

MEETING DATE: **08.06.12**

AGENDA ITEM: **Introduction of an Ordinance Adding a New Chapter
15.12, Community Facilities District Financing, to the
Culver City Municipal Code.**

ATTACHMENTS

	<u>Pages</u>
1. Proposed Ordinance	1-5
2. Mello-Roos Community Facilities Act of 1982	6-59

ORDINANCE NO. 2012-

AN ORDINANCE OF THE CITY OF CULVER CITY,
CALIFORNIA, ADDING A NEW CHAPTER 15.12,
COMMUNITY FACILITIES DISTRICT FINANCING, TO THE
CULVER CITY MUNICIPAL CODE.

WHEREAS, the City Council desires to add a new Chapter 15.12, Community
Facilities District Financing, to the Culver City Municipal Code as a supplement to existing
State law for the formation of a community facilities district (Mello Roos Community
Facilities Act of 1982), in order to further facilitate the formation of community facilities
districts, which are in important tool for the financing of public improvements and services
when no other source of funding is available.

NOW THEREFORE, the City Council of the City of Culver City, California,
DOES HEREBY ORDAIN as follows:

SECTION 1. Chapter 15.12 is hereby added to the Culver City Municipal
Code to read as follows:

CHAPTER 15.12: COMMUNITY FACILITIES DISTRICT FINANCING**Sections:**

- 15.12.005 - Purpose and Intent
- 15.12.010 - Special Tax Proceedings
- 15.12.015 - Nonexclusivity
- 15.12.020 - Construction
- 15.12.025 - Incorporation of the Mello-Roos Community Facilities Act of 1982
- 15.12.030 - Authorized Services
- 15.12.035 - Special Tax Levy; Election; Voter Qualifications; Ballots
- 15.12.040 - Goals and Policies
- 15.12.045 - Conflict of Law

15.12.005 Purpose and Applicability

The purpose and intent of this Chapter is to establish a procedure for financing certain public capital facilities and services through the establishment of community facilities districts, the levy of special taxes within such districts and the issuance of bonds secured by such special taxes. The provisions of this Chapter are intended to be a supplement to existing state law for the formation of community facilities districts (Mello-Roos Community Facilities Act of 1982).

15.12.010 Special Tax Proceedings

Proceedings for the formation of a community facilities district or districts may be conducted pursuant to this Chapter whether or not provided in any state law.

15.12.015 Nonexclusivity

- A. This Chapter is not, in any way, exclusive.
- B. The procedures provided in this Chapter are alternative to any other procedure provided in this Code or under state law.
- C. The resolution of intention in any proceedings under any state law or other provision of this Code may provide that such provisions are supplemented by this Chapter.

15.12.020 Construction

This Chapter is to be liberally construed.

15.12.025 Incorporation of the Mello-Roos Community Facilities Act of 1982.

- A. The Mello-Roos Community Facilities Act of 1982 (Chapter 2.5, commencing with Section 53311, of Part 1 of Division 2 of Title 5 of the Government Code, as amended from time to time), is incorporated in and made a part of this Chapter.
- B. Except as otherwise provided by this Chapter, the mode and manner for making improvements, for levying and collecting special taxes and for issuing bonds shall be as prescribed in the Mello-Roos Community Facilities Act of 1982.

15.12.030 Authorized Services; Public Parking Facilities

- A. A community facilities district special tax, whether approved by vote of the landowners or the registered voters of the district, may finance the operation, maintenance and servicing related to provision of transportation services, in addition to the services specified in the Mello-Roos Community Facilities Act of 1982, notwithstanding the fact that any such services supplant services which were already available within the territory when the district was created.
- B. A community facilities district special tax, whether approved by vote of the landowners or the registered voters of the district, may finance the purchase, construction, expansion, improvement, or rehabilitation of any public parking facility with an estimated useful life of five years or longer, and the operation and maintenance of such parking facility, in addition to the financing powers specified in the Mello-Roos Community Facilities Act of 1982.

15.12.035 Special Tax Levy; Election; Voter Qualifications; Ballots

- A. Notwithstanding Government Code Section 53326(a), the City Council shall submit the levy of any special taxes to the qualified electors of the proposed community facilities district or to the qualified electors of the territory to be annexed by the community facilities district in the next general election or in a special election to be held, notwithstanding any other requirement, including any requirement that elections be held on specified dates, contained in the Elections Code, at least 45 days, but not more than 180 days, following the adoption of the resolution of formation. This subsection 15.12.35.A shall apply only if the election is to be by the landowners of the proposed community facilities district, as described in Government Code Section 53326(b), and the proposed community facilities district is funding authorized services with no debt to be issued.
- B. Notwithstanding Government Code Section 53326(b), if the vote is to be by the landowners of the proposed community facilities district, as described in Government Code Section 53326(b), the City Council may provide for an alternative to the method of voting of each landowner having one vote for each acre or portion of an acre of land that a landowner owns within the proposed community facilities district. The alternative method of voting authorized by this subsection 15.12.035.B, provides that each landowner shall have one vote for each dollar or portion of a dollar of special tax that may be levied on such landowner's land to be included in the proposed community facilities district, based upon the proposed rate and method of apportionment and manner of collection of special tax for the proposed community facilities district, and the special taxes thereby to be levied in the

1 first full fiscal year following formation of the proposed district. This
2 subsection 15.12.35.B shall apply only if the City Council finds that such
3 alternative method of voting is more reflective of the burden of the special tax
4 to be levied on the landowners in the proposed community facilities district.

5 **15.12.040 Goals and Policies.**

6 The provisions of Government Code Section 53312.7, concerning the adoption of
7 local goals and policies, shall be permissive and not mandatory in connection with
8 any proceedings taken, special tax levied or bonds issued pursuant to this Chapter.
9 Notwithstanding Government Code Section 53312.7(a), should the City Council
10 adopt local goals and policies, it may do so at any time prior to or during the
11 proceedings to establish a community facilities district."

12 **15.12.045 Conflict of Law.**

13 In the event of any conflict between the provisions of this Chapter and the provisions
14 of the Mello-Roos Community Facilities Act of 1982, this Chapter shall govern.

15 **SECTION 2.** Pursuant to Section 619 of the City Charter, this Ordinance
16 shall take effect thirty (30) days after the date of its adoption. Pursuant to Sections 616
17 and 621 of the City Charter, prior to the expiration of fifteen (15) days after the adoption,
18 the City Clerk shall cause this Ordinance, or a summary thereof, to be published in the
19 Culver City News and shall post this Ordinance or a summary thereof in at least three
20 places within the City.

21 ///

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

APPROVED AND ADOPTED this _____ day of _____, 2012.

ATTEST:

APPROVED AS TO FORM:

CAROL A. SCHWAB, City Attorney

for

§ 53311. Short title

This chapter shall be known and may be cited as the "Mello-Roos Community Facilities Act of 1982".

§ 53311.5. Authority conferred by chapter; application of laws

This chapter provides an alternative method of financing certain public capital facilities and services, especially in developing areas and areas undergoing rehabilitation. The provisions of this chapter shall not affect or limit any other provisions of law authorizing or providing for the furnishing of governmental facilities or services or the raising of revenue for these purposes. A local government may use the provisions of this chapter instead of any other method of financing part or all of the cost of providing the authorized kinds of capital facilities and services.

§ 53312. Conflicting provisions

Any provision in this chapter which conflicts with any other provision of law shall prevail over the other provision of law.

§ 53312.5. Actions or determinations by local agency

The local agency may take any actions or make any determinations which it determines are necessary or convenient to carry out the purposes of this chapter and which are not otherwise prohibited by law.

§ 53312.7. Initiation of proceedings to establish district upon adoption of certain local goals and policies; goals and policies adopted by school districts

(a) On and after January 1, 1994, a local agency may initiate proceedings to establish a district pursuant to this chapter only if it has first considered and adopted local goals and policies concerning the use of this chapter. The policies shall include at least the following:

(1) A statement of the priority that various kinds of public facilities and services shall have for financing through the use of this chapter, including public facilities to be owned and operated by other public agencies, including school districts, and services to be provided by other public agencies.

(2) A statement concerning the credit quality to be required of bond issues, including criteria to be used in evaluating the credit quality.

(3) A statement concerning steps to be taken to ensure that prospective property purchasers are fully informed about their taxpaying obligations imposed under this chapter.

(4) A statement concerning criteria for evaluating the equity of tax allocation formulas, and concerning desirable and maximum amounts of special tax to be levied against any parcel pursuant to this chapter.

(5) A statement of definitions, standards, and assumptions to be used in appraisals required by Section 53345.8.

(b) The goals and policies adopted by any school district pursuant to subdivision (a) shall include, but not be limited to, a priority access policy that gives priority attendance access to students residing in a community facilities district whose residents have paid special taxes that have, in whole or in part, financed the construction of school district facilities. The degree of priority shall reflect the proportion of each school's financing provided through the community facilities district. In developing a priority access policy for residents of a community facilities district, a school district may incorporate a school district

attendance policy including criteria for student assignment such as goals to achieve ethnic, racial, or socioeconomic diversity; federal, state, or court mandates; transportation needs, safe pedestrian routes; grade levels for which facilities were designed; and ensuring students continuity of schooling within any single school year.

§ 53312.8. Territory dedicated or restricted to agricultural, open-space or conservation uses; annexation to community facilities district; easement or cancellation of contracts prior to release of land from specified lien

(a) Territory that is dedicated or restricted to agricultural, open-space, or conservation uses may not be included within or annexed to a community facilities district that provides or would provide facilities or services related to sewers, nonagricultural water, or streets and roads, unless the landowner consents to the inclusion or annexation of that territory to the community facilities district.

(b) Notwithstanding any other provision of law, and except as provided in subdivision (c), if a landowner consents to the inclusion or annexation of territory in a community facilities district pursuant to subdivision (a), the landowner and any local agency may not terminate any easement or effect a final cancellation of any contract with respect to any portion of the land included within or annexed to the community facilities district prior to the release of land that is the subject of the proposed termination or cancellation from all liens that arise under the community facilities district for any sewers, nonagricultural water, or streets and roads that did not benefit land uses allowed under the contract or easement.

(c) Subdivision (b) shall not apply to any of the following:

(1) Land under a contract entered into pursuant to the California Land Conservation Act of 1965 (Chapter 7 (commencing with Section 51200) of Part 1 of Division 1) included in a community facilities district for which a tentative map may be filed pursuant to paragraph (3) of subdivision (d) of Section 66474.4 or for which a tentative cancellation has been approved.

(2) Land subject to a conservation easement entered into prior to January 1, 2003.

(3) Land included in a community facilities district prior to the imposition of an enforceable restriction listed in subdivision (d) or prior to January 1, 2003.

(4) Land subject to an enforceable restriction listed in subdivision (d) that expressly waives the requirement of subdivision (b).

(d) As used in this section, "territory that is dedicated or restricted to agricultural, open-space, or conservation uses" means territory that is subject to any of the following:

(1) An open-space easement entered into pursuant to Chapter 6.5 (commencing with Section 51050) of Part 1 of Division 1.

(2) An open-space easement entered into pursuant to the Open-Space Easement Act of 1974 (Chapter 6.6 (commencing with Section 51070) of Part 1 of Division 1).

(3) A contract entered into pursuant to the California Land Conservation Act of 1965 (Chapter 7 (commencing with Section 51200) of Part 1 of Division 1).

(4) A farmland security zone contract created pursuant to Article 7 (commencing with Section 51296) of Chapter 7 of Part 1 of Division 1, except as otherwise provided in Section 51296.4.

(5) A conservation easement entered into pursuant to Chapter 4 (commencing with Section 815) of Title 2 of Part 2 of Division 2 of the Civil Code.

(6) An agricultural conservation easement entered into pursuant to Chapter 4 (commencing with Section 10260) of Division 10.2 of the Public Resources Code.

(7) An agricultural conservation easement entered into pursuant to Section 51256.

§ 53313. Establishment of community facilities district to finance certain additional services

A community facilities district may be established under this chapter to finance any one or more of the following types of services within an area:

(a) Police protection services, including, but not limited to, criminal justice services. However, criminal justice services shall be limited to providing services for jails, detention facilities, and juvenile halls.

(b) Fire protection and suppression services, and ambulance and paramedic services.

(c) Recreation program services, library services, maintenance services for elementary and secondary school sites and structures, and the operation and maintenance of museums and cultural facilities. A special tax may be levied for any of the services specified in this subdivision only upon approval of the registered voters as specified in subdivision (b) of Section 53326. An election to enact a special tax for recreation program services, library services, and the operation and maintenance of museums and cultural facilities may be conducted pursuant to subdivision (c) of Section 53326.

(d) Maintenance and lighting of parks, parkways, streets, roads, and open space.

(e) Flood and storm protection services, including, but not limited to, the operation and maintenance of storm drainage systems, plowing and removal of snow, and sandstorm protection systems.

(f) Services with respect to removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment. As used in this subdivision, the terms "remedial action" and "removal" shall have the meanings set forth in Sections 25322 and 25323, respectively, of the Health and Safety Code, and the term "hazardous substance" shall have the meaning set forth in Section 25281 of the Health and Safety Code. Community facilities districts shall provide the State Department of Health Services and local health and building departments with notification of any cleanup activity pursuant to this subdivision at least 30 days prior to commencement of the activity.

A community facilities district tax approved by vote of the landowners of the district may only finance the services authorized in this section to the extent that they are in addition to those provided in the territory of the district before the district was created. The additional services may not supplant services already available within that territory when the district was created.

Bonds may not be issued pursuant to this chapter to fund any of the services specified in this section, although bonds may be issued to fund capital facilities to be used in providing these services.

§ 53313.1. Duplicate levy, impact fee or other exaction

To the extent that any capital facility is provided under this chapter, a duplicate levy, impact fee, or other exaction may not be required for the same purpose under Section 66477.

§ 53313.4. Exemption subsequent to establishment of community facilities district; school facilities fee or other requirement levied by or to benefit any other school district

Any territory within a community facilities district established for the acquisition or improvement of school facilities for a school district shall be exempt from any fee, increase in any fee other than a

cost-of-living increase as authorized by law, or other requirement first levied, increased, or imposed pursuant to Chapter 6 (commencing with Section 17620) of Part 10.5 of Division 1 of Title 1 of the Education Code or under Chapter 4.7 (commencing with Section 65970) of Division 1 of Title 7, by or to benefit any other school district, except as otherwise negotiated between the school districts. That exemption shall apply until a date 10 years following the most recent issuance of bonds by the community facilities district or, if no bonds have ever been issued by the community facilities district, a date 10 years following the formation of the community facilities district.

§ 53313.5. Additional financing powers of district; purchase, construction, expansion, improvement, rehabilitation, or planning and design work of real or tangible property

A community facilities district may also finance the purchase, construction, expansion, improvement, or rehabilitation of any real or other tangible property with an estimated useful life of five years or longer or may finance planning and design work that is directly related to the purchase, construction, expansion, or rehabilitation of any real or tangible property. The facilities need not be physically located within the district. A district may not lease out facilities that it has financed except pursuant to a lease agreement or annexation agreement entered into prior to January 1, 1988. A district may only finance the purchase of facilities whose construction has been completed, as determined by the legislative body, before the resolution of formation to establish the district is adopted pursuant to Section 53325.1, except that a district may finance the purchase of facilities completed after the adoption of the resolution of formation if the facility was constructed as if it had been constructed under the direction and supervision, or under the authority of, the local agency that will own or operate the facility. For example, a community facilities district may finance facilities, including, but not limited to, the following:

- (a) Local park, recreation, parkway, and open-space facilities.
- (b) Elementary and secondary school sites and structures provided that the facilities meet the building area and cost standards established by the State Allocation Board.
- (c) Libraries.
- (d) Child care facilities, including costs of insuring the facilities against loss, liability insurance in connection with the operation of the facility, and other insurance costs relating to the operation of the facilities, but excluding all other operational costs. However, the proceeds of bonds issued pursuant to this chapter shall not be used to pay these insurance costs.
- (e) The district may also finance the construction or undergrounding of water transmission and distribution facilities, natural gas pipeline facilities, telephone lines, facilities for the transmission or distribution of electrical energy, and cable television lines to provide access to those services to customers who do not have access to those services or to mitigate existing visual blight. The district may enter into an agreement with a public utility to utilize those facilities to provide a particular service and for the conveyance of those facilities to the public utility. "Public utility" shall include all utilities, whether public and regulated by the Public Utilities Commission, or municipal. If the facilities are conveyed to the public utility, the agreement shall provide that the cost or a portion of the cost of the facilities that are the responsibility of the utility shall be refunded by the public utility to the district or improvement area thereof, to the extent that refunds are applicable pursuant to (1) the Public Utilities Code or rules of the Public Utilities Commission, as to utilities regulated by the commission, or (2) other laws regulating public utilities. Any reimbursement made to the district shall be utilized to reduce or minimize the special tax levied within the district or improvement area, or to construct or acquire additional facilities within the district or improvement area, as specified in the resolution of formation.
- (f) The district may also finance the acquisition, improvement, rehabilitation, or maintenance of any real or other tangible property, whether privately or publicly owned, for flood and storm protection services, including, but not limited to, storm drainage and treatment systems and sandstorm protection systems.

(g) The district may also pay in full all amounts necessary to eliminate any fixed special assessment liens or to pay, repay, or defease any obligation to pay or any indebtedness secured by any tax, fee, charge, or assessment levied within the area of a community facilities district or may pay debt service on that indebtedness. When the amount financed by the district is to pay a tax, fee, charge, or assessment imposed by a public agency other than the one conducting the proceedings, and if the amount provided to the other public agency will not be entirely used to pay off or prepay an assessment lien or special tax obligation pursuant to the property owner's legal right to do so, the written consent of the other public agency is required. In addition, tax revenues of a district may be used to make lease or debt service payments on any lease, lease-purchase contract, or certificate of participation used to finance authorized district facilities.

(h) Any other governmental facilities that the legislative body creating the community facilities district is authorized by law to contribute revenue to, or construct, own, or operate. However, the district shall not operate or maintain or, except as otherwise provided in subdivisions (e) and (k), have any ownership interest in any facilities for the transmission or distribution of natural gas, telephone service, or electrical energy.

(i)(1) A district may also pay for the following:

(A) Work deemed necessary to bring buildings or real property, including privately owned buildings or real property, into compliance with seismic safety standards or regulations. Only work certified as necessary to comply with seismic safety standards or regulations by local building officials may be financed. No project involving the dismantling of an existing building and its replacement by a new building, nor the construction of a new or substantially new building may be financed pursuant to this subparagraph. Work on qualified historical buildings or structures shall be done in accordance with the State Historical Building Code (Part 2.7 (commencing with Section 18950) of Division 13 of the Health and Safety Code).

