) Upon receipt of a duly executed payment request in substantially the form attached hereto as Exhibit "D," the Fiscal Agent shall pay the Project Costs from amounts in the School Construction Account directly to the contractor or such other person, corporation or entity designated as the payee on such form, or shall reimburse the School District or District for Project Costs paid by the School District or the District, from such amounts. The District may request payment to be made to the contractor or such other party and another party jointly, in which case such Project Costs shall be paid by joint check delivered to the party specified by the District to the Fiscal Agent in writing. The Fiscal Agent may rely on an executed payment request form as complete authorization for such payments and shall bear no responsibility for inquiring into the accuracy of, or underlying basis for, the information contained in the payment request forms. The Fiscal Agent shall be responsible for the safekeeping and investment (pursuant to written direction of the District) of the monies held in the School Construction Account and the disposition thereof in accordance with this Section 3.09.

(d) Upon receipt by the Fiscal Agent of a certification by the District of the final payment or reimbursement of all Project Costs, the Fiscal Agent shall, exclusive of Excess Investment Earnings, transfer all monies on deposit in the School Construction Account, if any, first to the Interest Account of the Bond Fund, then to the Principal Account of the Bond Fund or, if applicable, the Sinking Fund Redemption Account of the Redemption Fund and apply the amount so transferred to the payment of the Series 2007 Special Tax Bonds in accordance with Section 3.06 and 3.08. Notwithstanding anything herein to the contrary, monies transferred to the Bond Fund or the Sinking Fund Redemption Account in accordance with this Section 3.09(d) shall, unless in the opinion of nationally recognized Bond Counsel, another use of such funds will not impair the exclusion of interest on the Series 2007 Special Tax Bonds from gross income for federal income tax purposes, be invested at the written direction of the District in tax-exempt Authorized Investments which are not subject to the federal alternative minimum tax, or in Authorized Investments the yield on which does not exceed the Yield on the Series 2007 Special Tax Bonds and shall be applied only to the payment of the Series 2007 Special Tax Bonds.

(e) Notwithstanding anything herein to the contrary, if any funds remain on deposit in the School Construction Account on a date which is three years from the Delivery Date, the Fiscal Agent, at the written direction of the District, shall invest such amounts in Authorized Investments which are not subject to the federal alternative minimum tax or in Authorized

Investments the yield on which does not exceed the Yield on the Series 2007 Special Tax Bonds, unless in the opinion of nationally recognized Bond Counsel another use of such funds will not impair the exclusion of interest on any of the Series 2007 Special Tax Bonds from gross income for federal income tax purposes.

(f) Costs of Issuance Account. Monies in the Costs of Issuance Account shall be disbursed from time to time to pay or reimburse Costs of Issuance. Upon receipt of a duly executed payment request in substantially the form attached hereto as Exhibit "C", the Fiscal Agent shall pay the Costs of Issuance from amounts in the Costs of Issuance Account directly to the District or other person, corporation or entity designated as the payee on such form. Any such amounts remaining in the Costs of Issuance Account on a date six months from the Delivery Date shall be transferred to the School Construction Account, and may be used to pay Project Costs for school facilities or Costs of Issuance. The Fiscal Agent shall thereafter close the Costs of Issuance Account.

(g) All investment earnings on amounts in the Costs of Issuance Account shall be retained therein. Amounts in the accounts of the Construction Fund are subject to additional investment limitations set forth in Section 3.13 hereof.

Section 3.10. Rebate Fund.

(a) Establishment. At such time as monies are to be deposited therein, the Fiscal Agent shall establish a Rebate Fund and shall maintain such fund for the Bonds. Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected, the District shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section 3.10 and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Fiscal Agent in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section 3.10 and the Tax Certificate for such Bonds, unless and to the extent that the District delivers to the Fiscal Agent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding any other provision of this Fiscal Agent Agreement, the Fiscal Agent shall be deemed conclusively to have complied with this Section 3.10 and the Tax Certificate if it follows the directions set forth in any written directive of the District and shall be fully protected in so doing. The Fiscal Agent shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the District with the terms of this Section 3.10 or the Tax Certificate.

(1) Rebate Requirements. The following requirements shall be satisfied with respect to the Rebate Fund:

(i) Fifth Year Computation. Within 55 days of the end of the fifth Bond Year and every fifth Bond Year thereafter, the District shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations, for this purpose treating the last day of the fifth Bond Year as

a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations ("Rebatable Arbitrage"). The District shall obtain expert advice as to the amount of the Rebate Arbitrage to comply with this Section 3.10.

(ii) Payment to the Treasury. The Fiscal Agent shall pay, as directed by written directive of the District, to the United States Treasury, out of amounts in the Rebate Fund:

(X) Not later than 60 days after the end of (A) the fifth Bond Year, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebate Arbitrage (as defined in the Tax Certificate) as set forth in a certificate of the District delivered to the Fiscal Agent calculated as of the end of such Bond Year; and

(Y) Not later than 60 days after the payment of all Bonds, an amount equal to 100% of the Rebate Arbitrage as set forth in a certificate of the District delivered to the Fiscal Agent calculated as of the end of such applicable Bond Year, and any income attributable to the Rebate Arbitrage, as set forth in a certificate of the District delivered to the Fiscal Agent computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate or cause to be calculated the amount of such deficiency and deposit with the Fiscal Agent an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a)(1) shall be made to the Internal Revenue Service Center, Ogden, Utah 84207 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T (which form shall be completed and provided by the District to the Fiscal Agent), or shall be made in such other manner as provided under the Code, in each case as specified in a written request of the District delivered to the Fiscal Agent.

(b) Disposition of Unexpended Funds. Any funds remaining in the accounts of the Rebate Fund for the Bonds after redemption and payment of the Bonds and the payments of all amounts described in Subsection (a)(1)(ii), may be withdrawn by the Fiscal Agent and remitted to the District and utilized in any manner by the District.

(c) Survival of Defeasance. Notwithstanding anything in this Section 3.10 to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of the Bonds.

(d) Notwithstanding the foregoing, if the District shall obtain an opinion of Bond Counsel that any specified action under this Section 3.10 is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest with respect to the Bonds, the District and the Fiscal Agent may conclusively rely on such opinion in complying with the requirements hereunder, and the terms of this Section 3.10 shall be deemed modified to that extent.

Section 3.11. [Reserved]

Section 3.12. [Reserved]

Section 3.13. Investments. The Fiscal Agent shall maintain separate books and records regarding the investment of monies in any of the funds, accounts or subaccounts established pursuant to this Fiscal Agent Agreement. Authorized Investments shall be deemed at all times to be a part of such funds, accounts or subaccounts. Any loss resulting from such Authorized Investments shall be charged to such funds, accounts or subaccount. Subject to limitations set forth in Section 5.02 of this Fiscal Agent Agreement, the limitations as to maturities set forth below and any additional limitations or requirements established by the District and consistent with the foregoing, the Fiscal Agent shall invest the amounts on deposit in all funds, accounts or subaccounts in Authorized Investments as directed in writing by the District, not less than two (2) Business Days prior to the investment date, subject to the following restrictions:

(a) Monies in the School Construction Account (and any subaccounts thereof) of the Construction Fund shall be invested in Authorized Investments which will by their terms mature as close as practicable to the date the District estimates the monies represented by the particular investment will be needed for withdrawal from such account or subaccount;

(b) Monies in the Bond Fund shall be invested only in Authorized Investments which will by their terms mature as close as practicable to the date the monies therein will be needed for withdrawal, so as to ensure the payment of principal and interest on the Bonds as the same become due;

(c) Monies in the Reserve Fund may be invested only in Authorized Investments which, taken together, have a weighted average maturity not in excess of three years; provided that such amounts may be invested in an Authorized Investment to the later of the final maturity of the 2007 Special Tax Bonds so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with Section 3.07 hereof; and provided that no such Authorized Investment of amounts in the Reserve Fund shall mature later than the respective final maturity date of the 2007 Special Tax Bonds.

(d) Monies in the Special Tax Fund, including the [Optional and] Mandatory Redemption Accounts of the Redemption Fund, shall be invested in Authorized Investments which will by their terms mature as close as practicable to the date the monies therein will be needed for withdrawal, unless in the opinion of Bond Counsel such restriction will not be required to preserve the exclusion from gross income for federal income tax purposes of interest on any of the Bonds;

(e) Monies in the Rebate Fund shall be invested only in Authorized Investments of the type described in clause (a) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States pursuant to Section 3.10.

(f) Valuation of Investments. The value of the Authorized Investments in the funds, accounts and subaccounts established hereunder shall be determined as follows:

- (i) for purposes of determining the amount in any fund, account or subaccount hereunder, all Authorized Investments shall be valued as fair market value. The Fiscal Agent shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include, but are not limited to, pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Citigroup Global Markets, Inc., Bear Stearns or Lehman Brothers;
- (ii) As to certificates of deposit and banker's acceptances: the face amount thereof, plus accrued interest thereon; and
- (iii) As to any investment not specified above: the value thereof established by prior agreement among the District, the Fiscal Agent and the Bond Insurer.

The Fiscal Agent shall determine the value of such Authorized Investments held in the funds, accounts and subaccount established hereunder no less often than monthly.

Absent direction from the District, **and subject to any limitations on investment yield or other limitations set forth in this Fiscal Agent Agreement,** the Fiscal Agent shall invest monies in any of the funds or accounts created by this Fiscal Agent Agreement solely in Authorized Investments described in clause (j) of the definition thereof. The Fiscal Agent shall sell at the best price obtainable or present for redemption any Authorized Investments so purchased whenever it may be necessary to do so in order to provide monies to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Authorized Investment is credited. The Fiscal Agent may purchase or sell to itself or any affiliate, as principal or agent, such investments. Subject to Section 7.02, the Fiscal Agent shall not be responsible for any loss from any investment authorized pursuant to this Fiscal Agent Agreement. Any Authorized Investment that are registerable securities shall be registered in the name of the Fiscal Agent to the benefit of the District. For investment purposes only, the Fiscal Agent may commingle the funds and accounts established hereunder, but shall account for each separately. The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Fiscal Agent will furnish the District periodic cash transaction statements (including brokerage confirmations of security transactions as requested in writing by the District) that include detail for all investment transactions made by the Fiscal Agent hereunder.

ARTICLE IV REDEMPTION OF BONDS

Section 4.01. Redemption of Series 2007 Special Tax Bonds.

[(a) Optional Redemption. The Series 2007 Special Tax Bonds may be redeemed prior to maturity, in whole or in part, at the option of the District on _____ 1, 20 __, or on any Interest Payment Date thereafter prior to maturity, from any source of available funds, at the redemption prices set forth in Exhibit "A", which are expressed as a percentage of the principal amount thereof, together with accrued interest to the date of redemption.]

