

EXHIBIT B

COUNTY OF SAN BENITO COMMUNITY FACILITIES DISTRICT NO. 2018-1 (RESIDENTIAL SERVICES)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax shall be levied and collected in County of San Benito Community Facilities District No. 2018-1 (Residential Services) (the "District") each Fiscal Year, in an amount determined by the application of the procedures described below. All of the Taxable Property (as defined below) in the District, unless exempted by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

I. DEFINITIONS

The terms used herein shall have the following meanings:

"Accessory Unit" means a secondary residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a Unit of Single Family Detached Property.

"Acreage" or "Acre" means that acreage shown on the Assessor's Parcel Map or in the Assessor's Data for each Assessor's Parcel. In the event that the Assessor's Parcel Map or Assessor's Data shows no acreage, the Acreage for any Assessor's Parcel shall be determined by the District Administrator based upon the applicable condominium plan, final map or parcel map. If the preceding maps for a land area are not available, the Acreage of such land area may be determined utilizing available spatial data and geographic information systems (GIS).

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of the District: the costs of computing the Annual Special Tax Requirement and the annual Special Tax and of preparing the annual Special Tax collection schedules; the costs of collecting the Special Taxes, including any charges levied by the County Auditor's Office, Tax Collector's Office or Treasurer's Office; the costs of the County or designee in complying with the disclosure requirements of the California Government Code (including the Act), including public inquiries regarding the Special Taxes; the costs of the County or designee related to an appeal of the Special Tax; and the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Special Taxes in the District. Administrative Expenses shall also include costs related to the formation of the District and of annexing territory to the District as well as any amounts advanced by the County for any administrative purposes of the District and an allocable share of the salaries of County staff and an allocable portion of County overhead costs relating to the foregoing, or costs of the County in any way related to the establishment or administration of the District.

"Annual Services Costs" means the amounts required to fund services authorized to be funded by the District.

"Annual Special Tax Requirement" means that amount with respect to each Tax Zone as required in any

Fiscal Year to pay: (1) the Administrative Expenses, (2) the Annual Services Costs, (3) the Contingent Special Tax Requirement, if applicable, (4) any amount required to establish or replenish any reserve or replacement fund established in connection with the District, and (5) reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year.

“Assessor’s Data” means Acreage or other Parcel information contained in the records of the County Assessor.

“Assessor’s Parcel” means a lot or parcel shown in an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

“Assessor’s Parcel Map” means an official map of the Assessor of the County designating parcels by Assessor’s Parcel number.

“Board” means the Board of Supervisors of the County, acting as the legislative body of the District.

“Contingent Special Tax” means that amount levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Contingent Special Tax Requirement.

“Contingent Special Tax Requirement” means that amount with respect to each Tax Zone as required in any Fiscal Year if the HOA is unable to pay the costs of services incurred or otherwise payable.

“County” means the County of San Benito, California.

“Developed Property” means for each Fiscal Year, all Taxable Property for which a building permit was issued on or before June 1 of the prior Fiscal Year.

“District” means the County of San Benito Community Facilities District No. 2018-1 (Residential Services).

“District Administrator” means an official of the County, or designee or agent or consultant, responsible for determining the Annual Special Tax Requirement and providing for the levy and collection of Special Taxes each Fiscal Year.

“Exempt Property” means all property located within the boundaries of the District which is exempt from the Special Tax pursuant to Section V below.

“Finance Director” means the official of the County who is the chief financial officer or other comparable officer of the County or designee thereof.

“Fiscal Year” means the period from July 1st of any calendar year through June 30th of the following calendar year.

“Homeowner’s Association” or “HOA” means any homeowner’s association established to provide specific services within a Tax Zone.

“Maximum Special Tax Rate” means the maximum Special Tax authorized for levy in any Fiscal Year that may apply to Taxable Property as described in Section III.

“Multifamily Residential Property” means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit has been issued for construction of a residential structure with five or more Units that share a single Assessor’s Parcel Number, are offered for rent to the general public, and cannot be purchased by individual homebuyers.

“Parcel” means a lot or parcel with a parcel number assigned by the Assessor of the County.

“Proportionately” means that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax Rate authorized to be levied in that Fiscal Year is equal for all Assessor’s Parcels.

“Public Property” means property within the boundaries of the District owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public or private road right-of-way making the property unusable for any other purpose has been granted to the federal government, the State of California, the County, the County, or any local government or other public agency.

“Single Family Attached Property” means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor’s Parcel Numbers assigned to them (except for a duplex triplex, or fourplex unit, which may share a Parcel with another duplex, triplex or fourplex Unit(s)), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential structures that meet the statutory definition of a condominium project contained in Civil Code Section 4125.

“Single Family Detached Property” means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a Unit that does not share a common wall with another Unit.

“Special Tax” means the amount levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Annual Special Tax Requirement.

“Tax Escalation Factor” means the percentage change from the previous year ending in April of the Consumer Price Index, All Urban Consumers (CPI-U), for the San Francisco-Oakland-San Jose area. In the case where the annual change in the specified Consumer Price Index is negative, the annual percentage increase shall be equal to zero.

“Tax Zone” means a mutually exclusive geographic area within which the Special Tax may be levied pursuant to this Rate and Method of Apportionment. All of the Taxable Property within the District at the time of its formation is within the Tax Zone specified in Section III. Additional Tax Zones may be created when Taxable Property is annexed to the District, and a separate Maximum Special Tax shall be identified for Taxable Property within the new Tax Zone at the time of such annexation. The Assessor’s Parcels included within a new Tax Zone when such Parcels are annexed to the District shall be identified by Assessor’s Parcel number in the Unanimous Approval Form that is signed by the owner(s) of the Parcels.