(B) In addition, within any county or area designated by the President of the United States or by the Governor as a disaster area or for which the Governor has proclaimed the existence of a state of emergency because of earthquake damage, a district may also pay for any work deemed necessary to repair any damage to real property directly or indirectly caused by the occurrence of an earthquake cited in the President's or the Governor's designation or proclamation, or by aftershocks associated with that earthquake, including work to reconstruct, repair, shore up, or replace any building damaged or destroyed by the earthquake, and specifically including, but not limited to, work on any building damaged or destroyed in the Loma Prieta earthquake that occurred on October 17, 1989, or by its aftershocks. Work may be financed pursuant to this subparagraph only on property or buildings identified in a resolution of intention to establish a community facilities district adopted within seven years of the date on which the county or area is designated as a disaster area by the President or by the Governor or on which the Governor proclaims for the area the existence of a state of emergency.

(2) Work on privately owned property, including reconstruction or replacement of privately owned buildings pursuant to subparagraph (B) of paragraph (1), may only be financed by a tax levy if all of the votes cast on the question of levying the tax, vote in favor of levying the tax, or with the prior written consent to the tax of the owners of all property that may be subject to the tax, in that case the prior written consent shall be deemed to constitute a vote in favor of the tax and any associated bond issue. Any district created to finance seismic safety work on privately owned buildings, including repair, reconstruction, or replacement of privately owned buildings pursuant to this subdivision, shall consist only of lots or parcels that the legislative body finds have buildings that were damaged or destroyed by the earthquake cited pursuant to subparagraph (B) of paragraph (1) or by the aftershocks of that earthquake.

(j) A district may also pay for the following:

(1) Work deemed necessary to repair and abate damage caused to privately owned buildings and structures by soil deterioration. "Soil deterioration" means a chemical reaction by soils that causes structural damage or defects in construction materials including concrete, steel, and ductile or cast iron.

Only work certified as necessary by local building officials may be financed. No project involving the dismantling of an existing building or structure and its replacement by a new building or structure, nor the construction of a new or substantially new building or structure may be financed pursuant to this subparagraph.

(2) Work on privately owned buildings and structures pursuant to this subdivision, including reconstruction, repair, and abatement of damage caused by soil deterioration, may only be financed by a tax levy if all of the votes cast on the question of levying the tax vote in favor of levying the tax. Any district created to finance the work on privately owned buildings or structures, including reconstruction, repair, and abatement of damage caused by soil deterioration, shall consist only of lots or parcels on which the legislative body finds that the buildings or structures to be worked on pursuant to this subdivision suffer from soil deterioration.

(k) A district may also finance the acquisition, improvement, rehabilitation, or maintenance of any real or other tangible property, whether privately or publicly owned, for the purposes of removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment. As used in this subdivision, the terms "remedial action" and "removal" shall have the meaning set forth in Sections 25322 and 25323, respectively, of the Health and Safety Code, and the term "hazardous substance" shall have the meaning set forth in Section 25281 of the Health and Safety Code.

§ 53313.51. Agreements for the construction of discrete portions or phases of facilities

The legislative body may enter into an agreement for the construction of discrete portions or phases of facilities to be constructed and purchased consistent with Section 53313.5. The agreement may include any provisions that the legislative body determines are necessary or convenient, but shall do all of the following:

(a) Identify the specific facilities or discrete portions or phases of facilities to be constructed and purchased. The legislative body may agree to purchase discrete portions or phases of facilities if the portions or phases are capable of serviceable use as determined by the legislative body.

(b) Notwithstanding subdivision (a), when the purchase value of a facility exceeds one million dollars (\$1,000,000), the legislative body may agree to purchase discrete portions or phases of the partially completed project.

(c) Identify procedures to ensure that the facilities are constructed pursuant to plans, standards, specifications, and other requirements as determined by the legislative body.

(d) Specify a price or a method to determine a price for each facility or discrete portion or phase of a facility. The price may include an amount reflecting the interim cost of financing cash payments that must be made during construction of the project, at the discretion of the legislative body.

(e) Specify procedures for final inspection and approval of facilities or discrete portions of facilities, for approval of payment, and for acceptance and conveyance or dedication of the facilities to the local agency.

§ 53313.6. Adjustments in ad valorem property taxes; findings

The legislative body may provide for adjustments in ad valorem property taxes pursuant to Section 53313.7 within a community facilities district only after making both of the following findings at the conclusion of the public hearing held pursuant to Article 2 (commencing with Section 53318):

(a) That an ad valorem property tax is, or will be, levied on property within a proposed community facilities district for the exclusive purpose of making lease payments on an existing lease or paying

principal or interest on outstanding bonds or other existing indebtedness, including state school building loans, incurred to finance construction of capital facilities.

(b) That capital facilities to be financed by the community facilities district will provide the same services to the territory of the community facilities district as were provided by the capital facilities mentioned in subdivision (a).

§ 53313.7. Increase in total amount of ad valorem property tax revenue due from parcels within proposed district; freeze on property tax revenue; cessation

(a) Upon making the findings pursuant to Section 53313.6, the legislative body may, with the concurrence of the legislative body which levied the property tax described in subdivision (a) of Section 53313.6, by ordinance, determine that the total annual amount of ad valorem property tax revenue due from parcels within the proposed community facilities district, for purposes of paying principal and interest on the debt identified in Section 53313.6, shall not be increased after the date on which the resolution of formation for the community facilities district is adopted, or after a later date determined by the legislative body creating the community facilities district with the concurrence of the legislative body which levied the property tax in question.

(b) The legislative body may, by ordinance, with the concurrence of the legislative body that levied the property tax described in subdivision (a) of Section 53313.6, determine to cease and eliminate the freeze on property tax revenue established pursuant to subdivision (a), upon determining that the community facilities district's special tax or portion thereof levied on the parcels in question to pay for the capital facilities specified in subdivision (b) of Section 53313.6 shall cease to be levied and collected.

§ 53313.9. School facilities financed by community facilities district; cost sharing by State Allocation Board; ownership transferred to state; savings

(a) All or any part of the cost of any school facilities financed by a community facilities district may be shared by the State Allocation Board pursuant to Section 17718.5 of the Education Code.

(b) If the State Allocation Board shares in any part of the cost of the school facilities, the ownership of those facilities and the real property upon which the facilities are located shall be held as provided in the Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of the Education Code).

(c) The resolutions of intention, formation, consideration, and to incur bonded indebtedness, adopted pursuant to subdivision (b) of Section 53338 or Sections 53321, 53325.1, 53334, 53339.2, 53345, and 53351 may provide for cost sharing by the State Allocation Board and for appropriate adjustment of the principal amount of any bond issue or issues and of the rate and method of apportionment of any special tax.

§ 53314. Transfer of funds; use of money; interest

The legislative body may from time to time transfer moneys to a community facilities district or to an improvement area within a community facilities district, for the benefit of the district or improvement area, from any funds available to the legislative body. Any moneys so transferred may be used for the payment of any currently payable expenses incurred by reason of the construction or acquisition of any facilities or provision of any authorized services within the district or improvement area prior to December 1 of the first fiscal year in which a special tax may be levied for the facilities or services within the district or improvement area. The rate of interest earned by the investment of those moneys shall be determined by the legislative body.

§ 53314.3. Levy of special tax or charge; repayment of amounts transferred

In the first fiscal year in which a special tax or charge is levied for any facility or for any services in a community facilities district or a zone within a community facilities district, the legislative body shall include in the levy a sum sufficient to repay to the legislative body the amounts transferred to that district or zone pursuant to Section 53314. The amounts borrowed, with interest, shall be retransferred to the proper fund or funds from the first available receipts from the special levy in that district or zone.

Notwithstanding the above provisions, the legislative body may, by a resolution adopted no later than the time of the first levy, extend the repayment of the transferred funds over a period of time not to exceed three consecutive years, in which event the levy and each subsequent levy shall include a sum sufficient to repay the amount specified by the legislative body for the year of the levy.

§ 53314.5. Revolving fund; reimbursement from tax revenues or other moneys; time

Pursuant to a resolution adopted by the legislative body, the legislative body may appropriate any of its available moneys to a revolving fund to be used for the acquisition of real or personal property, engineering services, or the construction of structures or improvements needed in whole or in part to provide one or more of the facilities of a community facilities district. The revolving fund shall be reimbursed from tax revenues or other moneys available from the facilities district, and no sums shall be disbursed from the fund until the legislative body has, by resolution, established the method by, and term not exceeding five years within, which the community facilities district is to reimburse the fund. The district shall reimburse the fund for any amount disbursed to the area within five years after such disbursement, together with interest at the current rate per annum received on similar types of investments by the legislative body as determined by the local agency's treasurer.

§ 53314.6. Revolving fund for cleanup of hazardous substances; withdrawal of funds

(a) In connection with the financing of services and facilities pursuant to subdivision (f) of Section 53313 and subdivision (k) of Section 53313.5, the legislative body may establish a revolving fund to be kept in the treasury of the district. Except as provided in subdivision (b), moneys in the revolving fund shall be expended solely for the payment of costs with respect to those services and facilities. The revolving fund may be funded from time to time with moneys derived from any of the following:

(1) Proceeds of the sale of bonds issued pursuant to Article 5 (commencing with Section 53345), notwithstanding any limitation contained in Section 53345.3.

(2) Any taxes or charges authorized under this chapter.

(3) Any other lawful source.

(b) Subject to the provisions of any resolution, trust agreement or indenture providing for the issuance of district bonds for the purposes set forth in subdivision (k) of Section 53313.5, the legislative body may withdraw money from the revolving fund whenever and to the extent that it finds that the amount of money therein exceeds the amount necessary to accomplish the purposes for which the revolving fund was established. Any moneys withdrawn from the revolving fund shall be used to redeem bonds of the district issued for the purposes set forth in subdivision (k) of Section 53313.5 or shall be paid to taxpayers in the district in amounts that the legislative body determines.

§ 53314.7. Liability; removal or remedial action; hazardous substances released or threatened to be released

(a) Any responsible party as defined by subdivision (a) of Section 25323.5 of the Health and Safety Code shall be liable to the district for the costs incurred in the removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment. The amount of the costs shall include interest on the costs accrued from the date of expenditure. The interest shall be calculated based on the average annual rate of return on the district's investment of surplus funds for the fiscal year in which the district incurred the costs. Recovery of costs by a community

facilities district under this section shall be commenced before or immediately upon completion of the removal or remedial action, and payments received hereunder by the district shall be deposited in the revolving fund in accordance with Section 53314.6.

(b) To expedite cleanup, this section is intended to provide local jurisdictions an alternative method of financing the cost of removal or remedial action for the cleanup of any hazardous substance through the issuance of voter-approved limited obligation bonds. The provisions of this section shall not affect or limit the provisions of any other law establishing the liability of any person for, or otherwise regulating, the generation, transportation, storage, treatment, or disposal of hazardous substances. The scope and standard of liability for any costs recoverable pursuant to Section 53314.7 shall be the scope and standard of liability set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sec. 6901 et seq.), or any other provision of state or federal law establishing responsibility for cleanup of hazardous waste sites.

§ 53314.8. Ordinance; local agency contribution; purposes

At any time either before or after the formation of the district, the legislative body may provide, by ordinance, that for a period specified in the ordinance, the local agency may contribute, from any source of revenue not otherwise prohibited by law, any specified amount, portion, or percentage of the revenues for the purposes set forth in the ordinance, limited to the following: the acquisition or construction of a facility, the acquisition of interest in real property, or the payment of debt service with respect to the financing of either, the provision of authorized services, and the payment of expenses incidental thereto. The contribution shall not constitute an indebtedness or liability of the local agency.

§ 53314.9. Advances of funds or work in-kind; acceptance by legislative body; use; repayment; agreement; conditions

(a) Notwithstanding Section 53313.5, at any time either before or after the formation of the district, the legislative body may accept advances of funds or work in-kind from any source, including, but not limited to, private persons or private entities and may provide, by resolution, for the use of those funds or that work in-kind for any authorized purpose, including, but not limited to, paying any cost incurred by the local agency in creating a district. The legislative body may enter into an agreement, by resolution, with the person or entity advancing the funds or work in-kind, to repay all or a portion of the funds advanced, or to reimburse the person or entity for the value, or cost, whichever is less, of the work in-kind, as determined by the legislative body, with or without interest, under all of the following conditions:

(1) The proposal to repay the funds or the value or cost of the work in-kind, whichever is less, is included both in the resolution of intention to establish a district adopted pursuant to Section 53321 and in the resolution of formation to establish the district adopted pursuant to Section 53325.1, or in the resolution of consideration to alter the types of public facilities and services provided within an established district adopted pursuant to Section 53334.

(2) Any proposed special tax or change in a special tax is approved by the qualified electors of the district pursuant to this chapter. Any agreement shall specify that if the qualified electors of the district do not approve the proposed special tax or change in a special tax, the local agency shall return any funds which have not been committed for any authorized purpose by the time of the election to the person or entity advancing the funds.

(3) Any work in-kind accepted pursuant to this section shall have been performed or constructed as if the work had been performed or constructed under the direction and supervision, or under the authority of, the local agency.

(b) The agreement shall not constitute a debt or liability of the local agency.

§ 53315. Liberal construction of chapter; error, irregularity, neglect or omission

This chapter shall be liberally construed in order to effectuate its purposes. No error, irregularity, informality, and no neglect or omission of any officer, in any procedure taken under this chapter, which does not directly affect the jurisdiction of the legislative body to order the installation of the facility or the provision of service, shall void or invalidate such proceeding or any levy for the costs of such facility or service.

§ 53315.3. Failure to receive notice, resolution, order or other matter not affecting proceedings

The failure of any person to receive a notice, resolution, order, or other matter shall not affect in any way whatsoever the validity of any proceedings taken under this chapter, or prevent the legislative body from proceeding with any hearing so noticed.

§ 53315.6. Resolution of intention; transmittal to city or county; proceeding initiated by certain legislative bodies

When any proceeding is initiated under this chapter by a legislative body other than that of a city or county, a copy of the resolution of intention shall be transmitted to the legislative body of the city, where the land to be assessed lies within the corporate limits of any city, or of the county, where the land to be assessed lies within an unincorporated territory.

§ 53315.8. District formed by county within city; consent of city

A county may not form a district within the territorial jurisdiction of a city without the consent of the legislative body of the city.

§ 53316. Application of chapter to local agencies; authority to create community facilities districts; powers and duties of officers; authority of local agencies to enact ordinances for purposes of this chapter

This chapter applies to all local agencies insofar as those entities have the power to install or contribute revenue for any of the facilities or provide or contribute revenue for any of the services authorized under this chapter. This chapter authorizes local agencies to create community facilities districts pursuant to this chapter within their territorial limits. A local agency may initiate proceedings pursuant to Section 53318 to include territory proposed for annexation to the local agency within a community facilities district if a petition or resolution of application for the annexation of the territory to the local agency has been accepted for filing and a certificate of filing has been issued by the executive officer of the local agency formation commission at the time the proceedings to create the district are initiated. Those proceedings may be completed only if the annexation of the territory to the local agency is completed. The officers of local agencies who have similar powers and duties, as determined by the legislative body of the local agency, as the municipal officers referred to in this chapter shall have the powers and duties given by this chapter to the municipal officials. Where no similar officer exists, the legislative body of the local agency shall, by resolution, appoint a person or designate an officer to perform the duties under this chapter. Any local agency that has no authority to enact an ordinance under other laws may, for purposes of this chapter, enact an ordinance in substantially the same manner as provided for the enactment of a city ordinance in Chapter 2 (commencing with Section 36900) of Part 2 of Division 3 of Title 4.

§ 53316.2. Joint community facilities agreement or joint exercise of powers agreement

(a) A community facilities district may finance facilities to be owned or operated by a public agency other than the agency that created the district, or services to be provided by a public agency other than the agency that created the district, or any combination, only pursuant to a joint community facilities agreement or a joint exercise of powers agreement adopted pursuant to this section. A joint community facilities agreement or a joint exercise of powers agreement with a state or federal agency shall not be required if the local agency that created the district is the agency that would, in the absence of the district,

enter into an agreement with the state or federal agency for the provision of the facilities or services, or if the local agency that created the district enters into a joint agreement with the public agency that would, in the absence of the district, enter into an agreement with the state or federal agency for the provision of the facilities or services.

(b) At any time prior to the adoption of the resolution of formation creating a community facilities district or a resolution of change to alter a district, or a resolution or resolutions authorizing issuance of bonds pursuant to Section 53356, the legislative bodies of two or more local agencies may enter into a joint community facilities agreement pursuant to this section and Sections 53316.4 and 53316.6 or into a joint exercise of powers agreement pursuant to the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1) to exercise any power authorized by this chapter with respect to the community facilities district being created or changed if the legislative body of each entity adopts a resolution declaring that the joint agreement would be beneficial to the residents of that entity.

(c) Notwithstanding the Joint Exercise of Powers Act, a contracting party may use the proceeds of any special tax or charge levied pursuant to this chapter or, in the case of facilities, of any bonds or other indebtedness issued pursuant to this chapter to provide facilities or services which that contracting party is otherwise authorized by law to provide, even though another contracting party does not have the power to provide those facilities or services.

(d) Notwithstanding subdivision (b), nothing in this section shall prevent entry into or amendment of a joint community facilities agreement or a joint exercise of powers agreement at any time, if the new agreement or amendment is necessary, as determined by the legislative body, for either of the following reasons:

(1) To allow an orderly transition of governmental facilities and finances in the case of any change in governmental organization approved pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5) or other law governing the reorganization of any agency that is a party to the agreement.

(2) To allow participation in the agreement by a state or federal agency, including, but not limited to, the California Department of Transportation. Participation in an agreement by a state or federal agency is purely optional.

(e) Notwithstanding any other provision of this chapter, no local agency that is party to a joint exercise of powers agreement or joint community facilities agreement shall have primary responsibility for formation of a district, or for an extension of authorized facilities and services or a change in special taxes pursuant to Article 3 (commencing with Section 53330), unless that local agency is one or more of the following:

(1) A city, a county, or a city and county.

(2) An agency created pursuant to a joint powers agreement that is separate from the parties to the agreement, is responsible for the administration of the agreement, and is subject to the notification requirement of Section 6503.5.

(3) An agency that is reasonably expected to have responsibility for providing facilities or services to be financed by a larger share of the proceeds of special taxes and bonds of the district or districts created or changed pursuant to the joint exercise of powers agreement or the joint community facilities agreement than any other local agency.

§ 53316.4. Joint exercise of powers agreement; required description

The agreement entered into pursuant to Section 53316.2 shall contain a description of the facilities and services to be provided under the agreement, and any real or tangible property which is to be purchased, constructed, expanded, or rehabilitated.

§ 53316.6. Joint exercise of powers agreement; division of responsibility to provide facilities or services; allocation and distribution of proceeds of special tax levy

The agreement entered into pursuant to Section 53316.2 may provide for the division of responsibility to provide any of the facilities or services among the entities entering into the agreement. The agreement shall provide for the allocation and distribution of the proceeds of any special tax levy among the parties to the agreement.