In the event the District shall elect to redeem the Series 2007 Special Tax Bonds as provided in this Section 4.01(a), the District shall give written notice to the Fiscal Agent of its election to so redeem, the redemption date and the principal amount of the Series 2007 Special Tax Bonds to be redeemed. Such notice shall be given to the Fiscal Agent at least 45 but no more than 90 days prior to the redemption date.]

(b) Mandatory Sinking Fund Redemption. The Outstanding Term Bond maturing on September 1, 20 __, is subject to mandatory redemption before maturity on September 1, 20 __, and on each September 1 thereafter to and including September 1, 20 __. The Term Bond shall be redeemed from Mandatory Sinking Payments that have been deposited one business day prior to each September 1, commencing, September 1, 20 __, into the Sinking Fund Redemption Account of the Redemption Fund pursuant to Section 3.08 (a) hereof, in accordance with the schedules set forth in Exhibit "A".

The Outstanding Term Bond maturing on September 1, 20 __, is subject to mandatory redemption before maturity on September 1, 20 __, and on each September 1 thereafter to and including September 1, 20 __. The Term Bond shall be redeemed from Mandatory Sinking Payments that have been deposited one business day prior to each September 1, commencing, September 1, 20 __, into the Sinking Fund Redemption Account of the Redemption Fund pursuant to Section 3.08 (a) hereof, in accordance with the schedules set forth in Exhibit "A".

The Term Bonds to be so redeemed shall be determined by lot, and shall be redeemed at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

[In the event of a partial redemption of a Term Bond pursuant to Section 4.01(a) hereof, Mandatory Sinking Payments for such Term Series 2007 Special Tax Bond set forth on Exhibit "A" shall be proportionately reduced pursuant to calculations made by the Fiscal Agent.]

Section 4.02. Selection of Series 2007 Special Tax Bonds for Redemption.

(a) If less than all of the Outstanding Series 2007 Special Tax Bonds are to be redeemed, the Fiscal Agent shall select the Series 2007 Special Tax Bonds to be redeemed in the order and manner directed by the District in writing to the Fiscal Agent and by lot within a single

maturity. The portion of any such Series 2007 Special Tax Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof, and, in selecting portions of such Series 2007 Special Tax Bonds for redemption, the Fiscal Agent shall treat such Series 2007 Special Tax Bond as representing that number of Series 2007 Special Tax Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by \$5,000.

(b) The Fiscal Agent shall promptly notify the District of the Series 2007 Special Tax Bonds, or portions thereof, selected for redemption by sending the District a copy of the Notice required pursuant to Section 4.03 hereof.

(c) Purchase In Lieu of Redemption. In lieu of, or partially in lieu of, any [optional redemption or] mandatory sinking fund redemption, monies deposited in an account of the Redemption Fund may be used to purchase the Outstanding Series 2007 Special Tax Bonds that were to be redeemed with such funds in the manner hereinafter provided. Purchases of Outstanding Series 2007 Special Tax Bonds may be made by the District prior to the selection of Series 2007 Special Tax Bonds for redemption by the Fiscal Agent, at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, and, in the case of funds in the [Optional Redemption Account or] Mandatory Redemption Account, the applicable premium to be paid in connection with the proposed redemption. Any accrued interest payable upon the purchase of Series 2007 Special Tax Bonds may be paid from the Interest Account of the Bond Fund for payment of interest on the next following Interest Payment Date.

Section 4.03. Notice of Redemption. When the Fiscal Agent shall receive notice from the District of its election to redeem Series 2007 Special Tax Bonds, or when the Fiscal Agent is required to redeem Series 2007 Special Tax Bonds, the Fiscal Agent shall give notice, in the name of the District of the redemption of such Series 2007 Special Tax Bonds. Such notice of redemption shall: (a) specify the CUSIP[®] numbers and serial numbers of the Series 2007 Special Tax Bonds selected for redemption, except that where all the Series 2007 Special Tax Bonds or all Series 2007 Special Tax Bonds of a single maturity are subject to redemption, the serial numbers thereof need not be specified; (b) state the original issue date, the interest rate and the maturity date of the Bond selected for redemption; (c) state the date fixed for redemption; (d) state the redemption price; (e) state the place or places where the Series 2007 Special Tax Bonds are to be redeemed; and (f) in the case of Series 2007 Special Tax Bonds to be redeemed only in part, state the portion of such Series 2007 Special Tax Bond which is to be redeemed. Such notice shall further state that, on the date fixed for redemption, there shall become due and payable on each Series 2007 Special Tax Bond or portion thereof called for redemption the principal thereof, together with any premium, and interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue and be payable. At least 30 days but no more than 60 days prior to the redemption date, the Fiscal Agent shall mail by first class mail a copy of such notice, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register. The actual receipt by the Owner of any Series 2007 Special Tax Bond of notice of such redemption shall not be a condition precedent thereto, and neither failure to receive such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Series 2007 Special Tax Bond, or the cessation of

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

To the extent that the District issues securities to currently or advance refund all or a portion of the then-Outstanding Bonds the District may include a statement in the notice of redemption that the redemption of such Bonds is contingent on such securities being issued.

In addition to the foregoing notice, further notice shall be given by the Fiscal Agent as set out below, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

1. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the date of issue of the Series 2007 Special Tax Bonds as originally issued; (ii) the rate of interest borne by each Series 2007 Special Tax Bond being redeemed; and (iii) any other descriptive information needed to identify accurately the Series 2007 Special Tax Bonds being redeemed.

2. Each further notice of redemption shall be sent at least 30 days before the redemption date to the securities depository listed below, at such address as shall then be in effect, and, upon written request of the District, to any other registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Series 2007 Special Tax Bonds and to one or more of the national information services listed below, as such address as shall then be in effect, that disseminate notice of redemption of obligations as the Series 2007 Special Tax Bonds.

Registered Securities Depositories

The Depository Trust Company
55 Water Street
50th Floor
New York, New York, 10041-0099
Attn: Call Notification Department
Fax (212) 855-7232

National Information Services

Financial Information, Inc.'s Financial Daily Called Bond Service
30 Montgomery Street, 10th Floor
Jersey City, New Jersey 07302
Attention: Editor

Interactive Data Corporation's Bond Service
100 William Street
New York, NY 10038

Kenny Information Service's Called Bond Service
65 Broadway Street
New York, New York 10006

Moody's Municipal and Government
5250 77 Center Drive, Suite 150
Charlotte, North Carolina 28217
Attention: Municipal News Reports

Standard & Poor's "Called Bond Record"
55 Water Street
New York, NY 10041

Upon the payment of the redemption price of any Series 2007 Special Tax Bonds being redeemed, each check or other transfer of funds issued to a registered securities depository for such purpose shall bear the CUSIP[®] number identifying, by issue and maturity, or otherwise be identified to the satisfaction of such Securities Depository and the Fiscal Agent, the Series 2007 Special Tax Bonds being redeemed with the proceeds of such check or other transfer.

Section 4.04. Partial Redemption of Series 2007 Special Tax Bonds. Upon surrender of any Bond to be redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the Bondowner, at the expense of the District, a new Series 2007 Special Tax Bond or Series 2007 Special Tax Bonds of authorized denominations equal in aggregate principal amount and maturity to the unredeemed portion of the Series 2007 Special Tax Bond surrendered.

Section 4.05. Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in Section 4.03, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption:

(1) The Series 2007 Special Tax Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Fiscal Agent Agreement, anything in this Fiscal Agent Agreement, or in the Series 2007 Special Tax Bonds, to the contrary notwithstanding;

(2) Upon presentation and surrender thereof at the Principal Corporate Trust Office of the Fiscal Agent, or such other location as may be designated by the Fiscal Agent, such Series 2007 Special Tax Bond shall be redeemed at the such redemption price;

(3) From and after the redemption date, the Series 2007 Special Tax Bonds or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Series 2007 Special Tax Bonds or portions thereof shall cease to bear further interest; and

(4) From and after the date fixed for redemption, no Owner of any of the Series 2007 Special Tax Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of this Fiscal Agent Agreement, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

ARTICLE V COVENANTS AND WARRANTY

Section 5.01. Warranty. The District shall preserve and protect the security of the Bonds and the rights of the Owners and warrant and defend their rights against all claims and demands of all persons.

Section 5.02. Covenants. So long as any of the Bonds issued hereunder are Outstanding and unpaid, the District makes the following covenants with the Owners under the provisions of the Act and this Fiscal Agent Agreement and all Supplements (to be performed by the District or its proper officers, agents or employees), which covenants are necessary, convenient and desirable to secure the Bonds; provided, however, that such covenants do not require the District to expend any funds or monies other than the Net Taxes or any monies deposited in the funds and accounts created hereunder and legally available therefor.

Covenant 1. **Punctual Payment.** The District will duly and punctually pay, or cause to be paid, the principal of and interest on every Bond issued hereunder, together with the premium thereon, if any be payable, on the date, at the place and in the manner mentioned in the Bonds and in accordance with this Fiscal Agent Agreement and any Supplement to the extent Net Taxes are available therefor, and that the payments into the Bond Fund and the Reserve Fund will be made, all in strict conformity with the terms of the Bonds and this Fiscal Agent Agreement, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Fiscal Agent Agreement and any Supplement and of the Bonds issued hereunder, and that time of such payment and performance is of the essence of the District's contract with the Bondowners.

Covenant 2. **Levy and Collection of Special Taxes.** Subject to the maximum Special Tax rates, the District will comply with all requirements of the Act so as to assure the timely collection of the Special Taxes, including without limitation, the enforcement of delinquent Special Taxes.

On or before each June 1, commencing June 1, 2007, the Fiscal Agent shall provide a written notice to the District stating the amounts then on deposit in the various funds and accounts established by this Fiscal Agent Agreement. The receipt of such notice by the District shall in no

way affect the obligations of the District under the following paragraphs. Upon receipt of a copy of such notice, the District shall communicate with the San Diego County Treasurer-Tax Collector or other appropriate official of the County of San Diego to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year.

The District shall retain an Independent Financial Consultant to assist in the levy of the Special Taxes each Fiscal Year, commencing Fiscal Year 2007-2008, in accordance with the Ordinance, such that the computation of the levy is complete before the final date on which the San Diego County Treasurer-Tax Collector will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next secured tax roll. The first such levy shall occur in Fiscal Year 2007-2008. Upon the completion of the computation of the amounts of the levy, and approval by the Legislative Body, the District shall prepare or cause to be prepared, and shall transmit to the San Diego County Treasurer-Tax Collector, such data as the San Diego County Treasurer-Tax Collector requires to include the levy of the Special Taxes on the next secured tax roll.

The District shall fix and levy the amount of Special Taxes within the District required for the payment of principal of and interest on Outstanding Bonds becoming due and payable during the ensuing year including any necessary replenishment or expenditure of the Reserve Fund for the Bonds, an amount equal to the Administrative Expense Requirement and any additional amounts necessary for expenses incurred in connection with administration or enforcement of delinquent Special Taxes.

