*A Homeowner's Guide to*

# Mello-Roos Community Facilities Districts

Acquanetta Warren, Mayor
John Roberts, Mayor Pro Tem
Michael Tahan, Council Member
Jesus "Jesse" Sandoval, Council Member
Lydia S. Wibert, Council Member

Management Services Department
Financial Services Division

*Fiscal Year 2013/14*

City Council's

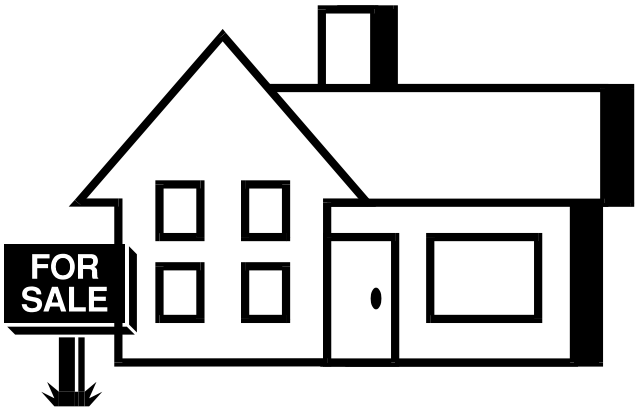
# *"Vision Statement"*

"Fontana is a dynamic, thriving community that supports education, growth, safety and a positive community fabric. Our community is creating the opportunities that encourage social and economic investment."

Vision Statement
Adopted February 7, 2006

When purchasing a home, your future monthly payments will be made up of principal and interest, real property taxes and insurance.

## But what is the special tax for the Mello-Roos Community Facilities District?




The City of Fontana, like many other growing communities, depends on Mello-Roos Community Facilities Districts to provide premium "affordable housing" and stable funding for ongoing maintenance.

This guide is intended to provide general information about Mello-Roos Community Facilities Districts (CFDs).

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# What is a Mello-Roos Community Facilities District?

## History

In 1978, Proposition 13 was enacted by Californians which limited the ability of many public agencies to finance new projects. In 1982, Senator Henry Mello and Assemblyman Mike Roos affected the passage of the "Mello-Roos Community Facilities Act of 1982" (the Act) authorizing local governments and developers to create Community Facilities Districts (CFDs) for the purpose of selling tax-exempt bonds to fund public improvements.

## Mello-Roos Community Facilities Act

The Act allows any county, city, special district, school district or joint powers of authority to establish a CFD which allows for the financing of public services and facilities. Basically, it allows communities to raise funds for improvements to infrastructure (streets, sewers, storm drains) even though Proposition 13 limits their ability to tax property.

In order to establish a CFD, it must be approved by a two-thirds margin of qualified voters in the district. If there are fewer than twelve registered voters within the district, the vote may be passed by current landowners. At the close of the legal proceedings, an established CFD has all the legal privileges of a legally sanctioned governmental body.

## How are CFDs used?

New development requires infrastructure (streets, sewers, storm drains). Local governments are forced to require developers to put in the necessary regional infrastructure for new home developments. The developer then adds the cost of this infrastructure to the price of each new home. The homebuyer pays more for the home, therefore increasing the amount of the mortgage.

Many developers opt for establishing a CFD so they can sell the homes at a lower price. Prior to the sale of the homes, they are the only "voters" in the CFD and thus have the power to create the district for future property owners. The CFD has the power to issue tax-exempt bonds to pay for the infrastructure. The cost is then passed on to the homeowner in the form of annual special taxes.