§ 53317. Definitions

Unless the context otherwise requires, the definitions contained in this article shall govern the construction of this chapter.

(a) "Clerk" means the clerk of the legislative body of a local agency.

(b) "Community facilities district" means a legally constituted governmental entity established pursuant to this chapter for the sole purpose of financing facilities and services.

(c) "Cost" means the expense of constructing or purchasing the public facility and of related land, right-of-way, easements, including incidental expenses, and the cost of providing authorized services, including incidental expenses.

(d) "Debt" means any binding obligation to pay or repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts.

(e) "Incidental expense" includes all of the following:

(1) The cost of planning and designing public facilities to be financed pursuant to this chapter, including the cost of environmental evaluations of those facilities.

(2) The costs associated with the creation of the district, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the district.

(3) Any other expenses incidental to the construction, completion, and inspection of the authorized work.

(f) "Landowner" or "owner of land" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of the land by the legislative body. The legislative body has no obligation to obtain other information as to the ownership of the land, and its determination of ownership shall be final and conclusive for the purposes of this chapter. A public agency is not a landowner or owner of land for purposes of this chapter, unless one of the following exists:

(1) The land owned by a public agency would be subject to a special tax pursuant to Section 53340.1.

(2) The public agency has acquired the property by purchase or negotiation in connection with foreclosure of a special tax lien and it is intended that the property will be transferred to private ownership.

(3) The public agency states in the proceedings that its land is intended to be transferred to private ownership and provides in the proceedings that its land will be subject to the special tax on the same basis as private property within the district and affirmatively waives any defense based on the fact of public ownership, to any action to foreclose on the property in the event of nonpayment of the special tax.

(4) The land owned by a public agency is within the territory of a military base that is closed or is being closed.

(g) "Legislative body" means the legislative body or governing board of any local agency.

(h) "Local agency" means any city or county, whether general law or chartered, special district, school district, joint powers entity created pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1, redevelopment agency, or any other municipal corporation, district, or political subdivision of the state.

(i) "Rate" means a single rate of tax or a schedule of rates.

(j) "Services" means the provision of categories of services identified in Section 53313. "Services" includes the performance by employees of functions, operations, maintenance, and repair activities. "Services" does not include activities or facilities identified in Section 53313.5.

§ 53317.3. Special tax; property acquired by public entity through negotiated transaction or by gift or devise

If property not otherwise exempt from a special tax levied pursuant to this chapter is acquired by a public entity through a negotiated transaction, or by gift or devise, the special tax shall, notwithstanding Section 53340, continue to be levied on the property acquired and shall be enforceable against the public entity that acquired the property. However, even if the resolution of formation that authorized creation of the district did not specify conditions under which the obligation to pay a special tax may be prepaid and permanently satisfied, the legislative body of the local agency that created the district may specify conditions under which the public agency that acquires the property may prepay and satisfy the obligation to pay the tax. The conditions may be specified only if the local agency that created the district finds and determines that the prepayment arrangement will fully protect the interests of the owners of the district's bonds.

§ 53317.5. Special tax; special assessment on property acquired by public entity through eminent domain

If property subject to a special tax levied pursuant to this chapter is acquired by a public entity through eminent domain proceedings, the obligation to pay the special tax shall be treated, pursuant to Section 1265.250 of the Code of Civil Procedure, as if it were a special annual assessment. For this purpose, the present value of the obligation to pay a special tax to pay the principal and interest on any indebtedness incurred by the district prior to the date of apportionment determined pursuant to Section 5082 of the Revenue and Taxation Code shall be treated the same as a fixed lien special assessment.

ARTICLE 2. PROCEEDINGS TO CREATE A COMMUNITY FACILITIES DISTRICT

§ 53318. Institution of proceeding; request; petition; fee

Proceedings for the establishment of a community facilities district may be instituted by the legislative body on its own initiative and shall be instituted by the legislative body when any of the following occurs:

(a) A written request for the establishment of a district, signed by two members of the legislative body, describing the boundaries of the territory that is proposed for inclusion in the area and specifying the type or types of facilities and services to be financed by the district, is filed with the legislative body.

(b) A petition requesting the institution of the proceedings signed by the requisite number of registered voters, as specified in subdivision (d) of Section 53319, describing the boundaries of the territory that is proposed for inclusion in the area and specifying the type or types of facilities and services to be financed by the district, is filed with the clerk of the legislative body. The petition may consist of any number of separate instruments, each of which shall comply with all of the requirements of the petition, except as to the number of signatures.

(c) A petition requesting the institution of the proceedings signed by landowners owning the requisite portion of the area of the proposed district, as specified in subdivision (d) of Section 53319, describing the boundaries of the territory that is proposed for inclusion in the area and specifying the type or types of facilities and services to be financed by the district, is filed with the clerk of the legislative body.

(d) The written request filed pursuant to subdivision (a) and the petition filed pursuant to subdivision (b) are not required to be acted upon until the payment of a fee in an amount that the legislative body determines, within 45 days of receiving the request or petition, is sufficient to compensate the legislative body for all costs incurred in conducting proceedings to create a district pursuant to this chapter. A petition filed pursuant to subdivision (c) may not be acted upon until payment of a fee in an amount that the legislative body determines, within 45 days of receiving the petition, is sufficient to compensate the legislative body for all costs incurred in conducting proceedings to create a district pursuant to this chapter.

§ 53318.5. Local agency formation commissions; power to review or approve proposals

Notwithstanding any provision of Part 1 (commencing with Section 56000) of Division 3, a local agency formation commission shall have no power or duty to review and approve or disapprove a proposal to create a community facilities district or a proposal to annex territory to, or detach territory from, such district, pursuant to this chapter.

§ 53319. Petition; contents; findings as to requisite number of signers

A petition requesting the institution of proceedings for the establishment of a community facilities district shall do all of the following:

(a) Request the legislative body to institute proceedings to establish a community facilities district pursuant to this chapter.

(b) Describe the boundaries of the territory that is proposed for inclusion in the district.

(c) State the type or types of facilities and services proposed to be financed by the district, which may include proposals for any additional information specified by Sections 53321, 53325.7, and 53345.

(d) Be signed by not less than 10 percent of the registered voters residing within the territory proposed to be included within the district or by owners of not less than 10 percent of the area of land proposed to be included within the district and not proposed to be exempt from the special tax. If the legislative body finds that the petition is signed by the requisite number of registered voters residing within the territory proposed to be included within the district or by the requisite number of owners of land proposed to be included within the district, that finding shall be final and conclusive.

§ 53320. Resolution of intention to establish district; time for adoption

Within 90 days after either a written request by two members of the legislative body or a petition requesting the institution of proceedings for the establishment of a community facilities district is filed with the legislative body and the payment of any fee required under subdivision (d) of Section 53318, the legislative body shall adopt a resolution of intention to establish a community facilities district in the form specified in Section 53321.

§ 53321. Resolution of intention to establish district; contents

Proceedings for the establishment of a community facilities district shall be instituted by the adoption of a resolution of intention to establish the district which shall do all of the following:

(a) State that a community facilities district is proposed to be established under the terms of this chapter and describe the boundaries of the territory proposed for inclusion in the district, which may be accomplished by reference to a map on file in the office of the clerk, showing the proposed community facilities district. The boundaries of the territory proposed for inclusion in the district shall include the entirety of any parcel subject to taxation by the proposed district.

(b) State the name proposed for the district in substantially the following form: "Community Facilities District No. _____."

(c) Describe the public facilities and services proposed to be financed by the district pursuant to this chapter. The description may be general and may include alternatives and options, but it shall be sufficiently informative to allow a taxpayer within the district to understand what the funds of the district may be used to finance. If the purchase of completed public facilities or the incurring of incidental expenses is proposed, the resolution shall identify those facilities or expenses. If facilities are proposed to be financed through any financing plan, including, but not limited to, any lease, lease-purchase, or installment-purchase arrangement, the resolution shall briefly describe the proposed arrangement.

(d) State that, except where funds are otherwise available, a special tax sufficient to pay for all facilities and services, secured by recordation of a continuing lien against all nonexempt real property in the district, will be annually levied within the area. The resolution shall specify the rate, method of apportionment, and manner of collection of the special tax in sufficient detail to allow each landowner or resident within the proposed district to estimate the maximum amount that he or she will have to pay. The legislative body may specify conditions under which the obligation to pay the specified special tax may be prepaid and permanently satisfied. The legislative body may specify conditions under which the rate of the special tax may be permanently reduced in compliance with the provisions of Section 53313.9.

In the case of any special tax to pay for public facilities and to be levied against any parcel used for private residential purposes, (1) the maximum special tax shall be specified as a dollar amount which shall be calculated and thereby established not later than the date on which the parcel is first subject to the tax because of its use for private residential purposes, which amount shall not be increased over time except that it may be increased by an amount not to exceed 2 percent per year, (2) the resolution shall specify a tax year after which no further special tax subject to this sentence shall be levied or collected, except that a special tax that was lawfully levied in or before the final tax year and that remains delinquent may be collected in subsequent years, and (3) the resolution shall specify that under no circumstances will the special tax levied in any fiscal year against any parcel subject to this sentence be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the district by more than 10 percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. For purposes of this paragraph, a parcel shall be considered "used for private residential purposes" not later than the date on which an occupancy permit for private residential use is issued. Nothing in this paragraph is intended to prohibit the legislative body from establishing different tax rates for different categories of residential property, or from changing the dollar amount of the special tax for the parcel if the size of the residence is increased or if the size or use of the parcel is changed.

(e) Fix a time and place for a public hearing on the establishment of the district which shall be not less than 30 or more than 60 days after the adoption of the resolution.

(f) Describe any adjustment in property taxation to pay prior indebtedness pursuant to Sections 53313.6 and 53313.7.

(g) Describe the proposed voting procedure.

The changes made to this section by Senate Bill 1464 of the 1991-92 Regular Session of the Legislature shall not apply to special taxes levied by districts for which a resolution of formation was adopted before January 1, 1993.

§ 53321.5. Reports and estimate of costs by responsible officers; remedial action plan for cleanup of hazardous substance; inclusion in record of hearing

At the time of the adoption of the resolution of intention to establish a community facilities district, the legislative body shall direct each of its officers who is or will be responsible for providing one or more of the proposed types of public facilities or services to be financed by the district, if it is established, to study the proposed district and, at or before the time of the hearing, file a report with the legislative body containing a brief description of the public facilities and services by type that will in his or her opinion be required to adequately meet the needs of the district and his or her estimate of the cost of providing those public facilities and services. If the purchase of completed public facilities or the payment of incidental expenses is proposed, the legislative body shall direct its appropriate officer to estimate the fair and reasonable cost of those facilities or incidental expenses. If removal or remedial action for the cleanup of any hazardous substance is proposed, the legislative body shall (a) direct its responsible officer to prepare or cause to be prepared, a remedial action plan based upon factors comparable to those described in subdivision (d) of Section 25356.1 of the Health and Safety Code or (b) determine, on the basis of the particular facts and circumstances, that shall be comparable to those described in subdivision (h) of Section 25356.1 of the Health and Safety Code, that the remedial action plan is not required or (c) condition financing of the removal or remedial action upon approval of a remedial action plan pursuant to Section 25356.1 of the Health and Safety Code. All of those reports shall be made a part of the record of the hearing on the resolution of intention to establish the district.

§ 53322. Notice of hearing

(a) The clerk of the legislative body shall publish a notice of the hearing pursuant to Section 6061 in a newspaper of general circulation published in the area of the proposed district. Publication shall be complete at least seven days prior to the date of the hearing.

(b) The notice shall contain all of the following information:

(1) The text or a summary of the resolution of intention to establish the district which may refer to documents on file in the office of the clerk for detail.

(2) The time and place of the hearing on the establishment of the district.

(3) A statement that at the hearing the testimony of all interested persons or taxpayers for or against the establishment of the district, the extent of the district, or the furnishing of specified types of public facilities or services will be heard. The notice shall also describe, in summary, the effect of protests made by registered voters or landowners against the establishment of the district, the extent of the district, the furnishing of a specified type of facilities or services, or a specified special tax, as provided in Section 53324.

(4) A description of the proposed voting procedure.

§ 53322.4. Notice of hearing by mail to registered voters and landowners within proposed district

The clerk of the legislative body may also give notice of the hearing by first-class mail to each registered voter and to each landowner within the proposed district. This notice shall contain the same information as is required to be contained in the notice published pursuant to Section 53322.

§ 53323. Protests; interested person; filing; withdrawal

At the hearing, protests against the establishment of the district, the extent of the district, or the furnishing of specified types of public facilities or services within the district may be made orally or in writing by any interested person. Any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularities and defects to which objection is made. Any written protest not personally presented by the author of that protest at the hearing shall be filed with the clerk of the legislative body at or before the time fixed for the hearing. The legislative body may waive any irregularities in the form or content of any written protest and at the hearing may correct minor defects in the proceedings. Written protests may be withdrawn in writing at any time before the conclusion of the hearing.

§ 53324. Written protest; further proceedings to create district; elimination of special tax or types of facilities or services from resolution of formation

If 50 percent or more of the registered voters, or six registered voters, whichever is more, residing within the territory proposed to be included in the district, or the owners of one-half or more of the area of the land in the territory proposed to be included in the district and not exempt from the special tax, file written protests against the establishment of the district, and protests are not withdrawn so as to reduce the value of the protests to less than a majority, no further proceedings to create the specified community facilities district or to authorize the specified special tax shall be taken for a period of one year from the date of the decision of the legislative body.

If the majority protests of the registered voters or of the landowners are only against the furnishing of a specified type or types of facilities or services within the district, or against levying a specified special tax, those types of facilities or services or the specified special tax shall be eliminated from the resolution of formation.

§ 53325. Hearing; continuances; time limitation; exception; modification of resolution of intention; determination to abandon or proceed with establishment of district

The hearing may be continued from time to time, but shall be completed within 30 days, except that if the legislative body finds that the complexity of the proposed district or the need for public participation requires additional time, the hearing may be continued from time to time for a period not to exceed six months. The legislative body may modify the resolution of intention by eliminating proposed facilities or services, or by changing the rate or method of apportionment of the proposed special tax so as to reduce the maximum special tax for all or a portion of the owners of property within the proposed district, or by removing territory from the proposed district. Any modifications shall be made by action of the legislative body at the public hearing. If the legislative body proposes to modify the resolution of intention in a way that will increase the probable special tax to be paid by the owner of any lot or parcel, it shall direct that a report be prepared that includes a brief analysis of the impact of the proposed modifications on the probable special tax to be paid by the owners of lots or parcels in the district, and shall receive and consider the report before approving the modifications or any resolution of formation that includes those modifications. The legislative body shall not modify the resolution of intention to increase the maximum special tax or to add territory to the proposed district. At the conclusion of the hearing, the legislative body may abandon the proposed establishment of the community facilities district or may, after passing upon all protests, determine to proceed with establishing the district.

§ 53325.1. Adoption of resolution of formation establishing district; contents; finding concerning validity and conformity of prior proceedings

(a) If the legislative body determines to establish the district, it shall adopt a resolution of formation establishing the district. The resolution of formation shall contain all of the information required to be included in the resolution of intention to establish the district specified in Section 53321. If a special tax is proposed to be levied in the district to pay for any facilities or services and the special tax has not been eliminated by majority protest pursuant to Section 53324, the resolution shall:

(1) State that the proposed special tax to be levied within the district has not been precluded by majority protest pursuant to Section 53324.

(2) Identify any facilities or services proposed to be funded with the special tax.

(3) Set forth the name, address, and telephone number of the office, department, or bureau that will be responsible for preparing annually a current roll of special tax levy obligations by assessor's parcel number and that will be responsible for estimating future special tax levies pursuant to Section 53340.2.

(4) State that upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of the special tax shall attach to all nonexempt real property in the district and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the tax by the legislative body ceases.

(5) Set forth the county of recordation and the book and page in the Book of Maps of Assessments and Community Facilities Districts in the county recorder's office where the boundary map of the proposed community facilities district has been recorded pursuant to Sections 3111 and 3113 of the Streets and Highways Code.

(b) In the resolution of formation adopted pursuant to subdivision (a), the legislative body shall determine whether all proceedings were valid and in conformity with the requirements of this chapter. If the legislative body determines that all proceedings were valid and in conformity with the requirements of this chapter, it shall make a finding to that effect and that finding shall be final and conclusive.

§ 53325.3. Special tax; basis for apportionment

A tax imposed pursuant to this chapter is a special tax and not a special assessment, and there is no requirement that the tax be apportioned on the basis of benefit to any property. However, a special tax levied pursuant to this chapter may be on or based on a benefit received by parcels of real property, the cost of making facilities or authorized services available to each parcel, or some other reasonable basis as determined by the legislative body.

§ 53325.5. Noncontiguous areas; alteration of boundaries

(a) A community facilities district may include areas of territory that are not contiguous.

(b) In establishing the boundaries of the district, the legislative body may alter the exterior boundaries of the district to include less territory than that described in the notice of the hearing but it may not include any territory not described in the notice of the hearing.

§ 53325.6. Boundaries of district; inclusion of lands devoted to agricultural, timber or livestock uses

Land devoted primarily to agricultural, timber, or livestock uses and being used for the commercial production of agricultural, timber, or livestock products may be included in a community facilities district only if such land is contiguous to other land which is included within the described exterior boundaries of the community facilities district, and only if the legislative body finds that the land will be

benefited by any of the types of public facilities and services proposed to be provided within the district. The land may, however, be included in the community facilities district, if the owner requests its inclusion.

§ 53325.7. Establishing or changing appropriations limit; vote by electors; adjustments

The legislative body may submit a proposition to establish or change the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, of a community facilities district to the qualified electors of a proposed or established district. The proposition establishing or changing the appropriations limit shall become effective if approved by the qualified electors voting on the proposition and shall be adjusted for changes in the per capita personal income in the state and changes in populations, as defined by subdivisions (b) and (c) of Section 7901, except that the change in population may be estimated by the legislative body in the absence of an estimate by the Department of Finance, and in accordance with Section 1 of Article XIII B of the California Constitution. For purposes of adjusting for changes in population, the population of the district shall be deemed to be at least one person during each calendar year.

§ 53326. Special tax levy; election; voter qualifications; ballots

(a) The legislative body shall then submit the levy of any special taxes to the qualified electors of the proposed community facilities district or to the qualified electors of the territory to be annexed by the community facilities district in the next general election or in a special election to be held, notwithstanding any other requirement, including any requirement that elections be held on specified dates, contained in the Elections Code, at least 90 days, but not more than 180 days, following the adoption of the resolution of formation. The legislative body shall provide the resolution of formation, the resolution deeming it necessary to incur bonded indebtedness, if one is adopted, a certified map of sufficient scale and clarity to show the boundaries of the district, and a sufficient description to allow the election official to determine the boundaries of the district to the official conducting the election within three business days after the adoption of the resolution of formation. Assessor's parcel numbers for the land within the district shall be included if it is a landowner election or the district does not conform to an existing district's boundaries and if requested by the official conducting the election. If the election is to be held less than 125 days following the adoption of the resolution of formation, the concurrence of the election official conducting the election shall be required. However, any time limit specified by this section or requirement pertaining to the conduct of the election, including any time limit or requirement applicable to any election conducted pursuant to Article 5 (commencing with Section 53345), may be waived with the unanimous consent of the qualified electors of the proposed district and the concurrence of the election official conducting the election.