The Special Taxes shall be payable and collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property; provided, the Legislative Body may provide for direct collection of the Special Taxes in certain circumstances.

In order to determine if there are delinquencies with respect to the payment of the Special Taxes, no later than February 15 and June 15, commencing February 15, 2008, the District shall reconcile or cause to be reconciled the amount of Special Taxes levied to the amount of Special Taxes actually received by the District.

The fees and expenses of the Independent Financial Consultant retained by the District to assist in computing the levy of the Special Taxes hereunder and any reconciliation of amounts levied to amounts received, as well as the costs and expenses of the District (including a charge for District staff time) in conducting its duties hereunder, shall be an Administrative Expense hereunder.

Covenant 3. Commence Foreclosure Proceedings. On or about March 1 and July 1 of each Fiscal Year, the District will compare the amount of Special Taxes theretofore levied within the District to the amount of Special Taxes theretofore received by the District, and:

(A) Individual Delinquencies. If the District determines that (i) any single parcel within the District is subject to a Special Tax delinquency in the aggregate amount of \$_____ or more or (ii) any owner owns one or more parcels subject to a Special Tax delinquency in an aggregate amount of \$_____ or more, then the District shall send, or cause to be sent, a notice of delinquency (and a demand for immediate payment thereof) to the property owner within forty-five (45) days of such determination, and (if the delinquency remains uncured) action to authorize the commencement of foreclosure proceedings shall be taken by the District within ninety (90) days of such determination to the extent permissible under applicable law.

(B) Aggregate Delinquencies. If the District determines that the total amount of delinquent Special Taxes for the prior Fiscal Year for the District (including the total of delinquencies under paragraph (A) above) exceeds five percent (5%) of the total Special Taxes due and payable for the prior Fiscal Year, the District shall notify, or cause to be notified, property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within forty-five (45) days of such determination, and shall take action to authorize commencement of foreclosure proceedings within ninety (90) days of such determination against each parcel of land within the District with a Special Tax delinquency to the extent possible under applicable law.

The net proceeds received following a judicial foreclosure sale of land within the District resulting from a property owner's failure to pay the Special Taxes when due are included within the Net Tax revenues pledged to the payment of principal of and interest on the Series 2007 Special Tax Bonds under this Fiscal Agent Agreement.

The District reserves the right to elect to accept payment from a property owner of at least the enrolled amount of the Special Taxes for a parcel(s) but less than the full amount of the penalties, interest, costs and attorneys' fees related to the Special Tax delinquency for such parcel(s). The Bondowners are deemed to have consented to the foregoing reserved right of the District, notwithstanding any provision of the Act or other law of the State, or any other term set forth in this Fiscal Agent Agreement to the contrary. The Bondowners, by their acceptance of the Series 2007 Special Tax Bonds, hereby consent to such payment for such lesser amounts.

Further, notwithstanding any provision of the Act or other law of the State, or any other term set forth in this Fiscal Agent Agreement to the contrary, in connection with any judicial foreclosure proceeding related to delinquent Special Taxes, the District or the Fiscal Agent is hereby expressly authorized to credit bid at any foreclosure sale, without any requirement that funds be set aside in the amount so credit bid in the amount specified in Section 53356.5 of the Act or otherwise under Section 53356.6 of the Act.

The Board hereby specifically delegates to the School District's Superintendent, or the Superintendent's designee(s), all necessary authority in order to:

- (a) pursue collection of all such special taxes pursuant to the provisions of this Covenant 3 and the terms and conditions of this Fiscal Agent Agreement;
- (b) retain or employ consultants or legal counsel to complete the tasks set forth in this paragraph (subject to Board ratification of any such expenditures which are not drawn from the Administrative Expense Fund);
- (c) file, or authorize to be filed, actions up to and including legal action(s) necessary to collect any delinquent Special Taxes including foreclosure of any lien securing such Special Taxes;
- (d) that as provided by the Act, the payment of the costs and attorneys fees for prosecution of such litigation as is authorized on behalf of the District on redemption prior to entry of judgment as well as on post-judgment redemption, and the District hereby authorizes such counsel retained by the District to require payment on the District's behalf of all costs and all attorneys fees incurred in applicable litigation as a condition of such redemption; and/or
- (e) in conjunction with counsel retained by the District, and other District consultants, authorization, pursuant to Government Code Section 53356.2:
 - (i) to record notices of intent to remove the delinquent Special Taxes from the tax rolls, and (ii) to request that the applicable County officials remove current and future delinquent Special Taxes from the tax rolls.

All actions undertaken by the Superintendent pursuant to the provisions of this Covenant shall be reported to the Board on a regular basis and are subject to the authority of the Board to subsequently direct different or alternative action(s) in such regard.

The District is hereby expressly authorized to include costs and attorneys fees related to foreclosure of delinquent Special Taxes as Administrative Expenses under this Fiscal Agent Agreement,

Covenant 4. Against Encumbrances. The District will not encumber, pledge or place any charge or lien upon any of the Net Taxes or other amounts pledged to the Bonds superior to, or on a parity with, the pledge and lien herein created for the benefit of the Bonds, except as expressly permitted by the provisions of this Fiscal Agent Agreement.

Covenant 5. Modification of Maximum Authorized Special Tax. The District covenants that no modification of the maximum authorized Special Taxes shall be approved by the District which would prohibit the District from levying the Special Tax in any Fiscal Year at such a rate as could generate Special Taxes from Developed Property in each Fiscal Year at least equal to the amount required to satisfy Annual Debt Service on the Outstanding Bonds.

The District further covenants that in the event an ordinance is adopted by initiative pursuant to Section 3 of Article XIII C of the California Constitution, which purports to reduce or otherwise alter the Maximum Authorized Special Taxes, it will, to the extent of available District funds therefore, commence and pursue legal action seeking to preserve its ability to comply with its covenant contained in the preceding paragraph.

Covenant 6. Protection of Security and Rights of Owners. The District will preserve and protect the security of the District and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Series 2007 Special Tax Bonds by the District, the Bonds shall be incontestable by the District.

Covenant 7. Compliance with Law, Completion of Project. The District will comply with all applicable provisions of the Act and law in completing the acquisition and construction of the Project; provided, that the District shall have no obligation to advance any funds to complete the Project in excess of the amounts available therefore in the School Construction Account of the Construction Fund.

Covenant 8. Books and Accounts. The District will keep, or cause to be kept, proper books of records and accounts, separate from all other records and accounts of the Bonds, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent or of the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding or their representatives authorized in writing.

Covenant 9. Tax Covenant. The District hereby covenants and represents that until the last Bonds shall have been fully paid or redeemed, the District will comply with all requirements of the Tax Certificate, the Code and all applicable Regulations, such that the interest on the Bonds will remain excluded from gross income for federal income tax purposes.

Covenant 10. Additional Tax Covenants. The District hereby covenants, without limiting the generality of Covenant 9, that:

(a) the District will make no use of the proceeds of the Bonds which at any time will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and applicable Regulations;

(b) the District will ensure that the payment of principal and interest on the Bonds shall not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) and no portion of the monies contained in any of the funds or accounts created herein shall be (i) used in making loans guaranteed by the United States (or any agency or instrumentality thereof); (ii) invested directly or indirectly in deposits or accounts insured by the Federal Deposit Insurance Corporation, National Credit Union Administration or any other similar federally chartered corporation; (iii) otherwise invested directly or indirectly in obligations guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof);

except (a) investments during the initial temporary period following issuance of the Bonds until the Completion Date; (b) investment of amounts held in the Reserve Fund, or other reserve funds satisfying Section 148(d) of the Code; (c) investment of amounts held in the Special Tax Fund, Bond Fund and other bona fide debt service funds; (d) for investments in obligations issued by the United States Treasury; (e) for investments in obligations guaranteed by the Federal National Mortgage Association, Government National Mortgage Association or Federal Home Loan Mortgage Corporation; or, (f) investments permitted under Regulations issued pursuant to Section 149(b)(3)(B) of the Code.

(c) the District will ensure that no portion of the monies contained in any of the funds or accounts created herein shall be used so as to cause any of the Bonds to meet the "private activity bond" tests of Section 141 of the Code and any Regulations issued thereunder;

(d) the District agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and the applicable Regulations and this Fiscal Agent Agreement (including, but not limited to, Section 3.10 hereof) and any further documents executed in connection with the Bonds. This covenant shall survive payment in full or defeasance of the Bonds. The District specifically covenants to pay or cause to be paid to the United States at the times and in the amounts determined above the amounts required to be so paid by this Fiscal Agent Agreement and further documents executed in connection with the Bonds, the Code and the Regulations;

(e) the District (i) shall neither invest Gross Proceeds nor cause Gross Proceeds to be invested in Nonpurpose Investments if the Yield on such Nonpurpose Investments would be less than the Yield that would have resulted in an arm's length transaction; (ii) will not sell or otherwise dispose of or cause to be sold or otherwise disposed of Nonpurpose Investments if such sale or disposition would result in a smaller profit or larger loss than would have resulted from a sale at fair market value arrived at in an arm's length transaction; (iii) shall keep a detailed accounting of all transactions contemplated under this Fiscal Agent Agreement or in any way relating to the receipt or disbursement of any of the Gross Proceeds of the Bonds for a period of six years after the later of the date of payment of all Excess Investment Earnings to the United States or the date the District disburses the last of the Gross Proceeds of the Bonds; and

(f) notwithstanding any provision of this Fiscal Agent Agreement, if the District shall provide to the Fiscal Agent an opinion of Bond Counsel that any specified action required under this Fiscal Agent Agreement is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds, the Fiscal Agent may conclusively rely on such opinion in complying with the requirements of this Fiscal Agent Agreement, and the covenants hereunder shall be deemed to be modified to that extent notwithstanding the provisions of Article VI hereof.

Covenant 11. Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the obligations and covenants under this Fiscal Agent

Agreement and any Supplement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Fiscal Agent Agreement and in any Supplement.

Covenant 12. Additional Opinion(s). The District will not make any change in requirements or procedures or take any action, as to which change or action this Fiscal Agent Agreement or related documents require an opinion of nationally recognized Bond Counsel, unless it obtains an opinion of Bond Counsel to the effect that (a) interest on the Bonds was excluded from gross income for federal income tax purposes from their date of issuance until the date of such change, assuming compliance with the covenants in this Fiscal Agent Agreement as they were in effect prior to the change (except that such opinion need not be given as to any interest for which a similar opinion has previously been given and remains in effect subsequent to such change), and (b) assuming continued compliance by the District with the covenants as changed, interest on the Bonds is excluded from gross income for purposes of federal income taxation.

Covenant 13. Conditions for the Issuance of Parity Bonds. The District may, at any time after the issuance and delivery of the Series 2007 Special Tax Bonds hereunder, issue Parity Bonds as hereinafter provided.