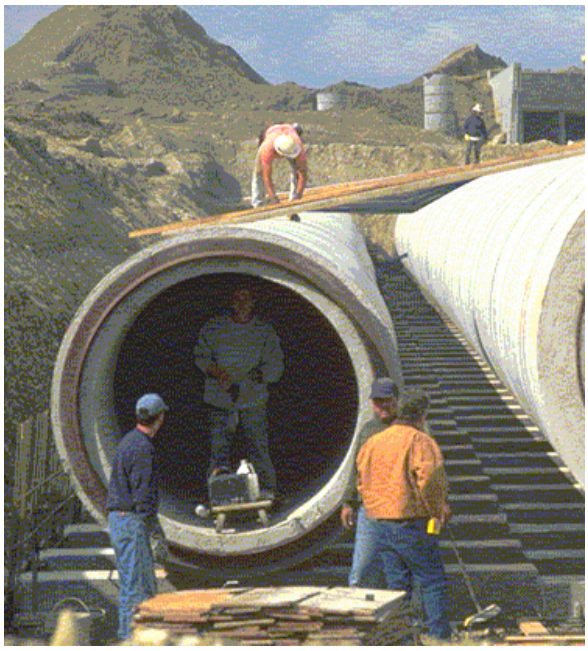
Without the CFD, the homebuyer would probably pay more for the home resulting in a higher mortgage payment, and would also be paying higher property taxes on the increased cost of the home.

# What is a Mello-Roos Community Facilities District?

## City of Fontana CFDs

The City of Fontana establishes two types of CFDs.

1) The first type is established for the purpose of issuing bonds to finance certain public improvements (streets, sewers, storm drains).



2) The second type is established to fund services such as the ongoing maintenance for street lighting, landscaping and park maintenance within and surrounding the area of the CFD.

Some of the existing districts have both a bond component as well as a service component (i.e., CFD #7 (Country Club Estates), CFD #12 (Sierra Lakes), CFD #31 (Citrus Heights North), CFD #37 (Montelago), and CFD # 70 (Vellano).

# What is a Mello-Roos Community Facilities District?

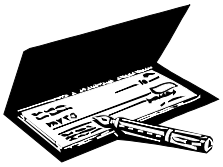
## What is the basis for the special tax?

Most special taxes are levied on properties within the CFD usually based on the square footage of the lot or the home. The Act allows considerable flexibility in this area and the methods vary widely among districts. The Rate and Method of Apportionment (RMA), which is approved during the CFD establishment proceedings, provides this information for each individual CFD. (See pages 7 and 9 for residential rates for specific CFDs.)

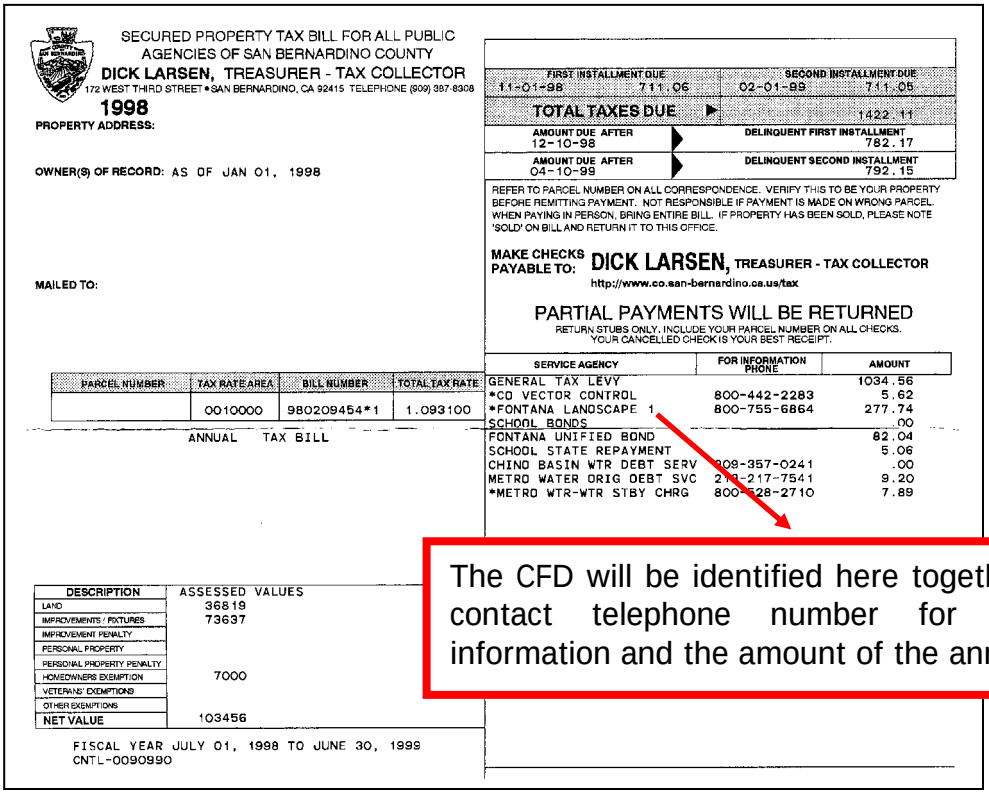
## How much will my special tax payment be?