(b) Except as otherwise provided in subdivision (c), if at least 12 persons, who need not necessarily be the same 12 persons, have been registered to vote within the territory of the proposed community facilities district for each of the 90 days preceding the close of the protest hearing, the vote shall be by the registered voters of the proposed district, with each voter having one vote. Otherwise, the vote shall be by the landowners of the proposed district and each person who is the owner of land at the close of the protest hearing, or the authorized representative thereof, shall have one vote for each acre or portion of an acre of land that he or she owns within the proposed community facilities district not exempt from the special tax. The number of votes to be voted by a particular landowner shall be specified on the ballot provided to that landowner

Ballots shall be executed by an owner of a parcel, or by a representative of an owner lawfully appointed to represent the owner for purposes of the election. Each person casting a ballot assigned to a parcel of property who is not the owner of that property must present written evidence to the local agency of that person's authority to act for the owner for the election before casting the ballot. If more than one of the record owners of an identified parcel submits or wishes to submit a ballot, the votes attributable to the parcel shall be allocated to ballots for each owner in proportion to their respective record ownership interest, rounded to the nearest one-tenth of a vote, or, if the ownership interests are not shown on the record, as established to the satisfaction of the local agency, the votes attributable to the parcel shall be

allocated according to the ownership interests shown by documentation submitted by those record owners. If no document is submitted, the votes shall be allocated equally among the parcel's owners requesting ballots. If the appointment of the representative to cast the ballot was made as part of the transaction by which the current owners acquired the property, or if the appointment appoints a former owner, or anyone affiliated in any way with a former owner of the property, the written appointment must be signed by all of the owners, and include a statement signed by all of the owners substantially in the form contained in Section 53341.5. The appointment is not valid if the ballot measure seeks to authorize facilities, services, or special taxes in excess of those shown on the statement. The appointment of a representative to act for property for a single specified landowner election under this chapter shall not constitute a violation of any law prohibiting the impersonation of voters or the inducement to vote in a particular fashion. The number of votes to be voted by a particular landowner shall be specified on the ballot provided to that landowner. If the vote is by landowners pursuant to this subdivision, the legislative body shall determine that any facilities or services financed by the district are necessary to meet increased demands placed upon local agencies as the result of development or rehabilitation occurring in the district.

(c) If the proposed special tax will not be apportioned in any tax year on any portion of property in residential use in that tax year, as determined by the legislative body, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the tax if it were levied at the time of the election. Each of these landowners shall have one vote for each acre, or portion thereof, that the landowner owns within the proposed district that would be subject to the proposed tax if it were levied at the time of the election.

(d) Ballots for the special election authorized by subdivision (a) may be distributed to qualified electors by mail with return postage prepaid or by personal service by the election official. The official conducting the election may certify the proper mailing of ballots by an affidavit, that shall constitute conclusive proof of mailing in the absence of fraud. The voted ballots shall be returned to the election officer conducting the election not later than the hour specified in the resolution calling the election. However, if all the qualified voters have voted, the election may be closed with the concurrence of the official conducting the election.

§ 53327. Election laws governing; ballot materials

(a) Except as otherwise provided in this chapter, the provisions of law regulating elections of the local agency that calls an election pursuant to this chapter, insofar as they may be applicable, shall govern all elections conducted pursuant to this chapter. Except as provided in subdivision (b), there shall be prepared and included in the ballot material provided to each voter an impartial analysis pursuant to Section 9160, 9280, or 9500 of the Elections Code, and arguments and rebuttals, if any, pursuant to Sections 9162 to 9167, inclusive, and 9190 of the Elections Code or pursuant to Sections 9281 to 9287, inclusive, and 9295 of the Elections Code, or pursuant to Sections 9501 to 9507, inclusive, of the Elections Code, or pursuant to other provisions of law applicable to other special districts as appropriate.

(b) If the vote is to be by the landowners of the proposed district, analysis and arguments may be waived with the unanimous consent of all the landowners and shall be so stated in the order for the election. When the vote is to be by the landowners of the proposed district, the legislative body of the local agency may authorize an official of the local agency to conduct the election, including preparation of analysis and compilation of arguments.

§ 53327.5. Election by mail ballot

(a) If the election is to be conducted by mail ballot, the election official conducting the election shall provide ballots and election materials pursuant to subdivision (d) of Section 53326 and Section 53327, together with all supplies and instructions necessary for the use and return of the ballot.

(b) The identification envelope for return of mail ballots used in landowner elections shall contain the following:

(1) The name of the landowner.

(2) The address of the landowner.

(3) A declaration, under penalty of perjury, stating that the voter is the owner of record or the authorized representative of the landowner entitled to vote and is the person whose name appears on the identification envelope.

(4) The printed name and signature of the voter.

(5) The address of the voter.

(6) The date of signing and place of execution of the declaration described in paragraph (3).

(7) A notice that the envelope contains an official ballot and is to be opened only by the canvassing board.

§ 53328. Special tax levy; vote requirements

After the canvass of returns of any election pursuant to Section 53326, the legislative body may, pursuant to Section 53340, levy any special tax as specified in the resolution of formation adopted pursuant to subdivision (a) of Section 53325.1 within the territory of the district if two-thirds of the votes cast upon the question of levying the tax are in favor of levying that tax.

§ 53328.3. Recordation of notice of special tax lien; site of record

Upon a determination by the legislative body that the requisite two-thirds of votes cast in an election held pursuant to Section 53326 are in favor of levying the special tax, the clerk of the legislative body shall, within 15 days of a landowner election or within 90 days of a registered voter election, record the notice of special tax lien provided for in Section 3114.5 of the Streets and Highways Code, whereupon the lien of the special tax shall attach as provided in Section 3115.5 of the Streets and Highways Code. The notice of special tax lien shall be recorded in the office of the county recorder in each county that any portion of the district is located.

§ 53328.5. Application of Streets and Highways Code with respect to special taxes; filings

Division 4.5 (commencing with Section 3100) of the Streets and Highways Code applies with respect to any proceedings undertaken pursuant to this chapter. This chapter is a "principal act" as that term is defined in Section 3100 of the Streets and Highways Code. In all cases in which special taxes have been approved by the qualified electors pursuant to this chapter prior to January 1, 1989, the legislative body may direct the clerk of the legislative body to impose a lien for the special tax on nonexempt real property within the district by performing the filings required by Division 4.5 (commencing with Section 3100) of the Streets and Highways Code, and the county recorder shall accept those filings and may charge the clerk a fee for recording and indexing those documents pursuant to Section 3116 of the Streets and Highways Code. The failure of the clerk or recorder to perform the filings shall not subject the local agency or any of its officers or employees to civil liability.

§ 53329. Special tax levy; effect of failure to receive approval

After the canvass of returns of any election conducted pursuant to Section 53326, the legislative body shall take no further action with respect to authorizing the specified special tax within the community facilities district for one year from the date of the election if the question of authorizing that specified special tax fails to receive approval by two-thirds of the votes cast upon the question.

§ 53329.5. Owners not required to present sealed proposals or bids; election not to perform work; contract with original bidder

(a) The owners of three-fourths of the area of lands taxed or liable to be taxed, or their agents (who shall declare under penalty of perjury that they are such owners or agents), shall not be required to present sealed proposals or bids when the legislative body calls for bids preparatory to letting a contract or contracts to do work financed pursuant to this chapter, but may, within 10 days after the publication of the notice of the award of the contract, elect to perform the work and enter into a written contract to do the whole work at prices not exceeding the prices specified in the bid of the bidder to whom the contract was awarded, and all work done under the contract shall be subject to any regulations as may be prescribed by the legislative body.

(b) If the owners elect not to perform the work and not to enter into a written contract for that work within 10 days of publication of the notice of the award of the contract, or to commence the work within 15 days after the date of the written contract entered into between the owners and the legislative body, and to continue that work with diligence to completion, as determined by the legislative body, a contract shall be entered into by the legislative body with the original bidder to whom the contract was awarded at the prices specified in his or her bid.

(c) If, in the opinion of the legislative body, the public interest will not be served by allowing the property owners to enter into a contract in accordance with subdivision (a), the legislative body may so provide in the resolution of intention adopted pursuant to Section 53321.

ARTICLE 3. EXTENSION OF AUTHORIZED FACILITIES AND SERVICES AND CHANGES IN SPECIAL TAXES

§ 53330. Types of facilities and services financed

Upon the establishment of a community facilities district, only the public facilities and services as described in the resolution of formation may be financed by the district under the authority of this chapter, except as provided in this article.

§ 53330.3. Buyers of certain residential property; induced waiver of right to petition or take other action

Under no circumstances shall any buyer or prospective buyer of any completed structure for which a certificate of occupancy for private residential use has been issued which is located within any district formed pursuant to this chapter be asked, required, or otherwise induced to waive any right to petition or to take any other action authorized pursuant to this article. No contract, agreement, or covenant shall be binding with respect to such a waiver.

§ 53330.5. Special tax; levy and apportionment; cessation of tax and lien

Upon approval of a special tax pursuant to Article 2 (commencing with Section 53318), the special tax may be levied only at the rate and may be apportioned only in the manner specified in the resolution of formation, except as provided in this article, and except that the legislative body may levy the special tax at a rate lower than that specified in the resolution. In addition, the special tax may be levied only so long as it is needed to pay the principal and interest on debt incurred in order to construct facilities under authority of this chapter, or so long as it is needed to pay the costs and incidental expenses of services or of the construction of facilities authorized by this chapter.

When the legislative body determines that the special tax shall cease to be levied, the legislative body shall direct the clerk to record a Notice of Cessation of Special Tax that shall state that the obligation to pay the special tax has ceased and that the lien imposed by the Notice of Special Tax Lien recorded as recorder's serial or document number _____ in the records of the County Recorder of _____ County, State of California, is extinguished. The Notice of Cessation of Special Tax shall

additionally identify the book and page of the Book of Maps of Assessment and Community Facilities Districts wherein the map of the boundaries of the district is recorded.

§ 53330.7. Types of facilities and services; elimination; financing

Except as otherwise provided in this article, the legislative body may, at any time, after conducting a public hearing, eliminate one or more of the types of facilities and services specified in the resolution of formation of the district but may not finance any types of facilities and services that were not specified in the resolution of formation.

§ 53331. Resolution of consideration; change in types of facilities and services financed

(a) If the legislative body determines that the public convenience and necessity require any change in the types of authorized public facilities or services which should be financed by an established community facilities district, that the rate or method of apportionment of a special tax should be changed, or that a new special tax should be proposed, the legislative body may adopt a resolution of consideration to alter the types of public facilities or services to be financed by the district, to levy a new special tax or special taxes, or, except as provided in subdivision (b), to alter the rate or method of apportionment of the special tax. Those proceedings may be commenced at any time. Section 53325.6 applies to any types of facilities or services proposed to be financed by the district.

(b) The legislative body shall not adopt a resolution of consideration to reduce the rate of any special tax or terminate the levy of any special tax if the proceeds of that tax are being utilized to retire any debt incurred pursuant to this chapter unless the legislative body determines that the reduction or termination of that tax would not interfere with the timely retirement of that debt.

(c) The resolution of consideration adopted pursuant to subdivision (a) shall contain all of the information required by subdivisions (a) to (e), inclusive, of Section 53334.

§ 53331.5. Authorization to accept bonds tendered in payment of special taxes or at a foreclosure sale

In addition to the other changes that may be made pursuant to this article, the legislative body may use the procedures of this article to gain authorization to accept bonds tendered in payment of special taxes or at a foreclosure sale pursuant to Sections 53344.1 and 53356.8.

§ 53332. Resolution of consideration to make changes in facilities, services or special taxes; petition; fee

(a) If a petition signed by 25 percent or more of the registered voters residing in the district, or by the owners of 25 percent or more of the land within the district not exempt from the special tax, is filed with the legislative body requesting that proceedings be commenced to change the types of public facilities or services financed by the district or that the rate or method of apportionment of an existing special tax be changed, or that territory to be removed from the district, or that a new special tax be levied, the legislative body shall within 40 days of the payment of the fee determined under subdivision (b) adopt a resolution of consideration in the form specified in Section 53334 to make those changes within the community facilities district except that an existing special tax being used to pay off any debt incurred under this chapter shall not be reduced or terminated if doing so would interfere with the timely retirement of that debt.

(b) Upon receipt of any petition filed by landowners under this section, the legislative body shall, within 45 days, determine the amount of a fee sufficient to compensate the local agency for all costs incurred in conducting proceedings to change the district pursuant to this article. Upon receipt of any petition filed by registered voters under this section, the legislative body may determine the amount of a

fee, within 45 days, sufficient to compensate the local agency for all costs incurred in conducting proceedings to change the district pursuant to this article.

§ 53333. Petition to make specified changes to districts; separate instruments; signatures

The petition shall request the legislative body to commence proceedings to make specified changes to a named community facilities district. The petition may consist of any number of separate instruments each of which shall comply with all the requirements of a petition except as to the number of signatures.

§ 53334. Resolution of consideration; form and contents

The resolution of consideration to alter the types of public facilities and services financed by an established community facilities district, or to levy a new special tax or special taxes, or to alter the rate or method of apportionment of an existing special tax, shall do all of the following:

- (a) State the name of the area.
- (b) Generally describe the territory included in the area.
- (c) Specify the changes in public facilities and services which it is proposed that the district finance.
- (d) Specify any new special taxes which would be levied to pay for new or existing facilities and services and any proposed alteration to the rate or method of apportionment of an existing special tax.
- (e) Fix a time and place for a hearing upon the resolution which shall not be less than 30 or more than 60 days after the adoption of the resolution of consideration.

§ 53335. Resolution of intention to make changes in facilities, services or special taxes; notice of hearing

The clerk of the legislative body shall give notice of the hearing in the same manner and within the same time as provided for the giving of notice of a hearing on a resolution of intention to establish a community facilities district.

The notice shall do all of the following:

- (a) Contain the text or a summary of the resolution.
- (b) State the time and place for hearing.
- (c) State that at the hearing the testimony of all interested persons or taxpayers for or against the proposed changes in public facilities and services and the levying of additional special taxes or of changing existing special taxes will be heard. The notice shall also describe, in summary, the effect of protests made by registered voters or landowners against the proposed changes in facilities or services and the levying of additional taxes or changes in existing taxes.
- (d) Describe the proposed voting procedure.

§ 53336. Resolution of intention to make changes in facilities, services or special taxes; protests

At the hearing, protests against the proposals described in the resolution may be made orally, or in writing by any interested persons. Any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularities or defects to which objection is made. All written protests not personally presented by the author thereof at the hearing shall be filed with the clerk of the legislative body at or before the time fixed for the hearing. The legislative body may waive any irregularities in the form or content of any written protest and at the hearing may correct minor defects in the proceedings. Written protests may be withdrawn in writing at any time before the conclusion of the hearing.

§ 53337. Written protests against changes; elimination of changes from resolution

If 50 percent or more of the registered voters, or six registered voters, whichever is more, residing within the district, or the owners of one-half or more of the area of the land in the territory included in the district and not exempt from the special tax file written protests against changing the public facilities or services financed by the district, those changes in the facilities or services shall be eliminated from the resolution ordering changes in the types of public facilities or services to be financed and the changes shall not be included in a resolution for a period of one year from the date of the decision of the legislative body on the hearing.

If 50 percent or more of the registered voters, or six registered voters, whichever is more, residing within the district, or the owners of one-half or more of the area of the land in the territory included in the district and not exempt from the special tax file written protests against the levying of any additional special taxes within the district, or against a proposed alteration to an existing special tax within the district, those changes shall be eliminated from the resolution and the changes shall not be included in a resolution for a period of one year from the date of the decision of the legislative body on the hearing.

§ 53338. Hearing; time; abandonment of proceeding or submission of question to qualified electors; adoption of resolution of change; notice of changes

(a) The hearing may be continued from time to time, but shall be completed within 30 days, except that if the legislative body finds that the complexity of the proposed changes or the need for public participation requires additional time, the hearing may be continued from time to time for a period not to exceed six months. At the conclusion of the hearing the legislative body may abandon the proceedings or may, after passing upon all protests, submit the question of levying a new special tax or of changing the rate or method of apportionment of an existing special tax or of changing the types of facilities and services to be financed by the district, or any combination, to the qualified electors of the district as specified in Article 2 (commencing with Section 53318).

(b) After the canvass of any election conducted pursuant to this section, the legislative body shall adopt a resolution of change determining that the proposed levy of a new special tax or of changes in the types of facilities and services to be financed by the district, or any combination, are lawfully authorized, if two-thirds of the votes cast on the proposition are in favor of the proposed levy or changes.

(c) Upon adoption of a resolution of change, the clerk of the legislative body shall record notice of the changes pursuant to Section 3117.5 of the Streets and Highways Code.

§ 53338.5. Dissolution of community facilities district; findings; dissolution of liens

The legislative body may, by ordinance, dissolve any existing Mello-Roos Community Facilities District which it has created upon making all of the following determinations:

(a) That the district is not obligated to pay any outstanding debt.

(b) That the district has no authorization to levy any special tax. Upon dissolving a district, the legislative body shall cause an addendum to be recorded to the Notice of Special Tax Lien recorded pursuant to Section 3114.5 of the Streets and Highways Code which shall state that the Community

Facilities District and all associated liens, if any, have been dissolved. The local agency shall be liable for any outstanding debt discovered to exist after the dissolution of a district.

§ 53339. Authorization; non-contiguous territory; territory outside agency limits

Territory may be annexed to an existing community facilities district as provided in this article. The annexed territory need not be contiguous to territory included in the existing community facilities district. The territory proposed to be annexed to the community facilities district may be territory located outside the territorial limits of the agency that formed the community facilities district provided that the territory to be annexed to the community facilities district will be annexed to the respective agency prior to, or concurrently with, the annexation of the subject territory to the community facilities district and, if the annexation of the subject territory to the respective agency is not completed, the subject territory shall not be annexed to the community facilities district. The legislative body of the agency that created the community facilities district shall not adopt a resolution of intention pursuant to Section 53339.2 if the territory proposed to be annexed includes territory that is outside the territorial limits of that agency unless an initial action, petition, or filing for the annexation of that territory to the respective agency has been adopted or filed, as appropriate.