Parity Bonds may be issued subject to the following additional specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

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

(b) The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplement duly adopted by the District which shall specify the following:

(1) The purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited including payment of all costs incidental to or connected therewith;

(2) The authorized principal amount of such Parity Bonds;

(3) The date and the maturity date or dates of such Parity Bonds; provided that

(i) each maturity date shall fall on September 1 and shall pay interest on the Interest Payment Dates,

(ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number, and

(iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

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

(5) The denominations and method of numbering of such Parity Bonds;

(6) The amount and due date of each Mandatory Sinking Payment, if any, for such Parity Bonds;

(7) The amount, if any, to be deposited from the proceeds of such Parity Bonds in a reserve fund;

(8) The form of such Parity Bonds;

(9) The terms of redemption for such Parity Bonds, which shall be consistent with the terms (other than dates for redemption premium rates and amounts) specified in Article IV, hereof.

(10) The issuance of such Parity Bonds is consistent with the applicable goals and policies of the District and the School District;

(11) The issuance of such Parity Bonds conforms to the provisions of Section 53345.8 of the Act and the Community Facilities District Finance Policy then applicable to the District (specifically, and in accordance with the requirements of Government Code Section 53345.8, the Legislative Body shall be provided with documentation to determine, and shall determine, that the value of the real property within the District (which is subject to the Special Taxes) is at least three times the principal amount of the Outstanding Series 2007 Special Tax Bonds, the Parity Bonds, and of all other bonds that are secured by a special tax pursuant to the Act or a special assessment on property within the District, such determination shall be based on the full assessed value of such property as required under State law and upon documents presented to the Legislative Body); and

(12) Such other provisions as are necessary or appropriate and not inconsistent with this Fiscal Agent Agreement.

(c) The Fiscal Agent shall have received from the District the following documents or money or securities, all of such documents dated or certified, as the case may

be, as of the date of delivery of such Parity Bonds (unless the Fiscal Agent shall accept any of such documents bearing a prior date):

(1) A certified copy of the Supplement authorizing the issuance of such Parity Bonds;

(2) A written request of the District as to the delivery of such Parity Bonds;

(3) An opinion of Bond Counsel and/or special counsel for the District substantially to the effect that: (a) the District has the right and power under the Act to adopt the Resolution, and the Supplement to the Fiscal Agent Agreement relating to such Parity Bonds, and the Resolution and Supplement to the Fiscal Agent Agreement have been duly and lawfully adopted by the District, the Resolutions and Fiscal Agent Agreement as so supplemented, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their term (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (b) the Supplement to the Fiscal Agent Agreement creates a valid pledge the Net Taxes and other amounts as provided in this Fiscal Agent Agreement, subject to the application thereof to the purposes and on the conditions permitted by this Resolution; and (c) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of the Fiscal Agent Agreement and all Supplements thereto and entitled to the benefits of the Fiscal Agent Agreement and all such Supplements, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and this Fiscal Agent Agreement and all such Supplements;

(4) A certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of this Fiscal Agent Agreement;

(5) A certificate(s) from one or more Independent Financial Consultants which, when taken together, certify that the amount of the Net Taxes allocated to the payment on the Bonds based upon of the maximum Special Taxes that may be levied by the District on then-existing Developed Property (as defined in the Rate and Method of Apportionment of Special Tax for the District as approved by the Legislative Body of the District) pursuant to the Act and the applicable resolutions and ordinances of the District in each remaining Bond Year is at least [1.10] times Annual Debt Service for each corresponding Bond Year on all the then-Outstanding Series 2007 Special Tax Bonds, any Parity Bonds previously issued and the Parity Bonds proposed to be issued. For purposes of making the certifications required by this paragraph (c)(5), the Independent Financial Consultants may rely on reports or

certificates as may be acceptable to the District, the School District, Bond Counsel and the underwriter(s) of the proposed Parity Bonds; and

(6) The balance in the Reserve Fund (which may be in the form of cash, a Debt Service Reserve Surety, or a combination thereof), which may include one or more accounts thereof, on account established for the Parity Bonds shall be equal to the Reserve Requirement for the Parity Bonds on the delivery date of such Parity Bonds; and

(7) Such further documents, money and securities as are required by the provisions of this Fiscal Agent Agreement and the Supplement providing for the issuance of such Parity Bonds.

Covenant 14. Annual Reports.

(a) Annual Reports to the California Debt and Investment Advisory Commission. Not later than October 30 of each year, commencing October 30, 2007, and until the October 30 following the final maturity of the Bonds, the District shall supply to the California Debt and Investment Advisory Commission the information required to be provided thereto pursuant to Section 53359.5(b) of the Act. Such information shall be made available to any Owner upon written request to the District accompanied by a fee determined by the District to pay the costs of the District in connection therewith. The District shall in no event be liable to any Owner or any other person or entity in connection with any error in any such information.

(b) If at any time the Fiscal Agent fails to pay principal or interest due on any scheduled payment date for the Bonds, or if funds are withdrawn from the Reserve Fund to pay principal or interest on the Bonds, the Fiscal Agent shall notify the District in writing of such failure or withdrawal, and the District shall notify the California Debt and Investment Advisory Commission of such failure or withdrawal within 10 days of the failure to make such payment or the date of such withdrawal.

(c) The reporting requirements of this Covenant 14 shall be amended from time to time, without action by the District or the Fiscal Agent to reflect any amendments to Section 53359.5(b) or Section 53359.5(c) of the Act. The District shall provide the Fiscal Agent with a copy of any such amendment. Notwithstanding the foregoing, any such amendment shall not, in itself, affect the District's obligations under any continuing disclosure documentation relating to the Bonds.

(d) None of the District, its officers, agents, employees or Authorized Representatives, or the Fiscal Agent, shall be liable to any person or party for any inadvertent error in reporting the information contained in this Covenant 14.

Section 5.03. Continuing Disclosure Covenant. The District hereby covenants and agrees that it will comply with and carry out all of its obligations under the District Continuing Disclosure Certificate. Notwithstanding any other provision of this Fiscal Agent Agreement, failure of the

District to comply with its obligations under the District Continuing Disclosure Certificate shall not be considered an event of default under this Fiscal Agent Agreement, and the sole remedy, in the event of any failure of the District to comply with the District Continuing Disclosure Certificate, shall be an action to compel performance thereof. The Fiscal Agent may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2007 Special Tax Bonds, shall upon the receipt of reasonable indemnity for its fees and costs), or any Bondowner or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Covenant. For purposes of this Section, "Beneficial Owners" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2007 Special Tax Bonds (including persons holding Series 2007 Special Tax Bonds through nominees, depositories or other intermediaries), or (b) is treated as the Owner of any Series 2007 Special Tax Bonds for federal income tax purposes.

ARTICLE VI AMENDMENTS TO FISCAL AGENT AGREEMENT

Section 6.01. Supplemental Agreement or Amendments. The District may from time to time, and at any time, without notice to or consent of any of the Owners, adopt Supplements hereto for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein or therein, or to make any other provision with respect to matters or questions arising under this Fiscal Agent Agreement, or in any Supplement, provided that such action shall not have a material adverse effect on the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in this Fiscal Agent Agreement which are not contrary to or inconsistent with this Fiscal Agent Agreement as theretofore in effect;

(c) to modify, alter, amend or supplement this Fiscal Agent Agreement in any other respect which is not materially adverse to the Bondowners including, but not limited to, providing for the rating or insuring of the Bonds; or

(d) to provide for the issuance and delivery of Parity Bonds subject to the terms and conditions set forth in Covenant 14 hereof.

Exclusive of amendments supplemental hereto covered by the first paragraph of this Section 6.01, the Owners of not less than 60% in aggregate principal amount of the Bonds then Outstanding shall have the right to consent to and approve the adoption by the District of such amendments or orders supplemental hereto as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Fiscal Agent Agreement; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the maturity date of the

principal of, or the payment date of interest on, any Bonds, (b) a reduction in the principal amount of, or redemption premium on, any Bonds or the rate of interest thereon, (c) a preference or priority of any Bonds over any other Bonds, or (d) a reduction in the aggregate principal amount of the Bonds the Owners of which are required to consent to such Supplement, without, in the case of (a) or (b), the consent of the affected Owner, or, in the case of (c) or (d), the consent of the Owners of all Bonds then Outstanding.

Section 6.02. Supplements Requiring Owner Consent. If at any time the District shall desire to adopt a Supplement hereto which, pursuant to the terms of this Section 6.02, shall require the consent of the Owners, the District shall so notify the Fiscal Agent and shall deliver to the Fiscal Agent a copy of the proposed Supplement to be mailed, postage prepaid, to all Owners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplement and shall state that a copy thereof is on file at the Principal Corporate Trust Office of the Fiscal Agent for inspection by all Owners. The failure of any Owner to receive such notice shall not affect the validity of such Supplement when consented to and approved as provided in this Section 6.02. Whenever at any time within one year after the date of the first mailing of such notice the Fiscal Agent shall receive an instrument or instruments purporting to be executed by the Owners of not less than 60% in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplement described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially in the form of the copy thereof referred to in such notice as on file with the Fiscal Agent, such proposed Supplement, when duly adopted by District, shall thereafter become a part of the proceedings for the issuance of the Bonds as referred to in Section 10.03. In determining whether the Owners of 60% of the aggregate principal amount of the Bonds have consented to the adoption of any Supplement, Bonds which are owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplement hereto and the receipt of consent to any such amendment from the Owners of the appropriate aggregate principal amount of Bonds in instances where such consent is required pursuant to the provisions of this Section 6.02, this Fiscal Agent Agreement shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Fiscal Agent Agreement of the District and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments. Notwithstanding anything herein to the contrary, no Supplement shall be entered into which would modify the duties of the Fiscal Agent hereunder, without the prior written consent of the Fiscal Agent.

ARTICLE VII FISCAL AGENT

Section 7.01. Fiscal Agent.

(a) Initial Appointment of Fiscal Agent. Union Bank of California, N.A. is the initial Fiscal Agent for the Bonds.

(b) Duties of Fiscal Agent. The Fiscal Agent is hereby authorized to and shall mail interest payments to the Owners, select Bonds for redemption pursuant to the terms of this Fiscal Agent Agreement, give notice of redemption and meetings of Owners, maintain the Bond Register and maintain and administer the funds and accounts established pursuant to this Fiscal Agent Agreement, and perform all other acts authorized or directed of the Fiscal Agent by this Fiscal Agent Agreement. The Fiscal Agent is hereby authorized to pay from the Net Taxes, or from amounts in accounts or funds as provided in this Fiscal Agent Agreement, the principal of and premium, if any, on the Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds presented to it for such purposes, to provide for the cancellation of Bonds, all as provided in this Fiscal Agent Agreement, and to provide for the authentication of Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Fiscal Agent Agreement. The Fiscal Agent shall keep accurate records of all funds administered by it and all Bonds paid and discharged by it.