“Taxable Property” means all Parcels for which a building permit was issued prior to the June 1 preceding the Fiscal Year for which the Special Tax is being levied and located within the boundaries of the District which is not otherwise Exempt Property.

“Unanimous Approval Form” means that form executed by the record owner of fee title to a Parcel or Parcels of Taxable Property annexed into the District that constitutes the property owners approval and unanimous vote in favor of annexing into the District and the levy of Special Tax against his/her Parcel or Parcels pursuant to this Rate and Method of Apportionment of Special Tax.

“Unit” means an individual single family detached or attached home, townhome, condominium, apartment, or other residential dwelling unit, including each separate living area within a half-plex, duplex, triplex, fourplex, or other residential structure. An Accessory Unit that shares a Parcel with a Unit of Single Family Detached Property shall not be considered a separate Unit for purposes of calculating the Special Tax.

II. DETERMINATION OF TAXABLE PARCELS

On or about July 1 of each Fiscal Year, the District Administrator shall determine the valid Assessor’s Parcel Numbers for the current Fiscal Year for all Taxable Property within the District. If any Assessor’s Parcel Numbers are no longer valid from the previous Fiscal Year, the District Administrator shall determine the new Assessor’s Parcel Number(s) that are in effect for the current Fiscal Year. To the extent an Assessor’s Parcel Number(s) or Parcels of Taxable Property are subdivided, consolidated or otherwise reconfigured, the Special Tax rates shall be assigned to the new Assessor’s Parcels Number(s) pursuant to Section III. The District Administrator shall also determine: (i) the Tax Zone within which each Parcel is located; (ii) which Parcels are Developed Property; (iii) the number of Units each Parcel contains; and (iv) the Annual Special Tax Requirement for the Fiscal Year.

III. ANNUAL SPECIAL TAX - METHOD OF APPORTIONMENT

All Taxable Property shall be subject to a Special Tax defined as follows.

The Special Tax shall be levied each Fiscal Year by the District Administrator. The Annual Special Tax Requirement shall be apportioned to each Parcel of Developed Property within each Tax Zone of the District by the method shown below.

- First. Determine the Annual Special Tax Requirement.
- Second. Levy the Special Tax on each Parcel of Developed Property Proportionately, up to the Maximum Special Tax Rate described in the following tables to satisfy the Annual Special Tax Requirement.

TABLE 1
MAXIMUM SPECIAL TAX RATES – TAX ZONE NO. 1 (BRIGANTINO)
FISCAL YEAR 2018/19

<u>Property Type</u>	<u>Rate</u>	<u>Per</u>
Single Family Detached Property	\$1,465.00	Unit

TABLE 2
MAXIMUM SPECIAL TAX RATES – TAX ZONE NO. 2 (BENNETT RANCH)
FISCAL YEAR 2018/19

<u>Property Type</u>	<u>Rate</u>	<u>Per</u>
Single Family Detached Property	\$1,692.45	Unit

TABLE 3
MAXIMUM SPECIAL TAX RATES – TAX ZONE NO. 1 (THE BLUFFS)
FISCAL YEAR 2018/19

<u>Property Type</u>	<u>Special Tax Rate</u>	<u>Contingent Special Tax Rate</u>	<u>Per</u>
Single Family Detached Property	\$762.37	\$887.44	Unit

A different Maximum Special Tax Rate may be identified in Tax Zones added to the District as a result of future annexations.

On each July 1, commencing on July 1, 2019, the Maximum Special Tax Rate for each Tax Zone shall be subject to increase by the Tax Escalation Factor.

IV. FORMULA FOR PREPAYMENT OF SPECIAL TAX OBLIGATIONS

The Special Tax may not be prepaid.

V. EXEMPTIONS

Notwithstanding any other provision of this Rate and Method of Apportionment of Special Tax, no Special Taxes shall be levied on Public Property, except as otherwise provided in Sections 53317.3 and 53317.5 of the Act. Any Taxable Property acquired by a public entity for non-public use development shall be subject to the Special Tax.

VI. INTERPRETATION OF RATE AND METHOD OF APPORTIONMENT

The County reserves the right to make minor administrative and technical changes to this document that do not materially affect the rate and method of apportioning the Maximum Special Tax Rates. In addition, the interpretation and application of any section of this document shall be at the County's discretion. Interpretations may be made by the Board by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment of Special Tax.

VII. MANNER AND DURATION OF SPECIAL TAX

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided that the County may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if needed to meet the financial obligations of the District, and may collect delinquent Special Taxes through foreclosure or other available methods.

A Special Tax shall continue to be levied and collected within the District to fund the Annual Special Tax Requirement in perpetuity.

VIII. APPEAL OF SPECIAL TAX LEVY

Any property owner may file a written appeal of the Special Tax with the District Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes levied must be paid on or before the payment date established when the levy was made.

The appeal must specify the reasons why the appellant claims the Special Taxes are in error. The District Administrator shall review the appeal, meet with the appellant if the District Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the District Administrator's decision relative to the appeal, the owner may then file a written appeal with the Board whose subsequent decision shall be final and binding on all interested parties. If the decision of the District Administrator or subsequent decision by the Board requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes.

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.