§ 53339.2. Adoption of resolution of intention

If the legislative body of the local agency that created a community facilities district determines that public convenience and necessity require that territory be added to the existing community facilities district, or if the voters residing within certain territory or landowners request the legislative body to include territory within the district, the legislative body may adopt a resolution of intention to annex the territory or to provide for future annexation of the territory.

§ 53339.3. Resolution of intention; contents

The resolution of intention to annex the territory or to provide for future annexation of territory shall do all of the following:

- (a) State the name of the existing community facilities district.
- (b) Generally describe the territory included in the existing district and the territory proposed to be annexed. As an alternative, the resolution may identify territory proposed for annexation in the future, with the condition that parcels within that territory may be annexed only with the unanimous approval of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed.
- (c) Specify the types of public facilities and services provided pursuant to this chapter in the existing district and the types of public facilities and services to be provided in the territory proposed to be annexed or to be annexed in the future; and include a plan for sharing facilities and providing services that will be provided in common within the existing district and the territory proposed to be annexed or to be annexed in the future.
- (d) Specify any special taxes that would be levied within the territory proposed to be annexed or to be annexed in the future to pay for public facilities and services provided pursuant to this chapter within that territory. A special tax proposed to pay for services to be supplied within the territory proposed to be annexed or to be annexed in the future shall be equal to any special tax levied to pay for the same services in the existing district, except that a higher or lower tax may be levied within the territory proposed to be annexed or to be annexed in the future to the extent that the actual cost of providing the services in that territory is higher or lower than the cost of providing those services in the existing district. A special tax proposed to pay for public facilities financed with bonds that have already been issued and that are secured by the existing community facilities district shall be the same as the tax levied in the existing district for that purpose, except that a higher special tax may be levied for that purpose within the territory proposed to be annexed or to be annexed in the future to compensate for the interest and principal previously paid by the existing community facilities district, less any depreciation allocable to the

public facility. This section shall not be construed to limit the levy of a special tax within the territory to be annexed or to be annexed in the future to provide new or additional services beyond those supplied within the existing territory of the district, or to pay for new or additional public facilities, with or without bond financing.

(e) Specify any alteration in the special tax rate to be levied within the existing community facilities district as a result of the proposed annexation. The maximum tax rate in the existing community facilities district may not be increased as a result of proceedings pursuant to this article.

(f) Fix a time and place for a hearing upon the resolution that shall not be less than 30 nor more than 60 days after the adoption by the legislative body of the resolution of intention to annex territory or to provide for future annexation of territory pursuant to Section 53339.2.

§ 53339.4. Notice of hearing

The clerk of the legislative body shall give notice of the hearing in the same manner and within the same time as provided for the giving of notice of a hearing on a resolution of intention to establish a community facilities district, as required by Section 53322. Notice pursuant to Section 53322.4 may be mailed to the registered voters and landowners within the territory proposed to be annexed or proposed to be annexed in the future.

The notice shall do all of the following:

- (a) Contain the text or a summary of the resolution.
- (b) State the time and place for the hearing.
- (c) State that at the hearing the testimony of all interested persons for or against the annexation of territory or the future annexation of territory to the community facilities district or the levying of special taxes within the territory proposed to be annexed or proposed to be annexed in the future will be heard.

§ 53339.5. Protests; filing; withdrawal

At the hearing, protests against the proposals described in the resolution of intention may be made orally or in writing by any interested person. Any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularities or defects to which objection is made. All written protests shall be filed with the clerk of the legislative body prior to the time fixed not personally presented by the author thereof at the hearing for the hearing. The legislative body may waive any irregularities in the form or content of any written protest and at the hearing may correct minor defects in the proceedings. Written protests may be withdrawn in writing at any time before the conclusion of the hearing.

§ 53339.6. Abandonment of proposal; required number of written protests

If 50 percent or more of the registered voters, or six registered voters, whichever is more, residing within the existing community facilities district, or if 50 percent or more of the registered voters or six registered voters, whichever is more, residing within the territory proposed for annexation or proposed to be annexed in the future, or if the owners of one-half or more of the area of land in the territory included in the existing district and not exempt from special tax, or if the owners of one-half or more of the area of land in the territory proposed to be annexed or proposed to be annexed in the future and not exempt from the special tax, file written protests against the proposed annexation of territory to the existing community facilities district or the proposed addition of territory to the existing community facilities district in the future, and protests are not withdrawn so as to reduce the protests to less than a majority, no further proceedings to annex the same territory, or to authorize the same territory to be annexed in the future,

shall be undertaken for a period of one year from the date of decision of the legislative body on the issues discussed at the hearing.

§ 53339.7. Continuance and duration of hearing; abandonment of proceedings; submission of special tax question to electors; annexation of territory; effectiveness of ballots contingent on passage of other ballot measures

(a) The hearing may be continued from time to time, but shall be completed within 30 days. At the conclusion of the hearing, the legislative body may abandon the proceedings, may, after passing upon all protests, submit the question of levying a special tax within the area proposed to be annexed to the existing community facilities district to the qualified electors of the area proposed to be annexed as specified in Article 2 (commencing with Section 53318), or may provide for the annexation of territory proposed for annexation in the future upon the unanimous approval of the owner or owners of each parcel or parcels at the time that the parcel or parcels are annexed, without additional hearings.

(b) Notwithstanding any other provision of law, when the question of levying a special tax within the areas proposed to be annexed into an existing community facilities district appears on the same ballot as the question of annexation of the same territory to a local agency the effectiveness of each ballot measure may be made contingent on the passage of the other ballot measure.

§ 53339.8. Addition of territory with full legal effect; special tax levy; notice

(a) After the canvass of returns of any election conducted in accordance with Section 53339.7, the legislative body shall determine that the area proposed to be annexed is added to and part of the existing community facilities district with full legal effect, and the legislative body may levy any special tax within the annexed territory, as specified in the resolution of intention to annex adopted pursuant to Section 53339.2, and as specified in the ordinance adopted pursuant to Section 53340, if two-thirds of the votes cast on the proposition are in favor of levying the special tax.

(b) Upon a determination by the legislative body that the area proposed to be annexed is added to the existing community facilities district, the clerk of the legislative body shall record notice of the annexation pursuant to Section 3117.5 of the Streets and Highways Code.

§ 53339.9. Failure to receive approval of voters; prohibition of further action

After the canvass of returns of any election conducted in accordance with Section 53339.7, the legislative body shall take no further action on annexing the territory proposed to be annexed to the community facilities district for a period of one year from the date of the election if less than two-thirds of the votes cast on the proposition are in favor of levying the special tax.

ARTICLE 4. PROCEDURES FOR LEVYING

§ 53340. Rates and apportionment; procedures; exemptions; authorized purposes; collection; waiver of delinquency penalties and redemption penalties; liens to secure levy

(a) After a community facilities district has been created and authorized to levy specified special taxes pursuant to Article 2 (commencing with Section 53318), Article 3 (commencing with Section 53330), or Article 3.5 (commencing with Section 53339), the legislative body may, by ordinance, levy the special taxes at the rate and apportion them in the manner specified in the resolution adopted pursuant to Article 2 (commencing with Section 53318), Article 3 (commencing with Section 53330), or Article 3.5 (commencing with Section 53339).

(b) The legislative body may provide, by resolution, for the levy of the special tax in the current tax year or future tax years at the same rate or at a lower rate than the rate provided by the ordinance, if the resolution is adopted and a certified list of all parcels subject to the special tax levy including the amount of the tax to be levied on each parcel for the applicable tax year, is filed by the clerk or other

official designated by the legislative body with the county auditor on or before the 10th day of August of that tax year. The clerk or other official designated by the legislative body may file the certified list after the 10th of August but not later than the 21st of August if the clerk or other official obtains prior written consent of the county auditor.

(c) Properties or entities of the state, federal, or local governments shall, except for properties that a local agency is a landowner of within the meaning of subdivision (f) of Section 53317, or except as otherwise provided in Section 53317.3, be exempt from the special tax. No other properties or entities are exempt from the special tax unless the properties or entities are expressly exempted in the resolution of formation to establish a district adopted pursuant to Section 53325.1 or in a resolution of consideration to levy a new special tax or special taxes or to alter the rate or method of apportionment of an existing special tax as provided in Section 53334.

(d) The proceeds of any special tax may only be used to pay, in whole or part, the cost of providing public facilities, services, and incidental expenses pursuant to this chapter.

(e) The special tax shall be collected in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for ad valorem taxes, unless another procedure has been authorized in the resolution of formation establishing the district and adopted by the legislative body.

(f)(1) Notwithstanding subdivision (e), the legislative body of the district may waive all or any specified portion of the delinquency penalties and redemption penalties if it makes all of the following determinations:

(A) The waivers shall apply only to parcels delinquent at the time of the determination.

(B) The waivers shall be available only with respect to parcels for which all past due and currently due special taxes and all other costs due are paid in full within a limited period of time specified in the determination.

(C) The waivers shall be available only with respect to parcels sold or otherwise transferred to new owners unrelated to the owner responsible for the delinquency.

(D) The waivers are in the best interest of the debtholders.

(2) The charges with penalties to be waived shall be removed from the tax roll pursuant to Section 53356.2 and local administrative procedures, and any distributions made to the district prior to collection pursuant to Chapter 3 (commencing with Section 4701) of Part 8 of Division 1 of the Revenue and Taxation Code shall be repaid by the district prior to granting the waiver.

(g) The tax collector may collect the special tax at intervals as specified in the resolution of formation, including intervals different from the intervals determining when the ordinary ad valorem property taxes are collected. The tax collector may deduct the reasonable administrative costs incurred in collecting the special tax.

(h) All special taxes levied by a community facilities district shall be secured by the lien imposed pursuant to Section 3115.5 of the Streets and Highways Code. This lien shall be a continuing lien and shall secure each levy of special taxes. The lien of the special tax shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied, and canceled in accordance with Section 53344 or until the special tax ceases to be levied by the legislative body in the manner provided in Section 53330.5. If any portion of a parcel is encumbered by a lien pursuant to this chapter, the entirety of the parcel shall be encumbered by that lien.

§ 53340.1. Lease or possessory interest by exempt person or entity to nonexempt person or entity; lease provisions; collection

(a) If a public agency owning property, including property held in trust for any beneficiary, which is exempt from a special tax pursuant to Section 53340 grants a leasehold or other possessory interest in the property to a nonexempt person or entity, the special tax shall, notwithstanding Section 53340, be levied on the leasehold or possessory interest and shall be payable by the owner of the leasehold or possessory interest.

(b) When entering into a lease or other written contract creating a possessory interest that may be subject to taxation, pursuant to subdivision (a), the public agency shall include, or cause to be included, in the contract a statement that the property interest may be subject to special taxation pursuant to this chapter, and that the party in whom the possessory interest is vested may be subject to the payment of special taxes levied on the interest. Failure to comply with the requirements of this section shall not, however, invalidate the contract.

The requirement of this subdivision shall not apply to leases entered into prior to January 1, 1988.

(c) If the special tax on any possessory interest levied pursuant to subdivision (a) is unpaid when due, the tax collector may use those collection procedures which are available for the collection of assessments on the unsecured roll.

§ 53340.2. Preparation of current roll of special tax levy obligations; designation of responsible office; estimation of future special tax levies; liability for inaccurate estimates; notice of special tax; form; modification of form

(a) The legislative body levying the special tax shall designate an office, department, or bureau of the local agency that shall be responsible for annually preparing the current roll of special tax levy obligations by assessor's parcel number on nonexempt property within the district and that will be responsible for estimating future special tax levies. The designated office, department, or bureau shall be the same office, department, or bureau that prepares the "NOTICE OF ASSESSMENT" required by Section 53754. If notice is required under both this section and Section 53754, the notices shall, to the extent feasible, be combined into a single notice document. The designated office, department, or bureau shall establish procedures to promptly respond to inquiries concerning current and future estimated tax liability. Neither the designated office, department, or bureau, nor the legislative body, shall be liable if any estimate of future tax liability is inaccurate, nor for any failure of any seller to request a Notice of Special Tax or to provide the notice to a buyer.

(b) For purposes of enabling sellers of real property subject to the levy of special taxes to satisfy the notice requirements of Section 1102.6b of the Civil Code, the designated office, department, or bureau shall furnish a Notice of Special Tax to any individual requesting the notice or any owner of property subject to a special tax levied by the local agency within five working days of receiving a request for the notice. The local agency may charge a fee for this service not to exceed fifteen dollars (\$15).

(c) The notice shall contain the heading "NOTICE OF SPECIAL TAX" in type no smaller than 8-point type, and shall be in substantially the following form. The form may be modified as needed to clearly and accurately describe the tax structure and other characteristics of districts created before January 1, 1993, or to clearly and accurately consolidate information about the tax structure and other characteristics of two or more districts that levy or are authorized to levy special taxes with respect to the lot, parcel, or unit, or to clearly and accurately describe a tax rate that will change with a change in use of the parcel, or to clearly and accurately describe a tax that will be levied only once. The notice shall be completed by the designated office, department, or bureau except for the signatures and date of signing:

NOTICE OF SPECIAL TAX

COMMUNITY FACILITIES DISTRICT NO. _____

COUNTY OF _____, CALIFORNIA

TO: THE PROSPECTIVE PURCHASER OF THE REAL PROPERTY KNOWN AS:

THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR PURCHASING THIS PROPERTY.

(1) This property is subject to a special tax, that is in addition to the regular property taxes and any other charges and benefit assessments on the parcel. This special tax is not necessarily imposed on all parcels within the city or county where the property is located. If you fail to pay this tax when due each year, the property may be foreclosed upon and sold. The tax is used to provide public facilities and/or services that are likely to particularly benefit the property. YOU SHOULD TAKE THIS TAX AND THE BENEFITS FROM THE PUBLIC FACILITIES AND SERVICES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.

(2) The maximum special tax that may be levied against this parcel to pay for public facilities is _____ dollars (\$_____) during the _____ - _____ tax year. This amount will increase by _____ percent per year after that (if applicable). The special tax will be levied each year until all of the authorized facilities are built and all special tax bonds are repaid, but in any case not after the _____ - _____ tax year.

An additional special tax will be used to pay for ongoing services, if applicable. The maximum amount of this tax is _____ dollars (\$_____) during the _____ - _____ tax year. This amount may increase by _____, if applicable, and may be levied until the _____ - _____ tax year (or forever, as applicable).

(3) The authorized facilities that are being paid for by the special taxes, and by the money received from the sale of bonds that are being repaid by the special taxes, are:

These facilities may not yet have all been constructed or acquired and it is possible that some may never be constructed or acquired.

In addition, the special taxes may be used to pay for costs of the following services:

YOU MAY OBTAIN A COPY OF THE RESOLUTION OF FORMATION THAT AUTHORIZED CREATION OF THE COMMUNITY FACILITIES DISTRICT, AND THAT SPECIFIES MORE PRECISELY HOW THE SPECIAL TAX IS APPORTIONED AND HOW THE PROCEEDS OF THE TAX WILL BE USED, FROM THE _____ (name of jurisdiction) BY CALLING _____ (telephone number). THERE MAY BE A CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE ESTIMATED REASONABLE COST OF PROVIDING THE DOCUMENT.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE RECEIVED A COPY OF THIS NOTICE. I (WE) UNDERSTAND THAT I (WE) MAY TERMINATE THE CONTRACT TO PURCHASE OR DEPOSIT RECEIPT AFTER RECEIVING THIS NOTICE FROM THE OWNER OR AGENT SELLING THE PROPERTY. THE CONTRACT MAY BE TERMINATED WITHIN THREE DAYS IF THE NOTICE WAS RECEIVED IN PERSON OR WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL BY GIVING WRITTEN NOTICE OF THAT TERMINATION TO THE OWNER OR AGENT SELLING THE PROPERTY.

DATE: _____

§ 53340.3. Tax bill description of public entity receiving special tax revenues

At the request of the legislative body, the tax collector may set forth on the tax bill descriptive information provided by the legislative body to identify each public entity receiving portions of the revenue from the special tax levied pursuant to this chapter.

§ 53340.5. Report to agency levying taxes

If the legislative body of the local agency levying the special taxes is not the legislative body of a county and those special taxes are collected by county officials, the county auditor shall, at the close of each tax collecting period, promptly provide the auditor of the local agency levying the taxes a detailed report showing the amounts of special taxes, interest, and penalties collected for the district and from which property those revenues were collected, identifying any properties which are delinquent and the amount and length of time in arrears, and a statement of the percentage of the taxes retained by the auditor for the expenses incurred in making the collections and the report.

§ 53340.7. Exemption from statement and map filing requirements

If the legislative body supplies to the tax collector each year a listing of the specific amount due from each parcel within the district, and the tax collector bills for and collects the tax without reference to tax rate areas, then Sections 54900 to 54916.5, inclusive, are not applicable to the formation of, change in the boundaries of, annexation to, or existence of, community facilities districts created pursuant to this chapter and there is no requirement that the statement and map described in these sections be filed with the State Board of Equalization or the county assessor. This section shall not prevent the voluntary filing of such a statement or map. This section does not constitute a change in, but is declaratory of, the existing law.

§ 53341. Actions or proceedings against levy of special tax or increase in special tax; time for commencement; time for perfection of appeal from final judgment

Any action or proceeding to attack, review, set aside, void, or annul the levy of a special tax or an increase in a special tax pursuant to this chapter shall be commenced within 30 days after the special tax is approved by the voters. Any appeal from a final judgment in that action or proceeding shall be perfected within 30 days after the entry of judgment.

§ 53341.5. Sale or lease of lot, parcel or unit of subdivision; notice of special tax; form; modification of form; termination of agreement; violations and penalties

(a) If a lot, parcel, or unit of a subdivision is subject to a special tax levied pursuant to this chapter, the subdivider, his or her agent, or representative, shall not sell, or lease for a term exceeding five years, or permit a prospective purchaser or lessor to sign a contract of purchase or a deposit receipt or any substantially equivalent document in the event of a lease with respect to the lot, parcel, or unit, or cause it to be sold or leased for a term exceeding five years, until the prospective purchaser or lessee of the lot, parcel, or unit has been furnished with and has signed a written notice as provided in this section. The notice shall contain the heading "NOTICE OF SPECIAL TAX" in type no smaller than 8-point type, and shall be in substantially the following form. The form may be modified as needed to clearly and accurately describe the tax structure and other characteristics of districts created before January 1, 1993, or to clearly and accurately consolidate information about the tax structure and other characteristics of two or more districts that levy or are authorized to levy special taxes with respect to the lot, parcel, or unit:

NOTICE OF SPECIAL TAX

COMMUNITY FACILITIES DISTRICT NO. _____

COUNTY OF _____, CALIFORNIA

TO: THE PROSPECTIVE PURCHASER OF THE REAL PROPERTY KNOWN AS:

THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR ENTERING INTO A CONTRACT TO PURCHASE THIS PROPERTY. THE SELLER IS REQUIRED TO GIVE YOU THIS NOTICE AND TO OBTAIN A COPY SIGNED BY YOU TO INDICATE THAT YOU HAVE RECEIVED AND READ A COPY OF THIS NOTICE.