(c) Removal or Resignation and Replacement of Fiscal Agent and Appointment of Successor. The Fiscal Agent initially appointed, and any successor thereto, may be removed by the District upon 30 days' prior written notice except during the continuance of an event of default and a successor or successors may be appointed. So long as any Bonds are Outstanding and unpaid, the Fiscal Agent and any successor or successors thereto shall continue to be Fiscal Agent of the Bonds for all of such purposes.

The Fiscal Agent may at any time resign by giving 60 days' written notice of such resignation by mail to the District and to the Bondowners at the address shown upon the registration books maintained by the Fiscal Agent. Upon receiving notice of such resignation, the District shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent. Written notice of any removal, or resignation, of the Fiscal Agent shall be provided to the Bond Insurer as provided for under Section 10.07 hereof.

A successor Fiscal Agent shall be appointed by the District and shall be a bank or trust company organized under the laws of the state of California, of any state or the United States, a national banking association or any other financial institution, having capital stock and surplus aggregating at least \$75,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Fiscal Agent Agreement [and shall be acceptable to the Bond Insurer.] [Any successor Fiscal Agent shall not be appointed unless the Bond Insurer has approved of such successor Fiscal Agent in writing.] Such successor Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the District a written acceptance thereof. [Resignation or removal of the Fiscal Agent shall be effective only upon appointment and acceptance of a successor Fiscal Agent which shall be acceptable to the Bond Insurer.]

If the District does not appoint a successor within 60 days following the giving of any notice of removal or receipt of any notice of resignation, the removed or resigning Fiscal Agent or any Owner on behalf of himself and all other Owners may petition any appropriate court having jurisdiction to appoint a successor Fiscal Agent.

Any company or association into which the Fiscal Agent may merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company or association to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided that such company or association shall be eligible under this Section 7.01(c), shall be the successor to the Fiscal Agent and vested with all of the title to the trust estate and all of the trust, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding. All costs associated with the Fiscal Agent's merger or consolidation with another bank or trust company shall be paid by the successor Fiscal Agent. No expense resulting from such merger or consolidation shall be billed to the District.

Section 7.02. Liability of Fiscal Agent. The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds shall be taken as statements, promises, covenants and agreements of the District, and the Fiscal Agent assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of this Fiscal Agent Agreement or of the Bonds, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations herein or in the Bonds or in the certificate of authentication of the Fiscal Agent. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

No provision in this Fiscal Agent Agreement shall require the Fiscal Agent to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, including, but not limited to, the payment of principal of, premium, if any, or interest on the Bonds.

The Fiscal Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, facsimile transmission, electronic mail, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel authorized by the District with regard to legal questions arising from the terms set forth in this Fiscal Agent Agreement, and the written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance therewith.

The District agrees to pay the Fiscal Agent compensation for its services and to reimburse the Fiscal Agent for all its fees and expenses. The District further agrees to indemnify and hold the Fiscal Agent harmless from any loss, liability or expense, including attorneys' fees, not arising from the Fiscal Agent's negligence or willful misconduct, which the Fiscal Agent may incur in the exercise and performance of its duties hereunder. The rights to compensation, reimbursement and indemnity in this paragraph shall survive the satisfaction or defeasance of the Bonds and resignation or removal of the Fiscal Agent hereunder.

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

The Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Fiscal Agent, or exercising any trust or power conferred upon the Fiscal Agent under this Fiscal Agent Agreement. The permissive right of the Fiscal Agent to do things enumerated in this Fiscal Agent Agreement shall not be construed as a duty.

The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Fiscal Agent Agreement at the request, order or direction of any of the Owners pursuant to the provisions of this Fiscal Agent Agreement unless such Owners shall have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses, and liabilities which may be incurred therein or thereby.

The Fiscal Agent makes no representation or warranty, express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the District or the School District of the Project. In no event shall the Fiscal Agent be liable for incidental, indirect, special or consequential damages in connection with or arising from this Fiscal Agent Agreement for the existence, furnishing or use of the Project.

The Fiscal Agent shall have no responsibility with respect to any information, statement or recital whatsoever in any official statement, offering memorandum or other disclosure material prepared or distributed with respect to the Bonds.

The Fiscal Agent shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure, or general sabotage or rationing of, labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to governmental action or inaction pertaining to the Project, malicious mischief, condemnation, and unusually severe weather or significant delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Fiscal Agent.

The Fiscal Agent agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Fiscal Agent Agreement provided, however, that: (a) subsequent to such facsimile transmission of written instructions and/or directions the Fiscal Agent shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Fiscal Agent shall have received a current incumbency certificate containing the specimen signature of such designated person(s).

ARTICLE VIII EVENTS OF DEFAULT, REMEDIES

Section 8.01. Events of Default. Any one or more of the following events shall constitute an "event of default":

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

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

(c) Default by the District in the observance of any of the other agreements, conditions or covenants on its part in this Fiscal Agent Agreement or in the Bonds contained, and the continuation of such default for a period of 30 days after the District shall have been given notice in writing of such default by the Fiscal Agent, provided that if within 30 days the District has commenced curing of the default and diligently pursues elimination thereof, such period shall be extended to permit such default to be eliminated; provided, any noncompliance with the terms of Section 5.03 shall not be an event of default under this Article VIII; or

(d) The District or the School District shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Section 8.02. Remedies of Owners. Following the occurrence of an event of default, any Owner shall have the right for the equal benefit and protection of all Owners similarly situated:

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

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

(c) Upon the happening of an event of default (as defined in Section 8.01), by a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

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

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

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

No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

[Anything in the Fiscal Agent Agreement to the contrary notwithstanding, upon the occurrence and continuance of an event of default, as defined herein, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bond Owners or the Fiscal Agent for the benefit of the Bond Owners under this Fiscal Agent Agreement, provided that the Bond Insurer is not then in default of its obligations under the provisions of the Bond Insurance Policy.]

[Notwithstanding any other provision of this Fiscal Agent Agreement, in determining whether the rights of the Bond Owners will be adversely affected by any action taken pursuant to the terms and provisions of this Fiscal Agent Agreement, the Fiscal Agent shall consider the effect on the Bond Owners as if there were no Bond Insurance Policy.]

Section 8.03. Application of Net Tax Revenues After Default. If an Event of Default shall occur and be continuing, all Net Taxes and any other funds thereafter received by the Fiscal

Agent under any of the provisions of the Pledge Agreement and this Fiscal Agent Agreement shall be applied by the Fiscal Agent as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Fiscal Agent to protect the interests of the Owners of the Bonds and payment of reasonable fees, charges and expenses of the Fiscal Agent (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Fiscal Agent Agreement;

(b) To the payment of the principal of and interest then due with respect to the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Fiscal Agent Agreement, as follows:

First: To the payment to the Owners entitled thereto of all installments of interest then due in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Owners entitled thereto, without any discrimination or preference; and

Second: To the payment to the Owners entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity or redemption, and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Owners entitled thereto, without any discrimination or preference.

Any remaining funds shall be transferred by the Fiscal Agent to the Special Tax Fund.

Section 8.04. Limitation on Bondowners' Right to Sue. No Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Fiscal Agent Agreement, the Act or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Fiscal Agent written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Fiscal Agent to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name, (c) such Owner or such Owners shall have tendered to the Fiscal Agent indemnity against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Fiscal Agent shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and such tender of indemnity shall have been made to, the Fiscal Agent.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall

have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, this Fiscal Agent Agreement, the Act or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Fiscal Agent Agreement.

ARTICLE IX DEFEASANCE

Section 9.01. Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in this Fiscal Agent Agreement or any Supplement, then the Owner of such Bond shall cease to be entitled to the pledge of Net Taxes and other amounts pledged under this Fiscal Agent Agreement to the repayment of such Bond, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond under this Fiscal Agent Agreement and any Supplement shall thereupon cease, terminate and become void and be discharged and satisfied; provided that the covenants set forth in Section 3.10(a), (b) and (c), and Covenants 9 and 10 set forth in Section 5.02 shall survive the defeasance or payment of the Bonds. In the event of a defeasance of all Outstanding Bonds pursuant to this Section, the Fiscal Agent shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and, after payment of any amounts due the Fiscal Agent hereunder, the Fiscal Agent shall pay over or deliver to the District's general fund all money or securities other than that required for the payment of the interest due on and the principal of such Bonds.

Any Outstanding Bond(s) shall be deemed to have been paid within the meaning expressed in the first paragraph of this Section if such Bond is paid in any one or more of the following ways:

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

(b) by depositing with the Fiscal Agent, or a designated bank or trust company as escrow holder, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund, the Bond Fund the Redemption Fund and the Reserve Fund and available for such purpose, is fully sufficient to pay the principal of and interest on such Bond as and when the same shall become due and payable; or

(c) by depositing with the Fiscal Agent, or a designated bank or trust company as escrow holder, in trust, Federal Securities, in such amount as certified by a nationally recognized certified public accountant which will, together with the interest to accrue thereon and monies then on deposit in the Special Tax Fund, the Bond Fund, the Redemption Fund and the Reserve Fund available for such purpose, together with the interest to accrue thereon, be fully sufficient to pay and

discharge the principal of and interest and any premium on such Bond as and when the same shall become due and payable;

then, notwithstanding that any such Bond shall not have been surrendered for payment, all obligations of the District under this Fiscal Agent Agreement, and any Supplement, with respect to such Bond shall cease and terminate, except for the obligation of the Fiscal Agent to pay or cause to be paid to the Owners of any such Bonds not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in Sections 3.10 (a), (b) and (c) and Covenants 9 and 10 of Section 5.02 hereof.

In connection with a defeasance under (b) or (c) above, there shall be provided to the District and the Fiscal Agent a certificate of a certified public accountant stating its opinion as to the sufficiency of the monies or securities deposited with the Fiscal Agent, or the designated escrow holder, to pay and discharge the principal of and interest on the Outstanding Bonds to be defeased in accordance with this section, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds being defeased have been legally defeased in accordance with this Fiscal Agent Agreement. Upon a defeasance, the Fiscal Agent shall release the rights of the Owners of such Bonds which have been defeased under this Fiscal Agent Agreement and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance hereunder of all Outstanding Bonds, the Fiscal Agent shall pay over or deliver to the District any funds held by the Fiscal Agent at the time of a defeasance, which are not required for the purpose of paying and discharging the principal of or interest on the Bonds when due. The Fiscal Agent shall, at the written direction and expense of the District, mail, first class, postage prepaid, a notice to the Owners whose Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

[Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Series 2007 Special Tax Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Series 2007 Special Tax Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the District, and the pledge of the Net Taxes and all covenants, agreements and other obligations of the District, to the Bond Owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be surrogated to the rights of such registered Bond Owners.]