The amount of tax may vary from year to year, but may not exceed the maximum amount specified in the RMA when the district was created. It is the policy of the City of Fontana to maintain stable rates for its residents to the extent possible.

## When do I pay these taxes?



CFD special taxes are typically collected on your general property tax bill with payments due on December 10th and April 10th of each year. These special taxes are subject to the same penalties that apply to regular property taxes.



SECURED PROPERTY TAX BILL FOR ALL PUBLIC AGENCIES OF SAN BERNARDINO COUNTY
DICK LARSEN, TREASURER - TAX COLLECTOR
172 WEST THIRD STREET • SAN BERNARDINO, CA 92415 TELEPHONE (909) 387-8308
1998
PROPERTY ADDRESS:
OWNER(S) OF RECORD: AS OF JAN 01, 1998
MAILED TO:

| FIRST INSTALLMENT DUE | | SECOND INSTALLMENT DUE | |
|---|---|---|---|
| 11-01-98 | 711.06 | 02-01-99 | 711.05 |
| TOTAL TAXES DUE ▶ | | | 1422.11 |
| AMOUNT DUE AFTER 12-10-98 ▶ | | DELINQUENT FIRST INSTALLMENT | 782.17 |
| AMOUNT DUE AFTER 04-10-99 ▶ | | DELINQUENT SECOND INSTALLMENT | 792.15 |

REFER TO PARCEL NUMBER ON ALL CORRESPONDENCE. VERIFY THIS TO BE YOUR PROPERTY BEFORE REMITTING PAYMENT. NOT RESPONSIBLE IF PAYMENT IS MADE ON WRONG PARCEL. WHEN PAYING IN PERSON, BRING ENTIRE BILL. IF PROPERTY HAS BEEN SOLD, PLEASE NOTE 'SOLD' ON BILL AND RETURN IT TO THIS OFFICE.

MAKE CHECKS PAYABLE TO: DICK LARSEN, TREASURER - TAX COLLECTOR
http://www.co.san-bernardino.ca.us/tax

PARTIAL PAYMENTS WILL BE RETURNED
RETURN STUBS ONLY. INCLUDE YOUR PARCEL NUMBER ON ALL CHECKS.
YOUR CANCELLED CHECK IS YOUR BEST RECEIPT.

| PARCEL NUMBER | TAX RATE AREA | BILL NUMBER | TOTAL TAX RATE |
|---|---|---|---|
| | 0010000 | 980209454*1 | 1.093100 |

ANNUAL TAX BILL

| SERVICE AGENCY | FOR INFORMATION PHONE | AMOUNT |
|---|---|---|
| GENERAL TAX LEVY | | 1034.56 |
| *CO VECTOR CONTROL | 800-442-2283 | 5.62 |
| *FONTANA LANDSCAPE 1 | 800-755-6864 | 277.74 |
| SCHOOL BONDS | | .00 |
| FONTANA UNIFIED BOND | | 82.04 |
| SCHOOL STATE REPAYMENT | | 5.06 |
| CHINO BASIN WTR DEBT SERV | 909-357-0241 | .00 |
| METRO WATER ORIG DEBT SVC | 213-217-7541 | 9.20 |
| *METRO WTR-WTR STBY CHRG | 800-528-2710 | 7.89 |

| DESCRIPTION | ASSESSED VALUES |
|---|---|
| LAND | 36819 |
| IMPROVEMENTS / FIXTURES | 73637 |
| IMPROVEMENT PENALTY | |
| PERSONAL PROPERTY | |
| PERSONAL PROPERTY PENALTY | |
| HOMEOWNERS EXEMPTION | 7000 |
| VETERANS EXEMPTIONS | |
| OTHER EXEMPTIONS | |
| NET VALUE | 103456 |

FISCAL YEAR JULY 01, 1998 TO JUNE 30, 1999
CNTL-0090990

The CFD will be identified here together with a contact telephone number for additional information and the amount of the annual levy.