(1) This property is subject to a special tax, that is in addition to the regular property taxes and any other charges, fees, special taxes, and benefit assessments on the parcel. It is imposed on this property because it is a new development, and is not necessarily imposed generally upon property outside of this new development. If you fail to pay this tax when due each year, the property may be foreclosed upon and sold. The tax is used to provide public facilities or services that are likely to particularly benefit the property. YOU SHOULD TAKE THIS TAX AND THE BENEFITS FROM THE FACILITIES AND SERVICES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.

(2) The maximum special tax that may be levied against this parcel to pay for public facilities is \$ _____ during the _____ - _____ tax year. This amount will increase by ____ percent per year after that (if applicable). The special tax will be levied each year until all of the authorized facilities are built and all special tax bonds are repaid, but in any case not after the _____ - _____ tax year. An additional special tax will be used to pay for ongoing service costs, if applicable. The maximum amount of this tax is _____ dollars (\$ _____) during the _____ - _____ tax year. This amount may increase by _____, if applicable, and that part may be levied until the _____ - _____ tax year (or forever, as applicable).

(3) The authorized facilities that are being paid for by the special taxes, and by the money received from the sale of bonds that are being repaid by the special taxes, are:

These facilities may not yet have all been constructed or acquired and it is possible that some may never be constructed or acquired.

In addition, the special taxes may be used to pay for costs of the following services:

YOU MAY OBTAIN A COPY OF THE RESOLUTION OF FORMATION THAT AUTHORIZED CREATION OF THE COMMUNITY FACILITIES DISTRICT, AND THAT SPECIFIES MORE PRECISELY HOW THE SPECIAL TAX IS APPORTIONED AND HOW THE PROCEEDS OF THE TAX WILL BE USED, FROM THE _____ (name of jurisdiction) BY CALLING _____ (telephone number). THERE MAY BE A CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE REASONABLE COST OF PROVIDING THE DOCUMENT.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE READ THIS NOTICE AND RECEIVED A COPY OF THIS NOTICE PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE OR SIGNING A DEPOSIT RECEIPT WITH RESPECT TO THE ABOVE-REFERENCED PROPERTY. I (WE) UNDERSTAND THAT I (WE) MAY TERMINATE THE CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITHIN THREE DAYS AFTER RECEIVING THIS NOTICE IN PERSON OR WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL BY GIVING WRITTEN NOTICE OF THAT TERMINATION TO THE OWNER, SUBDIVIDER, OR AGENT SELLING THE PROPERTY.

DATE: _____

(b) "Subdivision," as used in subdivision (a), means improved or unimproved land that is divided or proposed to be divided for the purpose of sale, lease, or financing, whether immediate or future, into two or more lots, parcels, or units and includes a condominium project, as defined by Section 1350 of the

Civil Code, a community apartment project, a stock cooperative, and a limited-equity housing cooperative, as defined in Sections 11004, 11003.2, and 11003.4, respectively, of the Business and Professions Code.

(c) The buyer shall have three days after delivery in person or five days after delivery by deposit in the mail of any notice required by this section, to terminate his or her agreement by delivery of written notice of that termination to the owner, subdivider, or agent.

(d) The failure to furnish the notice to the buyer or lessee, and failure of the buyer or lessee to sign the notice of a special tax, shall not invalidate any grant, conveyance, lease, or encumbrance.

(e) Any person or entity who willfully violates the provisions of this section shall be liable to the purchaser of a lot or unit that is subject to the provisions of this section, for actual damages, and in addition thereto, shall be guilty of a public offense punishable by a fine in an amount not to exceed five hundred dollars (\$500). In an action to enforce a liability or fine, the prevailing party shall be awarded reasonable attorney's fees.

§ 53343. Use of special taxes for authorized facilities and services

Any special taxes collected pursuant to this chapter may only be used for facilities and services authorized by this chapter.

§ 53343.1. Annual report prepared by community facilities district; fees; content of report

A community facilities district formed after January 1, 1992, shall prepare, if requested by a person who resides in or owns property in the district, within 120 days after the last day of each fiscal year, a separate document titled an "Annual Report." The district may charge a fee for the report not exceeding the actual costs of preparing the report. The report shall include the following information for the fiscal year:

- (a) The amount of special taxes collected for the year.
- (b) The amount of other moneys collected for the year and their source, including interest earned.
- (c) The amount of moneys expended for the year.
- (d) A summary of the amount of moneys expended for the following:
 - (1) Facilities, including property.
 - (2) Services.
 - (3) The costs of bonded indebtedness.
 - (4) The costs of collecting the special tax under Section 53340.
 - (5) Other administrative and overhead costs.
- (e) For moneys expended for facilities, including property, an identification of the categories of each type of facility funded with amounts expended in each category, including the total percentage of the cost of each type of facility that was funded with bond proceeds or special taxes.

(f) For moneys expended for services, an identification of the categories of each type of service funded with amounts expended in each category, including the total percentage of the cost of each type of service that was funded with bond proceeds or special taxes.

(g) For moneys expended for other administrative costs, an identification of each of these costs.

(h) The annual report shall contain references to the relevant sections of the resolution of formation of the district so that interested persons may confirm that bond proceeds and special taxes are being used for authorized purposes. The annual report shall be made available to the public upon request.

§ 53344. Prepayment and satisfaction of special tax lien; notice of cancellation of lien

In the event that the legislative body has specified conditions pursuant to Section 53321 under which the obligation to pay the special tax identified therein may be prepaid and permanently satisfied, and if the special tax is so prepaid and permanently satisfied as to a particular parcel of land, the legislative body shall prepare and record in the office of the county recorder of the county in which the parcel of land is located, and the county recorder shall accept for recordation, a Notice of Cancellation of Special Tax Lien as to that parcel. The Notice of Cancellation of Special Tax Lien shall identify with particularity the special tax that has been prepaid and permanently satisfied, shall state the book and page number, or the document or instrument number, in the records of the county recorder where the Notice of Special Tax Lien being cancelled is recorded, shall contain the legal description and assessor's parcel number of the particular parcel of land subject to the lien, and shall contain the name of the owner of record of the parcel. The recorder shall mail the original Notice of Cancellation of Special Tax Lien to the owner of the property after recording the document. The legislative body may specify a charge for the preparation and recordation of this notice.

§ 53344.1. Reservation of rights; tender of full or partial payment; special tax installments or interest or penalties due or delinquent

(a) The legislative body may provide in the resolution of intention or the resolution of consideration, and in documents setting forth the rights of the debtholders that it shall reserve to itself, the right and authority to allow any interested owner of property within the district, subject to the provisions of this section and to those conditions as it may impose, and any applicable prepayment penalties as prescribed in the bond indenture or comparable instrument or document, to tender to the district treasurer in full payment or part payment of any installment of the special taxes or the interest or penalties thereon which may be due or delinquent, but for which a bill has been received, any bond or other obligation secured thereby, the bond or other obligation to be taken at par and credit to be given for the accrued interest shown thereby computed to the date of tender. The district treasurer shall thereupon cancel the bond debt and shall cause proper credit therefor to be entered on the records of the district and in the office of the auditor and tax collector. If the legislative body agrees to allow bond tenders pursuant to this section or to Section 53356.8, the legislative body may, at its discretion, agree to distribute or direct its trustee or other agent to distribute by any means an offer to purchase bonds or other related inquiry to the holders of the bonds of the district, at the expense of the person requesting the mailing. Neither the legislative body, nor any of its officers, agents, or trustees shall be liable in any way for that distribution.

(b) The provisions of this subdivision apply to any tender of bonds pursuant to this section by an owner of property within the district who is delinquent in paying special taxes levied by this district when due. Bonds may be tendered pursuant to this subdivision only after all of the following conditions have been satisfied:

(1) The delinquent lot or parcel has been offered for sale as a result of a foreclosure judgment and the minimum price required to be paid for the lot or parcel was not received.

(2) The bonds to be tendered to the district were obtained by the property owner only after their prior owner was presented with a tender offer or solicitation as defined in this subdivision.

(A) For purposes of this subdivision, a "tender offer" or "solicitation" is a solicitation by any person or that person's agent by offering circular, memoranda, tender, or solicitation, or any other document or

written, oral, or electronic communication for the purchase of the bonds from their then current owner. A person includes a natural person, corporation, company, partnership, limited liability company, limited liability partnership, association, or any other entity and a "tendering party" includes any person making a tender offer for bonds.

(B) Any tender offer or solicitation shall include all material information as required under federal and state securities laws and shall also include the following information, to the extent applicable:

- (i) The name of the tendering party.
- (ii) An individual who can be contacted to provide further information with respect to the tender.
- (iii) The current holdings of bonds of the district by the tendering party and its affiliates.
- (iv) The total face amount of the bonds being solicited.
- (v) The price or method of determining the price per one thousand dollars (\$1,000) in bonds being offered by the tendering party.
- (vi) Whether the tendering party or any person affiliated with or related to the tendering party, or any employee, agent, or representative of the tendering party, is a property owner within the district that issued the bonds.
- (vii) Whether the present intentions of the tendering party are to use the bonds for payment of special taxes or the purchase of property at a foreclosure sale pursuant to this section or Section 53356.8. This statement of present intentions shall not be construed to be binding on the tendering party.
- (viii) The status of the bond redemption fund, construction fund, reserve fund, and any other funds of the district, and the special tax delinquency rate of the district, all of which data shall be the most recent available from the district and, in any event, shall apply to the state of the funds after the most recent payment of principal and interest on the bonds. The district shall provide the necessary data to the property owner within 10 days of receiving a written request and may charge a reasonable fee not to exceed its actual costs of providing the data. The district shall simultaneously release the same information to the general public. The property shall also provide the percentage of the delinquency attributable to the tendering party or any person affiliated with or related to the tendering party, or any employee, agent, or representative of the tendering party, for each of the three most recent fiscal years.
- (ix) If the tendering party owns or leases property in the district that issued the bonds, the development plans for that property and an update on the current status of development of that property and of any zoning, planning, or other permits or approvals needed for development of the property to proceed.
- (x) Any other material information available to the tendering party and not generally available to the public that would significantly affect the market value of the bonds of the district.

(C) The tendering party shall notify the legislative body of his or her intent to make a tender offer or solicitation at least simultaneously with making any offer or solicitation.

(D) The tendering party shall provide a copy of the solicitation to the Department of Corporations prior to five working days after notifying the legislative body pursuant to subparagraph (C).

(3) The tendering property owner provides the legislative body with a negative assurance from counsel representing the property owner that no misleading or other information has come to the opining party's attention after reasonable investigation, that would lead the party providing the negative assurance to believe that the tender was in violation of federal or state securities laws.

(4) The tendering property owner delivers to the legislative body of the district that issued the bonds subject to the tender, a certificate to the effect that the tender information is accurate in all material respects and does not omit to state a material fact necessary in order to make the statements included in the tender information not misleading, except that the certificate need not provide any assurances as to the accuracy of the information as to the bond fund balances and tax payment information provided by the district.

(c) The provisions of this subdivision apply to any tender of bonds pursuant to this section by any owner of property within the district who is not delinquent in paying special taxes on any property within the district. A person subject to this subdivision shall be deemed to be a person whose relationship to the issuer may give him or her access, directly or indirectly, to material information about the issuer not generally available to the public, and the provisions of Section 25402 of the Corporations Code apply to any purchase or sale of securities by that person in connection with the tender transaction. For purposes of this subdivision, the "issuer" includes the district, the local agency that created the district, and any owner of property within the district. At any time prior to tendering bonds to the district pursuant to this section, any person subject to this subdivision shall deliver to the legislative body of the district a certificate that he or she has complied with this subdivision and applicable federal and state securities laws.

§ 53344.4. Compliance with § 50075.3

Any district preparing a report pursuant to Section 53343.1 shall not be required to comply with Section 50075.3.

ARTICLE 5. BONDS

§ 53345. Resolution to incur bonded indebtedness

Whenever the legislative body deems it necessary for the community facilities district to incur a bonded indebtedness, it shall, by resolution, set forth all of the following:

- (a) A declaration of the necessity for the indebtedness.
- (b) The purpose for which the proposed debt is to be incurred.
- (c) The amount of the proposed debt. The legislative body may provide for a reduction in the amount of proposed debt in compliance with the provisions of Section 53313.9.
- (d) The time and place for a hearing by the legislative body on the proposed debt authorization.

§ 53345.3. Inclusion of certain costs and estimated costs in proposed bonded indebtedness

The amount of the proposed bonded indebtedness may include all costs and estimated costs incidental to, or connected with, the accomplishment of the purpose for which the proposed debt is to be incurred, including, but not limited to, the estimated costs of construction or acquisition of buildings, or both; acquisition of land, rights-of-way, water, sewer, or other capacity or connection fees; lease payments for school facilities, satisfaction of contractual obligations relating to expenses or the advancement of funds for expenses existing at the time the bonds are issued pursuant to this chapter; architectural, engineering, inspection, legal, fiscal, and financial consultant fees; bond and other reserve funds; discount fees; interest on any bonds of the district estimated to be due and payable within two years of issuance of the bonds; election costs; and all costs of issuance of the bonds, including, but not limited to, fees for bond counsel, costs of obtaining credit ratings, bond insurance premiums, fees for letters of credit, and other credit enhancement costs, and printing costs. Bonds may not be issued pursuant to this chapter to fund any of the services specified in Section 53313; however, bonds may be issued to fund capital facilities to be used in providing these services.

§ 53345.8. Conditions with respect to the value of property necessary for legislative body to sell

(a) The legislative body may sell bonds pursuant to this chapter only if it determines prior to the award of sale of bonds that the value of the real property that would be subject to the special tax to pay debt service on the bonds will be at least three times the principal amount of the sum of the following:

(1) The principal amount of the bonds to be sold.

(2) The principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to this chapter on property within the community facilities district or a special assessment levied on property within the community facilities district. The legislative body shall estimate the principal amount of these other bonds that are secured by property within the district by assuming that the maximum allowable tax or assessment applicable to each parcel of property within the district will be levied until the date of maximum maturity of the bonds. Any determination made pursuant to this subdivision shall be based upon the full cash value as shown on the ad valorem assessment roll or upon an appraisal of the subject property made in a manner consistent with the policies adopted pursuant to paragraph (5) of subdivision (a) of Section 53312.7 by a state certified real estate appraiser, as defined in subdivision (c) of Section 11340 of the Business and Professions Code. The Treasurer may recommend definitions, standards, and assumptions to be used for these appraisals. These definitions, standards, and assumptions are advisory only, and the definitions, standards, and assumptions to be applied to appraisals will be those adopted by the local agency pursuant to paragraph (5) of subdivision (a) of Section 53312.7.

(b) Notwithstanding the provisions of subdivision (a), if the legislative body selling the bonds finds and determines that the proposed bonds do not present any unusual credit risk due to the availability of credit enhancements, or because a sufficient portion of the principal amount of a bond issue has been deposited in a self-financing and self-liquidating escrow account under conditions such that it cannot be withdrawn until the value of real property subject to special taxes has increased sufficiently so that the requirements of subdivision (a) will be met or for other reasons specified by the legislative body, the provisions of subdivision (a) may be disregarded.

(c) Notwithstanding the provisions of subdivision (a), if the legislative body selling the bonds finds and determines by a vote of not less than four-fifths of all of its members that the proposed bond issue should proceed for specified public policy reasons, the provisions of subdivision (a) may be disregarded.

A finding and determination by the legislative body pursuant to this subdivision shall be final and conclusive upon all persons in the absence of actual fraud, and neither the legislative body nor the district shall have any liability of any kind whatsoever out of, or in connection with, any finding and determination.

§ 53346. Notice of hearing on resolution; contents

The clerk of the legislative body shall publish a notice of the hearing pursuant to Section 6061 in a newspaper of general circulation circulated within the district. The notice shall contain all of the following information:

(a) The text or a summary of the resolution adopted pursuant to Section 53345 which may refer to documents on file in the office of the clerk for detail.

(b) The time and place of the hearing on the proposal to issue debt.

(c) A statement that at the hearing the testimony of all interested persons, including all persons owning property in the area, for or against the proposed debt issuance, will be heard.

§ 53348. Hearing

At the time and place fixed for the hearing on the resolution declaring the necessity for incurring the bonded indebtedness or at any time and place to which the hearing is adjourned, the legislative body shall proceed with the hearing.

§ 53349. Hearing; interested persons

At the hearing any person interested, including persons owning property within the area, may appear and present any matters material to the questions set forth in the resolution declaring the necessity for incurring the bonded indebtedness.

§ 53350. Improvement area; resolution designating; application of proceedings

For purposes of financing of, or contributing to the financing of, specified public facilities, the legislative body may by resolution designate a portion or portions of the district as one or more improvement areas. An area shall be known as "Improvement Area No. _____" of "Community Facilities District _____." After the designation of an improvement area, all proceedings for purposes of a bond election and for the purpose of levying special taxes for payment of the bonds, or for any other change pursuant to Article 3 (commencing with Section 53330), shall apply only to the improvement area for those specified facilities.

§ 53351. Resolution to incur bonded indebtedness; contents

After the legislative body has made its determination pursuant to Section 53350, if it deems it necessary to incur the bonded indebtedness, it shall by resolution state all of the following:

- (a) That it deems it necessary to incur the bonded indebtedness.
- (b) The purpose for which the bonded indebtedness will be incurred.
- (c) Either of the following in accordance with its previous determination:
 - (1) That the whole of the district will pay for the bonded indebtedness.
 - (2) That a portion of the district will pay for the bonded indebtedness, which portion shall be described in the resolution of the board made pursuant to Section 53350.
- (d) The amount of debt to be incurred.
- (e) The maximum term the bonds to be issued shall run before maturity, which term shall not exceed 40 years.
- (f) The maximum annual rate of interest to be paid, payable annually or semiannually, or in part annually and in part semiannually.
- (g) That the proposition will be submitted to the voters.
- (h) The date of the special community facilities district election (which may be consolidated with a general or special district election including an election to levy a special tax) at which time the proposition shall be submitted to the voters.
- (i) If the election is not conducted by mail ballot, the hours between which the polls shall be open.
- (j) If the election is conducted by mail ballot, the hour when the mailed ballots are required to be received in the office of the election officer conducting the election, and that if all qualified electors have voted, the election shall be closed.

§ 53352. Resolution to incur bonded indebtedness; notice of election; publication

The resolution provided for in Section 53351 shall constitute the notice of such special bond election and such resolution shall be published in a newspaper of general circulation circulating within the area.

§ 53353.5. Ballot propositions

(a) Propositions relating to the levy of a special tax, the incurring of bonded indebtedness, or to establish or change an appropriations limit, or any combination thereof, under this chapter, may be combined into one ballot proposition as determined by the legislative body. The qualified electors for all of these purposes shall be determined and the election shall be conducted in the same manner as for a special tax election pursuant to Section 53326.