ARTICLE X MISCELLANEOUS

Section 10.01. Cancellation of Bonds. All Bonds surrendered to the Fiscal Agent for payment upon maturity or for redemption shall upon payment therefor be destroyed at the request of the District and a certificate of cancellation returned immediately by the Fiscal Agent to the District. Any Bonds purchased by the District as authorized herein shall be delivered to the Fiscal Agent and canceled forthwith as provided herein, and shall not be reissued.

Section 10.02. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Fiscal Agent Agreement to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by any commercial bank, trust company or other depository for such Bond. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of such Bond shall be sufficient for the purposes of this Fiscal Agent Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney of any such instrument and of any instrument appointing any such attorney may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of this authority; provided, however, that nothing contained in this Fiscal Agent Agreement shall be construed as limiting the Fiscal Agent to such proof, it being intended that the Fiscal Agent may accept any other evidence of the matters herein stated which the Fiscal Agent may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect to anything done or suffered to be done by the Fiscal Agent in pursuance of such request or consent; and

(b) As to any Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of the principal of any such Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond and the interest thereon to the extent of the sum or sums so paid. The Fiscal Agent shall not be affected by any notice to the contrary.

Section 10.03. Provisions Constitute Contract. The provisions of this Fiscal Agent Agreement, including any Supplements thereto, and the Bonds shall constitute a contract between the District and the Owners ("Contract") and the provisions hereof and thereof shall be enforceable by any Owner for the equal benefit and protection of all Owners similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may hereafter be authorized under the laws of the State of California in any court of competent jurisdiction. The Contract is made under and is to be construed in accordance with the laws of the State of California.

No remedy conferred hereby upon any Owner is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law of the State of California. No waiver of any default or breach of duty or contract by any Owner shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on such subsequent default or breach. No delay or omission of any Owner to exercise any right or power

accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Owners may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and the Owner shall prevail, such Owner shall be entitled to receive from the Net Taxes reimbursement for reasonable costs, expenses, outlays and attorneys' fees and should such suit, action or proceeding be abandoned, or be determined adversely to the Owners then, and in every such case, the District's positions, rights and remedies shall be construed in a manner as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds, this Fiscal Agent Agreement shall not be subject to repeal, but shall be subject to modification to the extent and in the manner provided in this Fiscal Agent Agreement, but to no greater extent and in no other manner.

Section 10.04. Unclaimed Monies. Anything in this Fiscal Agent Agreement to the contrary notwithstanding, to the extent permitted by law and subject to the applicable escheat laws of the State, any money held by the Fiscal Agent in trust for the payment and discharge of any of the Bonds which remains unclaimed for two years after the date when such Bonds have become due and payable, if such money was held by the Fiscal Agent at such date, or for two years after the date of deposit of such money if deposited with the Fiscal Agent after the date when such monies become due and payable, shall be repaid by the Fiscal Agent to the District, as its absolute property and free from trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners shall look thereafter only to the District for the payment of such Bonds. The Fiscal Agent shall give notice to the District of the amount of any unclaimed monies that are available for transfer to the District, and the District is to request such transfer in writing. However, before being required to make any such payment to the District, the Fiscal Agent shall, at the expense of the District, cause to be mailed to the registered owners of such Bonds, at their addresses as they appear on the Bond Register, a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

Section 10.05. Severability. If any covenant, agreement or provision, or any portion thereof, contained in this Fiscal Agent Agreement, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Fiscal Agent Agreement and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Fiscal Agent Agreement and the Bonds issued pursuant hereto shall remain valid and the Owners shall retain all valid rights and benefits accorded to them under this Fiscal Agent Agreement and the Constitution and laws of the State of California.

Section 10.06. General Authorization. The President and Clerk of the Board of Trustees and the Superintendent of the School District, or the Superintendent's designee(s), and all other officers of the School District or their deputies are hereby each respectively authorized to do and perform from time to time any and all acts and things consistent with this Fiscal Agent Agreement

necessary or appropriate to carry the same in effect and accomplish the issuance, sale and delivery of the Series 2007 Special Tax Bonds.

Section 10.07. Notices. Any notices required to be given to the District with respect to the Bonds or this Fiscal Agent Agreement shall be mailed, first class, or personally delivered to the Superintendent and the Clerk of the Board of Trustees at Del Mar Union School District, 225 Ninth Street, Del Mar, California 92014. All notices to the Fiscal Agent shall be mailed, first class, or personally delivered to the Fiscal Agent at Union Bank of California, N.A., Corporate Trust Services, 120 South San Pedro Street, Suite 400, Los Angeles, California 90012.

Section 10.08 Counterparts. This Fiscal Agent Agreement may be executed in counterparts, each of which shall be an original and which together shall constitute one and the same instrument.

**ARTICLE XI:
PROVISIONS AND TERMS RELATING TO
BOND INSURANCE POLICY AND RESERVE FUND SURETY**

11.01. Consent of Bond Insurer. Any provision of this Fiscal Agent Agreement expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Insurer. The District recognizes and agrees that the Bond Insurer may charge the District a fee for any consent or amendment to this Fiscal Agent Agreement while the Bond Insurance Policy is outstanding.

11.02. Consent of The Bond Insurer in Addition to Owner Consent. Unless otherwise provided in this Section, the Bond Insurer's consent shall be required in addition to Bond Owner consent, when required, for the following purposes: (i) execution and delivery of any amendment to this Fiscal Agent Agreement; (ii) removal of the Fiscal Agent and selection and appointment of any successor Fiscal Agent; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Bond Owner consent.

11.03. Consent of The Bond Insurer in the Event of Insolvency. Any reorganization or liquidation plan with respect to the District must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Bond Owners who hold the Bond Insurer-insured Series 2007 Special Tax Bonds absent a default by the Bond Insurer under the applicable Bond Insurance Policy insuring the Series 2007 Special Tax Bonds.

11.04. Notices to The Bond Insurer; Accounting.

(a) Notices to be sent to the attention of the SURVEILLANCE DEPARTMENT:

(i) While the Bond Insurance Policy is in effect, the District shall furnish to the Bond Insurer (to the attention of the Surveillance Department, unless otherwise indicated), which may be furnished through the Fiscal Agent as may be requested by the District:

A. as soon as practicable after the filing thereof, a copy of any financial statement of the District and a copy of any audit and annual financial report of the District (which shall be provided by the District);

B. such additional information it may reasonably request.

(ii) A copy of any notice to be given to the registered Owners of the Series 2007 Special Tax Bonds, including, without limitation, notice of any prepayment or defeasance of Series 2007 Special Tax Bonds, and any certificate rendered pursuant to this Fiscal Agent Agreement relating to the security for the Series 2007 Special Tax Bonds.

(iii) Copies of all continuing disclosure reports made pursuant to the Continuing Disclosure Agreement.

(b) Notices to be sent to the attention of the GENERAL COUNSEL OFFICE:

(i) The Fiscal Agent shall notify the Bond Insurer of any failure of the District to provide relevant notices, certifications or similar documents to the Fiscal Agent as required under this Fiscal Agent Agreement.

(ii) Notwithstanding any other provision of this Fiscal Agent Agreement, the Fiscal Agent shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required hereunder and immediately upon the occurrence of any event of default hereunder.

(c) The District will permit the Bond Insurer to discuss the affairs, finances and accounts of the District or any information the Bond Insurer may reasonably request regarding the security for the Series 2007 Special Tax Bonds with appropriate officers of the District. The District will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Series 2007 Special Tax Bonds at any reasonable time.

(d) The Bond Insurer shall have the right to direct an accounting, as to the Series 2007 Special Tax Bonds and records relating to the security for the Series 2007 Special Tax Bonds, at the District's expense, and the District's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Bond Insurer shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any Owner of the Series 2007 Special Tax Bonds.

11.05. Payment Procedure under the Bond Insurance Policy. As long as the Bond Insurance Policy shall be in full force and effect, the District and the Fiscal Agent agree to comply with the following provisions:

(a) At least one (1) day prior to all Interest Payment Dates the Fiscal Agent will determine whether there will be sufficient funds in the funds and accounts to pay the principal of or interest on the Series 2007 Special Tax Bonds such Interest Payment Date. If the Fiscal Agent determines that there will be insufficient funds in such funds or accounts, the Fiscal Agent shall so notify the Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Series 2007 Special Tax Bond(s) to which such deficiency is applicable and whether such Series 2007 Special Tax Bonds will be deficient as to principal or interest, or both. If the Fiscal Agent has not so notified the Bond Insurer at least one (1) day prior to an Interest Payment Date, the Bond Insurer will make payments of principal or interest due on the Series 2007 Special Tax Bonds on or before the first (1st) day next following the date on which the Bond Insurer shall have received notice of nonpayment from the Fiscal Agent.

(b) The Fiscal Agent shall, after giving notice to the Bond Insurer as provided in (a) above, make available to the Bond Insurer and, at the Bond Insurer's direction, to the Bank of New York, in New York, New York, as insurance Fiscal Agent for the Bond Insurer or any successor insurance Fiscal Agent (the "Insurance Fiscal Agent"), the registration books of the District maintained by the Fiscal Agent (the Bond Register) and all records relating to the funds and accounts maintained under this Fiscal Agent Agreement.

(c) The Fiscal Agent shall provide the Bond Insurer and the Insurance Fiscal Agent with a list of registered Owners of Series 2007 Special Tax Bonds entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy, and shall make arrangements with the Insurance Fiscal Agent (i) to mail checks or drafts to the registered owners of Series 2007 Special Tax Bonds entitled to receive full or partial interest payments from the Bond Insurer and (ii) to pay principal upon Series 2007 Special Tax Bonds surrendered to the Insurance Fiscal Agent by the registered owners of Series 2007 Special Tax Bonds entitled to receive full or partial principal payments from the Bond Insurer.

(d) The Fiscal Agent shall, at the time it provides notice to the Bond Insurer pursuant to (a) above, notify registered Owners of Series 2007 Special Tax Bonds entitled to receive the payment of principal or interest thereon from the Bond Insurer (i) as to the fact of such entitlement, (ii) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of Bond Owner entitlement to interest payments and delivery to the Insurance Fiscal Agent, in form satisfactory to the Insurance Fiscal Agent, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Series 2007 Special Tax Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Fiscal Agent to permit ownership of such Series 2007 Special Tax Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Fiscal Agent, and not the Fiscal Agent, and (iv) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Series 2007 Special Tax Bonds for payment thereon first to the Fiscal Agent who shall note on such Series 2007 Special Tax Bonds the portion of the principal paid by the Fiscal Agent and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Fiscal Agent, to the Insurance Fiscal Agent, which will then pay the unpaid portion of principal.

(e) In the event that the Fiscal Agent has notice that any payment of principal of or interest on a Series 2007 Special Tax Bond which has become due for payment and which is made to a Bond Owner by or on behalf of the District has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a Fiscal Agent in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Fiscal Agent shall, at the time the Bond Insurer is notified pursuant to (a) above, notify all registered Owners that in the event that any registered Owner's payment is so recovered, such registered Owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Fiscal Agent shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Series 2007 Special Tax Bonds which have been made by the Fiscal Agent and subsequently recovered from registered Owners and the dates on which such payments were made.