## What if I don't pay my property tax bill on time?

CFD special taxes are subject to the same penalties that apply to regular property taxes. If there are outstanding bonds and the special taxes become delinquent, the CFD may exercise its legal right to foreclose and sell the property after providing the required notifications to the homeowner.

## How long do I pay these taxes?

1) If there are CFD bonds, the tax will be levied until the principal and interest on the bonds are paid off. Typically, CFD bonds are paid off over a 30-year period.

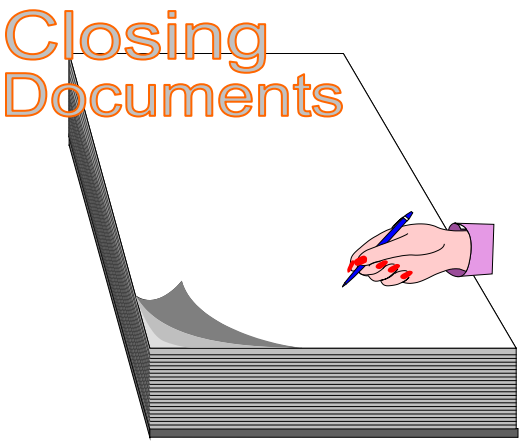
2) If the CFD was established to pay for maintenance or other services, the property owner will be taxed as long as the maintenance and/or other services are provided.

## How is the special tax reflected on real property records?

Per the "Act," the special tax is a lien on your property. It is recorded as a "Notice of Special Tax Lien" which is a continuing lien to secure each levy of the special tax. Any delinquent payments must be paid before the sale of the property.

## What are the disclosure requirements?

California Civil Code Section 1102.6 requires a seller of real property within a CFD to provide the "Notice of Special Tax" to the buyer.




When it comes times to close escrow on your home, you will be asked to sign many documents. One of these "closing documents" will be the "Notice of Special Tax" which will provide specific information about the Mello-Roos Community Facilities District (CFD) your home is located in.

In addition to City administered CFDs, your home may also be located within a CFD administered by another agency such as the School District. All CFDs must be disclosed to you by the seller.

# City of Fontana CFDs – Bond Districts (Residential Rates)

The following City of Fontana CFDs have issued bonds for the purpose of financing certain public improvements (streets, sewers, storm drains).

| District | Name | Bonds Paid* | Rate Category | | FY 2013/14 Annual Rate |
|---|---|---|---|---|---|
| CFD #2 | Village of Heritage | 2017 | 7,000 | Sq ft min. lot size | $ 956.40 |
| | | | 5,500 | | 830.56 |
| | | | 4,000 | | 585.12 |
| | | | Multi family | | 201.36 |
| CFD #3 | Hunter's Ridge | 2015 | 30,000 | Sq ft min. lot size | 2,859.20 |
| | | | 10,000 | | 2,286.40 |
| | | | 7,200 | | 1,720.00 |
| | | | 5,000 | | 1,272.00 |
| | | | 4,500 | | 1,092.80 |
| CFD #4 | Walnut Village | 2015 | 2,400 | Sq ft min. house size | 407.00 |
| | | | 2,200 | | 373.00 |
| | | | 2,000 | | 341.00 |
| | | | 1,800 | | 308.00 |
| CFD #22 | Sierra Hills South | 2021 | All Single Family Homes | | 1,212.90 |
| CFD #7 | Country Club Estates | 2028 | 10,000 | Sq ft min. lot size | 922.00 |
| | | | 7,200 | | 816.00 |
| | | | <7,200 | | 711.00 |
| CFD #11 | Heritage West End | 2028 | 3,500 | Sq ft min. house size | 1,369.00 |
| | | | 3,280 | | 1,288.00 |
| | | | 3,000 | | 1,264.00 |
| | | | 2,781 | | 1,120.00 |
| | | | 2,601 | | 1,088.00 |
| | | | 2,401 | | 1,024.00 |
| | | | 2,281 | | 984.00 |
| | | | 2,051 | | 904.00 |
| | | | <2,051 | | 823.00 |

*This is the year the bonds are anticipated to be paid off.