(b) The amendments of this section enacted by the Statutes of 1984 and 1991 do not constitute a change in, but are declaratory of and a clarification of, the existing law.

§ 53354. Separate ballots

If the area designated in the resolution adopted pursuant to Section 53351 does not include the entire community facilities district, a separate ballot shall be prepared for the vote upon the proposition to authorize bonds and to levy a special tax for payment of the bonds and only the voters entitled thereto shall be given the ballots.

§ 53355. Votes required for issuance of bonds

A two-thirds vote shall be required for the issuance of bonds under authority of this chapter.

§ 53356. Resolution authorizing bond issues; form, execution and issuance; terms and conditions

If more than two-thirds of the votes cast at the election are in favor of incurring the indebtedness, the legislative body may, by resolution, at the time or times it deems proper, provide for the following:

(a) The form of the bonds.

(b) The execution of the bonds.

(c) The issuance of any part of the bonds.

(d) The appointment of one or more banks or trust companies within or without the state having the necessary trust powers as trustee, fiscal agent, paying agent, or bond registrar.

(e) The execution of a trust agreement, indenture, or other instrument securing the bonds.

(f) The pledge or assignment of any revenues of the community facilities district to the repayment of the bonds.

(g) The investment of any bond proceeds and other revenues, including special tax revenues, by the trustee or fiscal agent in any securities or obligations described in the resolution, indenture, trust agreement, or other instrument providing for the issuance of the bonds. Investment subject to this subdivision shall comply with Section 53356.03. The resolution may provide for payment to the United States from any available revenues of a community facilities district of any excess investment earnings required to be rebated by federal law.

(h) The date or dates to be borne by the bonds and the time or times of maturity of the bonds and the place or places and time or times that the bonds shall be payable.

(i) The interest, fixed or variable, to be borne by the bonds.

(j) The denominations, form, and registration privileges of the bonds.

(k) Any other terms and conditions determined to be necessary by the legislative body.

§ 53356.03. Depositories and investments; revenues or proceeds from issued securities

The proceeds of any bond, note, or other security issued pursuant to this chapter, or the proceeds of any bond, note, or other security issued pursuant to any other authority where revenue collected pursuant to this chapter is pledged or otherwise committed to pay or repay principal, interest, or both, shall be deposited or invested only in one or more of the instruments, securities, or obligations that are eligible legal investments of the local agency.

§ 53356.05. Agreement to notify one or more parties in the event specified events occur affecting the market value of outstanding bonds; events triggering notice

The bond indenture or other bond documents may provide that the legislative body agrees to notify one or more parties, including the underwriter or other first purchaser of the bonds, an appropriate national repository for bond information approved by the Securities and Exchange Commission, or the California Debt and Investment Advisory Commission, if specified events occur that may affect the market value of outstanding bonds. These events may include, but are not limited to, the following, for example:

(a) Withdrawal of funds from any reserve fund for the bonds, such that the balance in the fund falls below a specified percentage of the amount required by bond documents.

(b) Draw upon a letter of credit or other credit enhancement for the bonds.

(c) Filing for bankruptcy by a developer or other owner of more than a specified percentage of the area or property value within the district.

(d) Unforeseen discovery of toxic materials or rare and endangered plant or animal species within areas of the district proposed for development.

§ 53356.1. Action to foreclose liens; cumulative remedy; resolution to diligently pursue foreclosure action; collection of delinquent charges; action as board of supervisors; joint powers authority

(a) As a cumulative remedy, if debt is outstanding, the legislative body may, not later than four years after the due date of the last installment of principal thereof, order that any delinquent special taxes levied in whole or in part for payment of the debt, together with any penalties, interest, and costs, be collected by an action brought in the superior court to foreclose the lien of special tax.

(b) The legislative body may, by resolution, adopted prior to the issuance of debt under this chapter, covenant for the benefit of debtholders to commence and diligently pursue any foreclosure action regarding delinquent installments of any amount levied as a special tax, in whole or in part, for the payment of interest or principal of any debt that is incurred, and, at any time may assign the causes of action arising from the foreclosure to a trustee or joint powers authority to do so on behalf of the debtholders. The resolution may specify a deadline for commencement of the foreclosure action and any other terms and conditions the legislative body determines reasonable regarding the foreclosure action.

(c) Except as provided in Section 53356.6, all special taxes, interest, penalties, costs, fees, and other charges that are delinquent at the time of the ordering of a foreclosure action shall be collected in the action. In the event that a lot or parcel of property has not been sold pursuant to judgment in the foreclosure action at the time that subsequent special taxes become delinquent, the court may include the subsequent special taxes, interest, penalties, costs, fees, and other charges in the judgment or modified judgment.

(d) For purposes of financing delinquent special taxes pursuant to Section 26220 of the Government Code, the legislative body may act as if it were a board of supervisors.

(e) Notwithstanding any other provision of this chapter, no trustee or joint powers authority shall be obligated to accept the tender of bonds in satisfaction of any obligation arising from a delinquent special tax, although either may do so if authorized to do so by the legislative body.

(f) An action to determine the validity of any bonds issued, any joint powers agreement entered into, and any related agreements entered into, by a joint powers agency acting pursuant to this section may be brought by the joint powers agency pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure. Any appeal from a judgment in the action shall be commenced within 30 days after entry of judgment.

§ 53356.1.5. Delinquent special taxes collected through sale of property by tax collector; application of funds received

(a) This section applies if delinquent special taxes, together with any penalties, interest, and costs, are collected through the sale of the property by the tax collector pursuant to Chapter 7 (commencing with Section 3691) of Part 6 of Division 1 of the Revenue and Taxation Code.

(b) If the property is sold for at least the total amount necessary to redeem plus costs, as defined in Section 3698.5 of the Revenue and Taxation Code, the sale of the property shall extinguish the delinquent special taxes, interest, penalties, and costs included in the sale price.

(c) If the property is sold for less than the total amount necessary to redeem plus costs, as defined in Section 3698.5 of the Revenue and Taxation Code, all of the following apply:

(1) The portion of the sales price paid by the tax collector to the local agency on account of the delinquent special taxes shall be credited by the local agency first to the delinquent interest and redemption penalties, and then to the delinquent principal.

(2) The remainder of the delinquent special taxes and redemption penalties, if any, shall remain due and owing.

(3) Redemption penalties shall continue to accrue on the remaining unpaid delinquent special taxes.

(4) The remaining unpaid amount, with penalties, may be added as postjudgment delinquencies to any existing unsatisfied foreclosure judgment against the property, or may be collected in a new foreclosure action filed pursuant to this chapter.

§ 53356.2. Delinquent installments subject to foreclosure actions; removal from tax roll; notice requirements; costs

(a) When any foreclosure actions are ordered by the local agency or legislative body, or when subsequent installments and interest that are also to be made the subject of a foreclosure action thereafter become delinquent, and the foreclosure action is not commenced and a notice of pendency of action is not concurrently recorded, prior to the actual removal of the delinquent installment from the tax

roll, the local agency or legislative body responsible for the foreclosure action on the delinquent installment shall do one of the following:

(1) Prior to the actual removal of the delinquent installment from the tax roll, the local agency or legislative body shall record or cause to have recorded in the county recorder's office in the county in which the real property is located, a Notice of Intent to Remove Delinquent Special Tax Installment from the Tax Roll, which contains the information set forth in subdivision (b). If action is taken under this paragraph, all of the following apply:

(A) Upon presentation of written proof of the recordation and a request for removal by the local agency or legislative body, the county auditor shall remove the delinquent installments from the tax roll. "Proof of recordation" includes, but is not limited to, a certified copy of the notice set forth in subdivision (b), or a copy of the recorded notice containing the county recorder's assigned document number, or a copy of the recorded notice containing a copy stamp from the office of the county recorder.

(B) From the date of the recordation, the county tax collector shall be credited upon the current tax roll with the amount charged against him or her on account of the delinquent special tax installment. If any person pays the delinquent installment referred to in the Notice of Intent to Remove Delinquent Special Tax Installment from the Tax Roll to the county tax collector prior to or subsequent to the actual removal of that delinquent installment from the tax roll, the county auditor shall forward that payment to the local agency or legislative body responsible for the foreclosure action.

(C) From the date of recordation pursuant to this section, the special tax installment, and interest thereon, and penalties, costs, fees, and other charges accrued under applicable statutes, that are to be collected in a foreclosure action, shall no longer be collectible by the county tax collector.

(D) The county tax collector, in addition to the costs recovered in foreclosure, may charge the actual costs incurred in removing these sums from the tax roll or the performance of any other related duties as set forth in this section.

(E) Installments, interest, penalties, costs, fees, and other charges that do not become the subject of a foreclosure action shall remain collectible by the county tax collector as otherwise provided by applicable law.

(2) As an alternative to the notice requirement set forth in paragraph (1), the Counties of San Bernardino and Riverside may, simultaneously with the removal of the delinquent special tax installment from the secured tax roll, provide notification on the secured tax roll that the installment has been removed from the roll for each parcel for which the delinquent special tax installment was removed. The notice shall be displayed in a manner which conveys that the removal has occurred, and shall include the name and telephone number of the person or entity to be contacted to receive further information.

(b) The Notice of Intent to Remove Delinquent Special Tax Installment from the Tax Roll shall be completed and recorded by or caused to be recorded by the local agency or legislative body responsible for the foreclosure action, and shall contain all of the following:

(1) The name of the local agency or legislative body, city, or other assessment district responsible for the foreclosure action.

(2) The legal description or assessor's parcel number of the property affected by the notice.

(3) The specific tax year and installment intended to be removed from the tax roll.

(4) The title, address, and telephone number of the employee, city official, or other authorized official who should be contacted regarding the delinquent assessment installment amount.

(5) The name of the owner shown on the last equalized assessment roll.

(c) Any local agency or legislative body that removed or caused to be removed a delinquent special tax installment from the ad valorem tax roll prior to January 1, 1997, shall record, by July 1, 1997, a Notice of Intent to Remove Delinquent Special Tax Installment from the Tax Roll or shall request the tax collector to retain the notice of delinquent special tax installment on the tax roll as set forth in paragraph (2) of subdivision (a). If the foreclosure action has been filed and a notice of pendency of action has been recorded in the county recorder's office prior to July 1, 1997, this requirement does not apply.

(d) All costs associated with the county tax collector's and local agency's or legislative body's responsibilities as set forth in this section shall be recoverable by the local agency or legislative body through the foreclosure action.

(e) The recording of a notice of pendency of action in the county recorder's office in the county in which the real property is located, concurrent with the commencement of a foreclosure action ordered by the local agency or legislative body and commenced prior to the actual removal from the tax roll of the delinquent installment which is the subject of the foreclosure action, constitutes compliance with the notice requirements of this section.

§ 53356.3. Dismissal of action before judgment in foreclosure action; payment of specified amounts

At any time after the tax collector has been relieved of his or her duty to collect sums under Section 53356.2 and before judgment in a foreclosure action, the local agency or trustee shall dismiss the action upon payment of all of the following:

(a) The amount of any delinquent special taxes together with any penalties, interest, and costs accrued thereon to date of complete payment hereunder.

(b) Costs of suit, including, but not limited to, litigation guarantees provided by title companies with respect to all claims of ownership or interest in the subject property.

(c) Attorneys' fees authorized by the local agency.

(d) The tax collector's costs authorized by subdivision (d) of Section 53356.2.

§ 53356.4. Complainants; time limitations; contents of complaint

The foreclosure action shall be brought in the name of the local agency or trustee on behalf of the bondholders pursuant to Section 53356.1, and may be brought within the time specified in Section 53356.1. The complaint may be brief and need only include the following allegations:

(a) That on a stated date, a certain sum of special taxes, levied against the subject property (describing it) pursuant to this chapter, became delinquent.

(b) On that date, bonds issued pursuant to this chapter, payable in whole or in part by the subject special taxes, were outstanding.

(c) That the legislative body or trustee has ordered the foreclosure.

§ 53356.5. Judgment decree; contents; amount; notice of sale of lot or parcel; attorneys' fees; application of general foreclosure provisions

(a) Any judgment shall decree the amount of the continuing lien against each parcel to be foreclosed, and shall order the parcel to be sold on execution as in other cases of the sale of real property by process of the court except:

(1) Notwithstanding Section 701.545 of the Code of Civil Procedure, notice of sale of any lot or parcel included in the judgment may be given pursuant to Section 701.540 of the Code of Civil Procedure any time after the expiration of 20 days after the date notice of levy on the interest in real property was served on the judgment debtor or debtors, provided that the lot or parcel to be sold is not a dwelling for not more than four families and provided that all parties whose liens are extinguished by the foreclosure judgment were either defendants in the foreclosure action or, for those parties who acquired an interest in a lien on the parcel after the recording of notice of the pending foreclosure action, received constructive notice of the action.

(2) Whenever notice of sale may be given after the expiration of 20 days after the date notice of levy was served as provided in paragraph (1), the 30-day time period contained in subdivision (h) of Section 701.540 of the Code of Civil Procedure shall be reduced to 10 days.

(3) Upon proof that the lot or parcel to be sold is not a dwelling for not more than four families, and upon determining that all parties whose liens are extinguished by the foreclosure judgment were either defendants in the foreclosure action or, for those parties who acquired an interest in a lien on the parcel after the recording of notice of the pending foreclosure action, received constructive notice of the action, pursuant to Section 716.020 of the Code of Civil Procedure, the court shall order that paragraphs (1) and (2) apply to any judgment previously entered.

(4) The minimum bid amount provided in Section 53356.6 shall apply instead of subdivision (a) of Section 701.620 of the Code of Civil Procedure.

(5) The local agency may bid at the price provided in Section 53356.6 by giving the levying officer a written receipt crediting all or part of the amount required to satisfy the judgment. If the local agency becomes the purchaser pursuant to bid, the local agency shall pay the amount of its credit bid into the redemption fund within 24 months of the date of the foreclosure sale.

(6) Notwithstanding subdivision (c) of Section 701.620 of the Code of Civil Procedure, if the minimum price required to be paid for a lot or parcel pursuant to Section 53356.6 is not obtained at a foreclosure sale, upon written request of the local agency, the levying officer shall retain the writ of sale and, provided that the writ of sale has not been returned to the court pursuant to paragraph (1) of subdivision (a) of Section 699.560 of the Code of Civil Procedure, give notice of sale pursuant to Section 701.540 of the Code of Civil Procedure without relevying on the property.

(7) As provided elsewhere in this chapter.

(b) The judgment amount shall include reasonable attorneys' fees to be fixed by the court, together with interest, penalties, and other authorized charges and costs (all calculated up to date of judgment).

(c) The foreclosure action shall be governed and regulated by the provisions of this chapter, and also where not in conflict with this chapter, by other provisions of law generally applicable to foreclosure actions.

§ 53356.6. Price of property sold

Property sold hereunder may not be sold for less than the amount of the judgment plus postjudgment interest and authorized costs without the consent of the owners of 75 percent by value of the outstanding bonds.

§ 53356.7. Computation errors; validity of special tax installment, interest or penalty

No special tax installment, interest or penalties thereon, or deed shall be held invalid for any error in computation if the error is found to be comparatively negligible, or is found to be in favor of the owner of the real property affected thereby.

§ 53356.8. Tender of bonds or debt; special taxes; penalties and interest; satisfaction of bid amount

Provided the legislative body permits bonds or debt to be tendered for special taxes and the penalties and interest thereon pursuant to Section 53344.1, if the highest bid for a lot or parcel sold pursuant to a judgment of foreclosure and order of sale exceeds five thousand dollars (\$5,000) and the highest bidder elects to treat the sale as a credit transaction pursuant to subdivision (c) of Section 701.590 of the Code of Civil Procedure, the balance due as provided in that section may be paid in full or in part by tender of bonds or debt, provided, however, that bonds or debt may not be tendered for costs of foreclosure, including attorney's fees, and administrative charges incurred by the local agency with respect to removing the special taxes from the rolls of the treasurer or tax collector, or other administrative charges.

(a) Tender of bonds or debt shall be made to the local agency within seven days of the date of the sale. The local agency shall be charged with authenticating the tender and shall, within 10 days of the date of the sale, submit a written receipt to the levying officer who conducted the sale for the amount of the bond or debt tender accepted by it.

(b) Tender of cash or certified check or cashier's check shall be made to the levying officer within 10 days of the date of the sale.

(c) The levying officer shall total the cash, certified checks and cashier's checks, and any agency written receipts for bonds or debt to determine if the amount of the bid, plus accruing costs and interests, has been paid. In no event shall the tendering party be entitled to receive cash or other compensation in return for all or any part of the value of a tendered bond or bonds, except for recognition of their value in satisfying the amount bid.

(d) The tendering party shall comply with the provisions of Section 53344.1, as applicable as if they were fully set out in this section.

§ 53356.9. Judgment of foreclosure and sale of lots or parcels; effect on rights of holders of an easement to that lot or parcel

(a) Notwithstanding any other provision of this chapter or any other provision of law applicable to foreclosure action, the judgment of foreclosure and sale of a lot or parcel pursuant to this chapter shall not terminate or otherwise affect the rights of the holder of an easement in that lot or parcel.

(b) No provision of this section shall be interpreted as limiting any rights otherwise agreed to under existing contract.

§ 53357. Signatures on bonds or coupons; place bonds are payable

The bonds shall be signed by the chairperson of the legislative body and countersigned by the clerk of the legislative body or his or her deputy. All signatures on the bonds may be printed, lithographed, or engraved. If any officer whose signature appears on the bonds ceases to be that officer before the delivery of the bonds, his or her signature is as effective as if he or she had remained in office. All bonds shall be payable at the office of the treasurer of the local agency or at the office of any agent designated by the local agency.

§ 53358. Special tax or charge for outstanding bonded debt

When the legislative body provides for the fixing and levying of special taxes and charges for the community facilities district it shall also provide for the fixing and levying of that amount of special taxes and charges within the community facilities district which is required for the payment of the principal of and interest on any outstanding bonded debt of the community facilities district, including any necessary replenishment or expenditure of bond reserve funds or accumulation of funds for future bond payments, including any amount required by federal law to be rebated to the United States on that bonded debt. The special tax or charge shall be levied and collected by the same officers and at the same time and in the same manner that all other special taxes and charges are levied and collected for the community facilities district or in any other manner specified by the legislative body. The special taxes and charges shall not exceed the authority granted by Article 2 (commencing with Section 53318) and Article 3 (commencing with Section 53330). All of the collections for payment of principal and interest on bonds shall be paid into the community facilities district bond fund and reserve or other fund for the particular community facilities district and shall be used solely for the payment of the principal of and interest on the outstanding bonds of the community facilities district.