(f) In addition to those rights granted the Bond Insurer under this Fiscal Agent Agreement, the Bond Insurer shall, to the extent it makes payment of principal of or interest on Series 2007 Special Tax Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Fiscal Agent shall note the Bond Insurer's rights as subrogee on the Bond Register upon receipt from the Bond Insurer of proof of the payment of interest thereon to the registered Owners of the Series 2007 Special Tax Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Fiscal Agent shall note the Bond Insurer's rights as subrogee on the Bond Register upon surrender of the Series 2007 Special Tax Bonds by the registered Owners thereof together with proof of the payment of principal thereof.

(g) The District hereby covenants and agrees that it shall reimburse the Bond Insurer any amounts paid under the Bond Insurance Policy and all costs of collection thereof and enforcement of this Fiscal Agent Agreement and any other documents executed in connection with this Fiscal Agent Agreement together with interest thereon, from the date paid or incurred by the Bond Insurer until payment thereof in full by the District, payable at the Insurer Payment Rate (as hereinafter defined), including without limitation (to the extent permitted by applicable law) interest on claims paid by the Bond Insurer in respect of interest on the Series 2007 Special Tax Bonds. Such payment obligation shall be payable on demand and on a parity with, and from the same sources and secured by the same security as, regularly scheduled principal and interest payments in respect of the Series 2007 Special Tax Bonds. For purposes of the foregoing, "Insurer Payment Rate" shall mean the lesser of (a) the maximum rate permissible under applicable usury or similar laws limiting interest rates and (b) the greater of (i) the then applicable highest rate of interest on the Series 2007 Special Tax Bonds and (ii) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A. ("Chase") at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by Chase) plus 3 percent. The Insurer Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event that Chase ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Bond Insurer shall specify.

11.06. Bond Insurer as Third Party Beneficiary. To the extent that this Fiscal Agent Agreement confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of this Fiscal Agent Agreement, the Bond Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right remedy or claim conferred, given or granted hereunder.

11.07. Parties Interested Herein. Nothing in this Fiscal Agent Agreement expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the District, the Fiscal Agent, the Bond Insurer, and the registered Owners of the Series 2007 Special Tax Bonds, any right, remedy or claim under or by reason of this Fiscal Agent Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Fiscal Agent Agreement contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Fiscal Agent, the Bond Insurer, and the registered Owners of the Series 2007 Special Tax Bonds

11.08. Suspension in the Event of Bond Insurer Default. All of the rights of the Bond Insurer under this Article XI, or elsewhere in this Fiscal Agent Agreement, are subject to suspension in the event of a default by the Bond Insurer of its obligations and/or liabilities under the Bond Insurance Policy.

11.09. Surety Bond Provisions. As long as the Surety Bond shall be in full force and effect, the District and Fiscal Agent agree to comply with the following provisions:

(a) In the event and to the extent that moneys on deposit in the Bond Fund, plus all amounts on deposit in and credited to the Reserve Fund in excess of the amount of the Surety Bond, are insufficient to pay the amount of principal and interest coming due, then upon the later of: (i) one (1) day after receipt by the General Counsel of the Bond Insurer of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Fiscal Agent certifying that payment due under the Fiscal Agent Agreement has not been made to the Fiscal Agent; or (ii) the payment date of the Series 2007 Special Tax Bonds as specified in the Demand for Payment presented by the Fiscal Agent to the General Counsel of the Bond Insurer, the Bond Insurer will make a deposit of funds in an account with the Fiscal Agent or its successor, in New York, New York, sufficient for the payment to the Fiscal Agent, of amounts which are then due to the Fiscal Agent under the Fiscal Agent Agreement (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Reserve Fund, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

(b) The Fiscal Agent shall, after submitting to Bond Insurer the Demand for Payment as provided in (a) above, make available to Bond Insurer all records relating to the funds and accounts maintained under this Fiscal Agent Agreement.

(c) The Fiscal Agent shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Reserve Fund to the extent of moneys received pursuant to such Demand for Payment.

(d) the Reserve Fund shall be replenished in the following priority: (i) principal and interest on the Surety Bond shall be paid from first available Net Taxes available for replenishment of the Reserve Fund as provided for herein; (ii) after all such amounts are paid in full, amounts necessary to fund the Reserve Fund to the required level, after taking into account the amounts available under the Surety Bond shall be deposited from next available Net Taxes available for replenishment of the Reserve Fund as provided for herein.

[Remainder of this page is blank]

IN WITNESS WHEREOF, the parties have entered into this Fiscal Agent Agreement as of the date first written above.

**COMMUNITY FACILITIES DISTRICT NO. 95-1
OF THE DEL MAR UNION SCHOOL DISTRICT**

By: _____
Authorized Officer

**UNION BANK OF CALIFORNIA, N.A., as Fiscal
Agent**

By: _____

Title: _____

EXHIBIT A

MATURITY SCHEDULE

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
20__ (term bond)		
20__ (term bond)		

REDEMPTION PROVISIONS

[Optional Redemption]

<u>Redemption Dates</u>	<u>Redemption Price</u>
_____ 1, 20__ to _____ 1, 20__	_____ %
September 1, 20__ and any Interest Payment Date thereafter	100.0%]

Mandatory Sinking Fund Redemption

The Series 2007 Special Tax Bonds maturing on September 1, 20__, are subject to mandatory sinking fund redemption in part by lot, on September 1 of each year, commencing September 1, 20__, and on each September 1 thereafter in accordance with the schedule set forth below. The Series 2007 Special Tax Bonds so called for mandatory sinking fund redemption shall be redeemed at the principal amount of such Series 2007 Special Tax Bonds to be redeemed, plus accrued but unpaid interest, without premium.

<u>Redemption Year</u>	<u>Principal Amount</u>
20__	
20__	
20__	
20__ (maturity)	

The Series 2007 Special Tax Bonds maturing on September 1, 20__, are subject to mandatory sinking fund redemption in part by lot, on September 1 of each year, commencing September 1, 20__, and on each September 1 thereafter in accordance with the schedule set forth below. The Series 2007 Special Tax Bonds so called for mandatory sinking fund redemption shall be redeemed at the principal amount of such Series 2007 Special Tax Bonds to be redeemed, plus accrued but unpaid interest, without premium.

<u>Redemption Year</u>	<u>Principal Amount</u>
20__	
20__	
20__	
20__ (maturity)	

EXHIBIT B

FORM OF SERIES 2007 SPECIAL TAX BOND

STATE OF CALIFORNIA
REGISTERED
NO. _____

COUNTY OF SAN DIEGO
REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SAN DIEGO

**COMMUNITY FACILITIES DISTRICT NO. 95-1
OF THE DEL MAR UNION SCHOOL DISTRICT
SERIES 2007 SPECIAL TAX BONDS**

<u>INTEREST</u>	<u>MATURITY DATE</u>	<u>DATED DATE</u>	<u>CUSIP[®] NO.</u>
____%	September 1, 20__	June __, 2007	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

COMMUNITY FACILITIES DISTRICT NO. 95-1 OF THE DEL MAR UNION SCHOOL DISTRICT ("District") situated in the County of San Diego, State of California, FOR VALUE RECEIVED, hereby promises to pay, solely from the Net Taxes (as hereinafter defined) and amounts in certain funds or accounts held under the Fiscal Agent Agreement (as hereinafter defined), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount, calculated on the basis of a 360-day year comprised of twelve 30-day months, semi-annually on March 1 and September 1 of each year, commencing September 1, 2007, at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment. Interest shall be payable on this Bond from the Interest Payment Date next preceding the date of authentication hereof, unless (i) such date of authentication is an Interest Payment Date, in which event interest shall be payable from such date of authentication, (ii) the date of authentication is after a Record Date (as defined herein) but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from such Interest Payment Date, or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest will be payable from June __, 2007; provided, however, that if at the time of authentication of the Bond, interest is in default, interest on this Bond shall be payable from the last date on which the interest has

been paid or made available for payment, or if no interest has been paid or made available for payment, interest shall be payable from June __, 2007.

The principal of and premium, if any, on this Series 2007 Special Tax Bond are payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Series 2007 Special Tax Bond at the Principal Corporate Trust Office of Union Bank of California, N.A. ("Fiscal Agent"). Interest on this Series 2007 Special Tax Bond shall be paid by check of the Fiscal Agent mailed by first class mail by the Fiscal Agent to the Registered Owner hereof as of the 15th day of the calendar month preceding the Interest Payment Date whether or not such date is a business day ("Record Date") at such Registered Owner's address as it appears on the Bond Register maintained by the Fiscal Agent; provided that, in the case of an Owner of \$1,000,000 or more in aggregate principal amount of the Series 2007 Special Tax Bonds, upon the Fiscal Agent's receipt of written request of such Owner prior to the Record Date accompanied by wire transfer instructions, such interest shall be paid on the Interest Payment Date in immediately available funds by wire transfer to an account in the United States.

This Series 2007 Special Tax Bond is one of a duly authorized issue of "Community Facilities District No. 95-1 of the Del Mar Union School District Series 2007 Special Tax Bonds ("Series 2007 Special Tax Bonds") issued in the aggregate principal amount of \$ _____ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 et. seq. of the Government Code of the State of California) ("Act"), for the purpose of financing and refinancing certain public improvements. The issuance of the Series 2007 Special Tax Bonds and the terms and conditions thereof are provided for by Resolution No. CFD 95-__ adopted by the Board of Trustees of the School District, acting in its capacity as the Legislative Body of the District, on May 23, 2007, and the Fiscal Agent Agreement executed in connection therewith (collectively, the "Fiscal Agent Agreement"). The terms of the Fiscal Agent Agreement are by this reference incorporated herein, and by acceptance hereof the owner of this Series 2007 Special Tax Bond assents to such terms and conditions. The Fiscal Agent Agreement has been adopted under, and this Series 2007 Special Tax Bond is issued under, the laws of the State of California, and both are to be construed in accordance therewith.

Pursuant to the Act and the Fiscal Agent Agreement, the principal of, premium, if any, and interest on this Series 2007 Special Tax Bond are payable solely from, and shall be secured by a pledge, charge and lien upon, the annual special taxes authorized to be levied within the District ("Special Taxes"), interest and penalties thereon, and proceeds of the redemption or sale of property collected pursuant to the foreclosure provisions of the Fiscal Agent Agreement for the delinquency of the Special Taxes, less certain administrative expenses of the District (collectively, the "Net Taxes") and from certain funds and accounts held under the Fiscal Agent Agreement. The Net Taxes have been pledged equally to repay the Series 2007 Special Tax Bonds without priority or preference of one Series 2007 Special Tax Bond over another. The Board of Education has covenanted for the benefit of the owners of the Series 2007 Special Tax Bonds that it will commence and diligently pursue to completion appropriate foreclosure actions, in accordance with all applicable laws, in the event of certain delinquencies in the payment of Special Taxes levied for payment of principal of and interest on the Series 2007 Special Tax Bonds.