§ 53359. Action to determine validity of bonds or special tax levy

An action to determine the validity of bonds issued pursuant to this chapter or the validity of any special taxes levied pursuant to this chapter may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure but shall, notwithstanding the time limits specified in Section 860 of the Code of Civil Procedure, be commenced within 30 days after the voters approve the issuance of the bonds or the special tax if the action is brought by an interested person pursuant to Section 863 of the Code of Civil Procedure. Any appeal from a judgment in that action or proceeding shall be commenced within 30 days after entry of judgment.

§ 53359.5. Notice of proposed sale of bonds; information supplied annually to advisory commission; reporting requirements

(a) The legislative body shall, no later than 30 days prior to the sale of any bonds pursuant to this article, give written notice of the proposed sale to the California Debt and Investment Advisory Commission by mail, postage prepaid, or by any other method approved by the California Debt and Investment Advisory Commission, as required by Chapter 11.5 (commencing with Section 8855) of Division 1 of Title 2.

(b) On and after January 1, 1993, each year after the sale of any bonds, including refunding bonds, pursuant to this article, and until the final maturity of the bonds, the legislative body shall, not later than October 30 of each year, supply the following information to the California Debt and Investment Advisory Commission by mail, postage prepaid, or by any other method approved by the California Debt and Investment Advisory Commission:

- (1) Issuer name.
- (2) Community facilities district number or name.
- (3) Name, title, and series of the bond issue.
- (4) Credit rating and name of the rating agency.
- (5) Date of the bond issue and the original principal amount.
- (6) Reserve fund minimum balance required.
- (7) The principal amount of bonds outstanding.
- (8) The balance in the bond reserve fund.

(9) The balance in the capitalized interest fund, if any.

(10) The number of parcels that are delinquent with respect to their special tax payments, the amount that each parcel is delinquent, the total amount of special taxes due on the delinquent parcels, the length of time that each has been delinquent, when foreclosure was commenced for each delinquent parcel, the total number of foreclosure parcels for each date specified, and the total amount of tax due on the foreclosure parcels for each date specified.

(11) The balance in any construction funds.

(12) The assessed value of all parcels subject to special tax to repay the bonds as shown on the most recent equalized roll, the date of assessed value reported, and the source of the information.

(13) The total amount of special taxes due, the total amount of unpaid special taxes, and whether or not the special taxes are paid under the county's Teeter Plan (Chapter 6.6 (commencing with Section 54773)).

(14) The reason and the date, if applicable, that the issue was retired.

(15) Contact information for the party providing the information.

(c) In addition, with respect to any bonds sold pursuant to this article, regardless when sold, and until the final maturity of the bonds, the legislative body shall notify the California Debt and Investment Advisory Commission by mail, postage prepaid, or by any other method approved by the California Debt and Investment Advisory Commission, within 10 days if any of the following events occur:

(1) The local agency or its trustee fails to pay principal and interest due on any scheduled payment date.

(2) Funds are withdrawn from a reserve fund to pay principal and interest on the bonds that reduce the reserve fund to less than the reserve requirement.

(d) Neither the legislative body nor the California Debt and Investment Advisory Commission shall be liable for any inadvertent error in reporting the information required by this section.

§ 53359.7. Confidentiality of information contained in notice of proposed sale of bonds

Current information on the items listed in Section 53359.5 is a matter of public record, within the meaning of the California Public Records Act, Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1, even if the information is physically held by an agent or trustee of the public agency. Neither the legislative body, nor any of its officers, agents, or trustees shall be liable in any way for making that financial information available to anyone requesting it or for otherwise making it available to the public.

§ 53360. Sale of bonds; bids and bidding

The community facilities district may sell the bonds so issued at the times or in the manner the legislative body deems to be to the public interest. However, except as otherwise provided in Section 53360.4, all bonds shall be sold on sealed proposals or through generally accepted electronic means to the highest bidder, after advertising for bids by publication of notice of sale pursuant to Section 53692. If no bids are received or if the legislative body determines that the bids received are not satisfactory as to price or responsibility of the bidders, the legislative body may reject all bids received, if any, and either readvertise or sell the bonds at private sale.

§ 53360.4. Private sales; advertising for bids

Notwithstanding Section 53360, the legislative body may sell bonds at private sale, without advertising for bids, if the legislative body determines that the action would result in a lower overall cost.

§ 53360.7. Variable interest rate

The legislative body may provide that bonds shall bear a variable interest rate, and for the manner and intervals in which the rate shall vary. The variable rate shall not exceed the maximum rate permitted by Section 53531 or any other applicable provision of law limiting the maximum interest rate on bonds.

§ 53361. Force, value and use of bonds; exemption from state taxation

Any bonds issued by a district organized under the provisions of this chapter are hereby given the same force, value and use as bonds issued by any municipality and shall be exempt from all taxation within the state.

§ 53361.1. Trust funds; investment in bonds.

All bonds issued by any district payable from taxes or charges are legal investments for all trust funds, for the trust funds of all insurance companies, the state school funds, and any funds which may be invested in bonds of cities, counties, cities and counties, school districts, or municipalities in the state.

§ 53362. Refunding bonds; resolution

The legislative body may, by resolution, issue new bonds to refund any or all of the district bonds outstanding or improvement area bonds outstanding that have been issued pursuant to this article.

§ 53362.5. Refunding bonds; limitation on issuance; principal amount

Refunding bonds shall not be issued if the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds exceeds the total interest cost to maturity on the bonds to be refunded plus the principal amount of the bonds to be refunded. Subject to these limitations, the principal amount of the refunding bonds may be more than, less than, or the same as the principal amount of the bonds to be refunded.

§ 53362.7. Reduction of bonded indebtedness by amount of issued refunding bonds

The total authorized amount of the bonded indebtedness of a district or an improvement area therein, as approved by the qualified voter thereof, shall not be reduced by the principal amount of any refunding bonds issued to refund any or all outstanding bonds of the district or improvement area. This section does not constitute a change in, but is declaratory of, the existing law.

§ 53363. Refunding bonds; issuance without repetition of procedures required for approval of original bond issue

Except as otherwise provided in this article, the legislative body may issue refunding bonds without repeating any of the procedures required for the approval of the original bond issue, if the legislative body determines that it would be prudent in the management of its fiscal affairs to issue the refunding bonds.

§ 53363.2. Refunding bonds; resolution for issuance

If the legislative body determines to issue refunding bonds pursuant to this article it shall adopt a resolution providing for their issuance. The resolution shall:

(a) Describe the bonds being refunded and state the date on which it is anticipated that the exchange or purchase necessary to effect the refunding will occur.

(b) Fix the date of the refunding bonds.

(c) Designate the denomination or denominations of the refunding bonds.

(d) Fix the minimum rate or rates of interest to be paid on the refunding bonds.

(e) Fix the maturity dates of the refunding bonds, which shall not exceed the latest maturity date of the bonds being refunded.

(f) Designate the place or places of payment of principal and interest on the refunding bonds and on the bonds to be refunded.

(g) Describe the form of the refunding bonds.

(h) State the designated costs of issuing the refunded bonds, as defined by Section 53363.8.

§ 53363.5. Refunding bonds; exchange or sale

Any refunding bonds issued pursuant to this article may be exchanged for the bonds to be refunded on such basis as the legislative body determines is for the benefit of the district, but shall be issued in compliance with Section 53362.5. As an alternative to exchanging the refunding bonds for the bonds to be refunded, the legislative body may sell the refunding bonds at public or private sale. The proceeds of any sale of refunding bonds for cash shall be placed in the treasury of the local agency to the credit of a fund to be established for the purpose of refunding the bonds to be refunded, which fund shall be designated the "refunding fund," and the proceeds of the sale shall be applied only as permitted by this article. The funds shall be secured and may be invested in accordance with any other laws applicable to the funds of the local agency.

§ 53363.7. Refunding bonds; payment of designated costs of issuance

The designated costs of issuing the refunding bonds, as defined by Section 53363.8, may be paid by the purchaser of the refunding bonds or may be paid from any other legally available source, including any available revenues of the legislative body, the proceeds of sale of the refunding bonds, the interest or other gain derived from the investment of any of the proceeds of sale of the refunding bonds, or any combination thereof, as determined by the legislative body. However, any amounts paid by the local agency other than from the proceeds of sale of the refunding bonds or from interest or other gains derived from the investment of the proceeds of sale shall be added to the total interest cost to maturity on the refunding bonds in determining whether the issuance of the refunding bonds complies with Section 53362.5.

§ 53363.8. Designated costs of issuing the refunding bonds

For purposes of this article, the term "designated costs of issuing the refunding bonds" means any of the following costs and expenses designated by the legislative body in the resolution providing for the issuance of the refunding bonds:

(a) All expenses incident to the calling, retiring, or paying of the bonds to be refunded and incident to the issuance of refunding bonds, including the charges of any agent in connection with the issuance of the refunding bonds or in connection with the redemption or retirement of the bonds to be refunded.

(b) Either of the following:

(1) The interest upon the refunding bonds from the date of sale of the refunding bonds to the date of payment of the bonds to be refunded out of the proceeds of the sale of the refunding bonds or to the date upon which the bonds to be refunded will be paid pursuant to call or agreement with the holders of the bonds.

(2) The interest upon the bonds to be refunded from the date of sale of the refunding bonds to the date of payment of the bonds to be refunded or to the date upon which the bonds to be refunded will be paid pursuant to call or agreement with the holders of the bonds.

(c) Any premium necessary in the calling or retiring of the bonds to be refunded.

§ 53363.9. Amount of proceeds and investments in funding fund

The proceeds and investments in the "refunding fund" shall be in an amount sufficient to meet either the requirements of paragraph (a) or paragraph (b) at the time of issuance of the refunding bonds, as certified by a certified public accountant licensed to practice in this state.

(a) The proceeds and investments, together with any interest or other gain to be derived from any such investment, shall be in an amount sufficient to pay the principal, interest, and redemption premiums, if any, on the refunded bonds as they become due or at designated dates prior to maturity and the designated costs of issuance of the refunding bonds.

(b) The proceeds and investments, together with any interest or other gain to be derived from any such investment, shall be in an amount sufficient to pay the principal, interest, and redemption premiums, if any, on the refunding bonds prior to the maturity of the bonds to be refunded or prior to a designated date or dates before the maturity of the bonds to be refunded, the principal and any redemption premiums due on the refunded bonds at maturity or upon that designated date or dates, and the designated costs of issuance of the refunding bonds.

§ 53364. Refunding bonds; payment of principal and interest

Following the issuance of any refunding bonds pursuant to this article, the treasurer of the local agency shall provide for the payment of principal and interest on the refunding bonds in the same manner as for the bonds being refunded. Payments on the refunding bonds may be made from the "refunding fund" or from the redemption fund established for the bonds being refunded. However, the bonds being refunded shall have a priority claim on funds in the redemption fund.

§ 53364.2. Refunding bonds; use of savings; reduction of tax levy

(a) If further facilities or services are authorized to be financed by the district, savings achieved through the issuance of refunding bonds may be used by the legislative body for those purposes.

(b) If no further facilities or services are authorized to be financed by the district, any savings achieved through the issuance of refunding bonds shall be used by the legislative body to reduce the special taxes levied to retire outstanding bonds.

(c) Savings achieved through the issuance of refunding bonds may be used pursuant to both subdivisions (a) and (b) in proportions determined by the legislative body.

(d) For purposes of this section, the terms "savings achieved through the issuance of refunding bonds" means the difference between the principal and interest to maturity of the refunded bonds and the principal and interest to maturity of the refunding bonds.

(e) If savings are to be used for authorized facilities, bonds may be issued that are secured by that savings.

§ 53364.5. Callable bonds

Any bonds issued by the district may be made callable by resolution of the legislative body adopted at or prior to the time of issuing the bonds. When bonds are made callable a statement to that effect shall be set forth on the face of the bonds. Callable bonds may be redeemed on any date prior to their fixed maturity in the amounts, manner, and prices prescribed by the legislative body.

§ 53365. Notice designating bonds called for redemption

Notice designating the bonds called for redemption shall be mailed to the underwriter or other first purchaser and to the registered owners of the bonds to be called by first-class mail. The notice shall be mailed not less than 30 nor more than 90 days prior to the date fixed for redemption.

§ 53365.5. Cessation of interest on bonds called

If on the date fixed for redemption, the area has provided funds available for payment of the principal and interest of the bonds called, interest on the bonds shall cease.

§ 53365.7. Borrowing money in anticipation of sale of bonds; issuance of negotiable bond anticipation notes; renewal of notes

(a) The legislative body may, by resolution and without the necessity of calling and holding an election, borrow money in anticipation of the sale of bonds which have been authorized pursuant to this article, but which have not been sold and delivered, issue negotiable bond anticipation notes therefor, and renew the notes from time to time. The maximum maturity of any such notes, including the renewals thereof, shall not exceed five years from the date of delivery of the original notes.

(b) The principal and interest on the notes may be paid from any money available for their payment. Any portion of the principal or interest which is due and payable shall be paid from the proceeds of the next sale of bonds in anticipation of which the notes were issued.

(c) The proceeds of notes issued pursuant to this section may be used for any purpose for which the bonds in anticipation of which the notes were issued may be used.

(d) The notes shall not be issued in any amount in excess of the aggregate amount of bonds which the legislative body has been authorized to issue, less the amount of any bonds of such authorized issue which have been previously sold and less the amount of other bond anticipation notes issued previously and outstanding at that time.

(e) The legislative body may, in its resolution authorizing the issuance of notes, provide that the note shall be subject to call and redemption prior to maturity, at the option of the district, at such price or prices as may be fixed in the resolution, but not to exceed a premium of 6 percent of the par value of the note so subject to redemption. The resolution shall fix the method of giving notice of redemption to the holders of notes to be redeemed and the price or prices at which the note shall be subject to redemption. Any notes that are subject to call and redemption prior to maturity shall contain a recital to that effect on their face and no note shall be subject to call or redemption prior to its fixed maturity date unless it contains that recital.

(f) The notes shall be issued and sold in the same manner as the bonds.

(g) The notes and the resolution or resolutions authorizing the same may contain any provisions, conditions, or limitations which a resolution of the legislative body authorizing the issuance of bonds may contain.

(h) The legislative body shall, in its resolution authorizing the issuance of notes, provide a remedy if the anticipated bonds cannot be sold at the time or in the amount specified in the resolution, or if any

default occurs with respect to the notes. Any remedy which is so provided shall limit the obligations of property owners within the community facilities district to the special tax authorized and levied pursuant to this chapter, except that the legislative body may enter into an agreement with any of the property owners within the district pledging some or all of the real property of those property owners who are a party to the agreement as additional security for the notes. The legislative body may authorize the levy of a supplemental special tax in an amount sufficient to secure a note issued pursuant to this section, if that special tax is fully described as to the rate, method of apportionment, and conditions under which it may be levied in the resolution of intention prepared pursuant to Section 53321. This special tax shall be subject to the procedures and voting requirements for any special tax levied under the authority of this chapter.

ARTICLE 6. TRANSFER OF COMMUNITY FACILITIES DISTRICTS

§ 53368. Definitions

Unless the context otherwise requires, the definitions contained in this section shall govern the construction of this article.

(a) "City" means any city, including a chartered city.

(b) "County" means any county of the state.

(c) "Districts" means community facilities districts created pursuant to this chapter.

(d) "Governing boards" means, in the case of the county, the board of supervisors of the county and, in the case of the city, the city council of the city.

§ 53368.1. Transfer of governance authority from county to city; continuing liability of county

Notwithstanding any other provision of law, the authority for the governance of one or more districts may be transferred from the jurisdiction of a county to the jurisdiction of a city upon written agreement entered into between the governing boards of the county and the city and satisfaction of any conditions contained in the agreement and the conditions to transfer contained in Section 53368.2.

(a) The legislative body empowered pursuant to this chapter to exercise all authority over the district shall be the governing board of the city.

(b) The legal name of the district shall be changed so that the words "County of _____" are deleted therefrom and replaced by the words "City of _____."

(c) Neither a county nor any of its officers, members, employees, or agents shall bear any liability for any action taken with regard to the district on or after the effective date of the transfer of jurisdiction.

§ 53368.2. Requirements for effective transfer

The transfer of jurisdiction of a district from the governing board of the county to the governing board of the city shall be effective only if the following shall have occurred:

(a) An amended boundary map shall have been recorded with respect to the district with the county recorder in conformity with this subdivision. The amended map shall comply with the requirements of Section 3110 of the Streets and Highways Code, except that the word "proposed" shall not appear on the face of the map and the date and number of the resolution referred to in paragraph (2) of subdivision (b) of Section 3110 shall be the date and number of the resolution adopted by the governing board of the city authorizing the transfer. The amended boundary map shall include on its face the new name of the district and a statement to the effect that it amends the boundary map for (here insert original name or number of district or both the name and number of district, together with county),

State of California, prior recorded at book _____ of maps of assessment and community facilities districts at page _____ in the office of the county recorder for the County of _____, State of California. The county recorder shall endorse, file, and cross-index the amended boundary map in accordance with Section 3113 of the Streets and Highways Code.

(b) An amended notice of special tax lien shall be recorded with the county recorder in the form required by Section 3114.5 of the Streets and Highways Code which shall reference the original notice which it is amending; provided, however, that the notice shall state the amended name of the district, reference the amended boundary map filed in accordance with subdivision (a) and the names of the owners and the list of assessor's parcel numbers to be appended to the amended notice shall be the list that was attached to the original notice of special tax lien that was filed with respect to the district. The county recorder shall record the amended notice of special tax lien, endorse it, and index it, as further provided in Section 3114.5 of the Streets and Highways Code. The provisions of Section 3115.5 of the Streets and Highways Code shall apply to the amended notice of special tax lien as if it were a notice of special tax lien recorded pursuant to Section 3114.5 of the Streets and Highways Code.

(c) The clerk of the governing board of the city shall have mailed notice to each property owner within the district as set forth on the latest secured assessment roll of the county, which notice shall state the amended name of the district, the effective date of the transfer of jurisdiction, the name and telephone number of the person or office at the city that will be responsible for annually preparing the current roll of special tax levy, as required by subdivision (a) of Section 53340.2, and from whom the notice specified in subdivision (b) of Section 53340.2 and other information regarding the district may be obtained.

(d) The city shall have adopted policies as required by Section 53312.7.

(e) For a district with outstanding bonded indebtedness, replacement bonds stating that the transfer of jurisdiction is being made in accordance with this article shall have been executed and delivered by the governing board of the city and delivered to the fiscal agent for the bonds.

(f) The governing board of the county shall have adopted a resolution granting its final consent to the transfer of jurisdiction for the district.

§ 53368.3. Impairment of prior tax or bond obligations

Neither the enactment of this article nor any action taken pursuant hereto with respect to the transfer of jurisdiction of a district, nor the failure of any property owner to receive notice as provided in subdivision (c) of Section 53368.2, shall in any way impair any existing special tax lien, the priority thereof, any pledge of special taxes or other revenues to the repayment of any bonds or the validity of any bonds of a district.