ANY TAX FOR THE PAYMENT HEREOF SHALL BE LIMITED TO THE NET TAXES.
THE SERIES 2007 SPECIAL TAX BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE

DISTRICT OR THE DEL MAR UNION SCHOOL DISTRICT ("SCHOOL DISTRICT") FOR WHICH THE DISTRICT OR THE SCHOOL DISTRICT IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXES OTHER THAN THE SPECIAL TAXES. THE SERIES 2007 SPECIAL TAX BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM THE NET TAXES BUT ARE NOT A DEBT OF THE SCHOOL DISTRICT, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

[The Series 2007 Special Tax Bonds may be redeemed prior to maturity, in whole or in part, at the option of the District on _____ 1, 20__, or on any Interest Payment Date thereafter prior to maturity, from any source of available funds, in the order and manner selected by the District and by lot within a maturity, at the redemption prices set forth below, which are expressed as a percentage of the principal amount thereof, together with accrued interest to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
_____ 1, 20__ through _____, 20__	100.0%
September 1, 20__ and any Interest Payment Date thereafter	_____%]

The Series 2007 Special Tax Bonds maturing on September 1, 20__, are subject to mandatory sinking fund redemption in part by lot, on September 1 of each year, commencing September 1, 20__, and on each September 1 thereafter in accordance with the schedule set forth below. The Series 2007 Special Tax Bonds so called for mandatory sinking fund redemption shall be redeemed at the principal amount of such Series 2007 Special Tax Bonds to be redeemed, plus accrued but unpaid interest, without premium.

<u>Redemption Year</u>	<u>Principal Amount</u>
20__	
20__	
20__	
20__ (maturity)	

The Series 2007 Special Tax Bonds maturing on September 1, 20__, are subject to mandatory sinking fund redemption in part by lot, on September 1 of each year, commencing September 1, 20__, and on each September 1 thereafter in accordance with the schedule set forth below. The Series 2007 Special Tax Bonds so called for mandatory sinking fund redemption shall be redeemed at the principal amount of such Series 2007 Special Tax Bonds to be redeemed, plus accrued but unpaid interest, without premium.

<u>Redemption Year</u>	<u>Principal Amount</u>
20__	

20__

20__

20__ (maturity)

Notice of redemption with respect to the Series 2007 Special Tax Bonds to be redeemed shall be mailed to the Registered Owners thereof not less than 30 nor more than 60 days prior to the redemption date by first class mail, postage prepaid, to the address set forth in the Bond Register maintained by the Fiscal Agent. Neither the failure of the Registered Owner hereof to receive such notice nor any defect in such notice will affect the validity of the proceedings for redemption. All Series 2007 Special Tax Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date; provided, the funds for the redemption are on deposit with the Fiscal Agent on the redemption date. Thereafter, the Registered Owners of such Series 2007 Special Tax Bonds shall have no rights hereunder or pursuant to the Fiscal Agent Agreement except to receive payment of the redemption price upon the surrender of the Series 2007 Special Tax Bonds.

This Series 2007 Special Tax Bond shall be registered in the name of the Registered Owner hereof, as to both principal and interest, and the District and the Fiscal Agent may treat the Registered Owner hereof as the absolute owner for all purposes and shall not be affected by any notice to the contrary.

The Series 2007 Special Tax Bonds are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple of \$5,000 and may be exchanged for a like aggregate principal amount of Series 2007 Special Tax Bonds of other authorized denominations, and of like maturity all as more fully set forth in the Fiscal Agent Agreement. This Bond is transferable by the Registered Owner hereof, in person or by the Registered Owner's attorney duly authorized in writing, at the Principal Corporate Trust Office of the Fiscal Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Fiscal Agent Agreement, upon surrender and cancellation of this Series 2007 Special Tax Bond. Upon such transfer, a new registered Series 2007 Special Tax Bond or Series 2007 Special Tax Bonds of authorized denominations for the same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange. The Fiscal Agent shall not be required to register transfers or make exchanges of (i) Series 2007 Special Tax Bonds for a period of 15 days next preceding the date established by the Fiscal Agent for selection of the Series 2007 Special Tax Bonds to be redeemed, or (ii) any Series 2007 Special Tax Bonds chosen for redemption.

The Fiscal Agent may charge the Registered Owner a reasonable fee for the costs of any transfer or exchange of this Series 2007 Special Tax Bond and the Fiscal Agent may require the Registered Owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange.

The Fiscal Agent Agreement provides that the occurrence of certain events constitute Events of Default and prescribes the remedies available to the Fiscal Agent. An Event of Default and its consequences may be waived or limited as provided in the Fiscal Agent Agreement. Bondowners may enforce their rights under the terms and conditions of the Fiscal Agent Agreement. The Fiscal Agent

may refuse to enforce the terms and conditions of the Fiscal Agent Agreement or the Series 2007 Special Tax Bonds unless it receives indemnity satisfactory to it.

The rights and obligations of the District and of the Registered Owners of the Series 2007 Special Tax Bonds may be amended at any time, and in certain cases without the consent of the Registered Owners to the extent and upon the terms and conditions provided in the Fiscal Agent Agreement.

The Fiscal Agent Agreement contains provisions permitting the District to make provision for the payment of the interest on, and the principal and premium, if any, of any of the Series 2007 Special Tax Bonds so that such Series 2007 Special Tax Bonds shall no longer be deemed to be outstanding under the terms of the Fiscal Agent Agreement.

This Series 2007 Special Tax Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Fiscal Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Series 2007 Special Tax Bond have existed, happened and been performed in due time, form and manner with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, Community Facilities District No. 95-1 has caused this Series 2007 Special Tax Bond to be dated as of the ____ day of June, 2007, to be signed by the President of the Board of Trustees of the School District by original signature and attested by the Clerk of the Board of Trustees of the School District by original signature.

ATTEST:

COMMUNITY FACILITIES DISTRICT NO.
95-1 OF THE DEL MAR UNION SCHOOL
DISTRICT:

-EXHIBIT-

Clerk of the Board of Trustees of the Del Mar
Union School District for Community Facilities
District No. 95-1 of such School District

-EXHIBIT-

President of the Board of Trustees of the Del
Mar Union School District for Community
Facilities District No. 95-1 of such School
District

SEAL:

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Series 2007 Special Tax Bonds referred to in the within-mentioned Fiscal Agent Agreement.

Date of Registration and Authentication: _____

UNION BANK OF CALIFORNIA, N.A., Fiscal Agent as authenticating agent

-EXHIBIT-

By _____
Authorized Representative

STATEMENT OF INSURANCE

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto

(print/type name, address, zip code, tax identification or Social Security number of assignee)

the within Series 2007 Special Tax Bond and do(es) irrevocably constitute and appoint _____ attorney, to transfer the same on the registration books of the Fiscal Agent, with full power of substitution in the premises.

-EXHIBIT-

Registered Owner

Date: _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Series 2007 Special Tax Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

-EXHIBIT-

Notice: Signature must be guaranteed by an eligible guarantor institution.

Unless this Series 2007 Special Tax Bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any Series 2007 Special Tax Bond issued is registered in the name of Cede and Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

FORM OF LEGAL OPINION

I hereby certify that the following is a full true and correct copy of a signed legal opinion of Bowie, Arneson, Wiles & Giannone, a Partnership including Professional Corporations, on file in my office, which opinion is dated the date the Series 2007 Special Tax Bonds referred to therein were delivered and paid for.

-EXHIBIT-

Clerk of the Board of Trustees of the Del Mar Union
School District for Community Facilities District No.
95-1 of such School District

[Legal Opinion of Bowie, Arneson, Wiles & Giannone]

EXHIBIT C

**PAYMENT REQUEST FORM - COSTS OF ISSUANCE ACCOUNT
OF THE CONSTRUCTION FUND**

[Attach duplicate original of Payee's statement(s) or invoice(s)]

()
()

PROGRESS PAYMENT
FULL/FINAL PAYMENT

The Fiscal Agent is hereby requested to pay from the Cost of Issuance Account of the Construction Fund or, if such account is closed, from the School Construction Account of the Construction Fund, as established by Resolution No. CFD-__ of the Legislative Body of the District, adopted on May 23, 2007, and the Fiscal Agent Agreement dated as of June 1, 2007, executed in accordance therewith, to the person, corporation, or other entity designated below as Payee, the sum set forth below such designation, in payment or reimbursement of the Costs of Issuance described below. The amount shown below is due and payable under a purchase order, contract or other authorization with respect to the Costs of Issuance described below and has not formed the basis of any prior request for payment.

Payee: _____

Address: _____

Amount: \$ _____

Description of Cost of Issuance or portion thereof accepted by Community Facilities District No. 95-1 and authorized to be paid to the Payee:

Cost of Issuance: _____

Executed by District's Representative for Community
Facilities District No. 95-1:

-EXHIBIT-

Signature _____

Name: _____

Title: _____

Dated: _____

Payment Request No.: _____

[Attach to all requisitions copies of applicable bills or invoices]

EXHIBIT E

PAYMENT REQUEST FORM - ADMINISTRATIVE EXPENSE FUND

[Attach duplicate original of Payee's statement(s) or invoice(s)]

()
()

PROGRESS PAYMENT
FULL/FINAL PAYMENT

The Fiscal Agent is hereby requested to pay from the Administrative Expense Fund established by Resolution No. CFD 95-__ of the Legislative Body of the District, adopted on May 23, 2007, and the Fiscal Agent Agreement dated as of June 1, 2007, executed in accordance therewith, to the person, corporation, or other entity designated below as Payee, the sum set forth below such designation, in payment or reimbursement of the Administrative Expenses described below. The amount shown below is due and payable under a purchase order, contract or other authorization with respect to the Administrative Expenses described below and has not formed the basis of any prior request for payment.

Payee: _____

Address: _____

Amount: \$ _____

Description of Administrative Expense(s) or portion thereof accepted by Community Facilities District No. 95-1 and authorized to be paid to the Payee:

Administrative Expenses: _____

Executed by District's Representative for Community
Facilities District No. 95-1:

-EXHIBIT-

Signature: _____

Name: _____

Title: _____

Dated: _____

Payment Request No.: _____

[Attach to all requisitions copies of applicable bills or invoices]

FISCAL AGENT AGREEMENT

By and Between

**COMMUNITY FACILITIES DISTRICT NO. 95-1
OF THE DEL MAR UNION SCHOOL DISTRICT**

AND

UNION BANK OF CALIFORNIA, N.A.

**\$ _____
SERIES 2007 SPECIAL TAX BONDS**

June 1, 2007

FISCAL AGENT AGREEMENT

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