Delinquencies within the individual district may require the special tax to be levied longer.

# City of Fontana CFDs – Bond Districts (Residential Rates), continued

The following City of Fontana CFDs have issued bonds for the purpose of financing certain public improvements (streets, sewers, storm drains).

| District | Name | Bonds Paid* | Rate Category | | FY 2013/14 Annual Rate |
|---|---|---|---|---|---|
| CFD #12 | Sierra Lakes | 2030 | 2,700 | Sq ft min. house size | $1,175.00 |
| | | | 2,601 | | 1,042.00 |
| | | | 2,501 | | 969.00 |
| | | | 2,401 | | 915.00 |
| | | | 2,301 | | 861.00 |
| | | | 2,201 | | 800.00 |
| | | | 2,101 | | 739.00 |
| | | | 2,001 | | 704.00 |
| | | | 1,901 | | 667.00 |
| | | | <1,901 | | 643.00 |
| CFD #31 | Citrus Heights North | 2036 | >4,275 | Sq ft min. house size | 3,764.00 |
| | | | 4,075 - 4,274 | | 3,595.00 |
| | | | 3,875 – 4,074 | | 3,490.00 |
| | | | 3,675 – 3,874 | | 3,409.00 |
| | | | 3,475 – 3,674 | | 3,344.00 |
| | | | 3,275 – 3,474 | | 3,223.00 |
| | | | 3,075 – 3,274 | | 3,130.00 |
| | | | 2,875 – 3,074 | | 3,037.00 |
| | | | 2,675 – 2,874 | | 2,916.00 |
| | | | 2,475 – 2,674 | | 2,795.00 |
| | | | 2,275 – 2,474 | | 2,795.00 |
| | | | 2,075 – 2,274 | | 2,674.00 |
| | | | 1,875 – 2,074 | | 2,108.00 |
| | | | 1,675 – 1,874 | | 1,882.00 |
| | | | 1,475 – 1,674 | | 1,664.00 |
| | | | 1,275 – 1,474 | | 1,503.00 |
| | | | <1,275 | | 1,180.00 |
| CFD #37 | Montelago | 2035 | >3700 | Sq ft min. house size | 2,972.00 |
| | | | 3,450 - 3,699 | | 2,623.00 |
| | | | 3,200 - 3,449 | | 2,440.00 |
| | | | <3,200 | | 2,178.00 |

# City of Fontana CFDs – Bond Districts (Residential Rates), continued

The following City of Fontana CFDs have issued bonds for the purpose of financing certain public improvements (streets, sewers, storm drains).

| District | Name | Bonds Paid* | Rate Category | | FY 2013/14 Annual Rate |
|---|---|---|---|---|---|
| CFD #70 | Avellino | 2043 | >3850 | Sq ft min. lot size | 2,639.00 |
| | | | 3450-3850 | | 2,394.00 |
| | | | 3050-3450 | | 2,149.00 |
| | | | 2650-3050 | | 2,043.00 |
| | | | 2250-2650 | | 1,847.00 |
| | | | 1850-2250 | | 1,639.00 |
| | | | <1850 | | 1,431.00 |

*This is the year the bonds are anticipated to be paid off.

Delinquencies within the individual district may require the special tax to be levied longer.

# City of Fontana CFDs – Service Districts (Residential Rates)

The following City of Fontana CFDs were established for the purpose of funding ongoing services including police, fire, parks, parkways and street lighting. Landscape Maintenance Districts (LMDs) and Local Lighting Maintenance Districts (LLMDs) are also included.

| District | Location | FY 2013/14 Annual Rate |
|---|---|---|
| CFD # 1 | Southridge | $752.00 |
| CFD # 2 | Village of Heritage (Police Services) | 11.96 |
| LMD # 2 | Village of Heritage | 428.84 |
| LMD # 3 | Hunter's Ridge | 500.00 |
| LLMD # 3 | Hunter's Ridge (Lighting) | 20.00 |
| CFD # 6 | The Landings | 429.00 |
| CFD # 6-1 | Stratham | 459.10 |
| CFD # 6-2 | North Morningside | 470.00 |
| CFD # 6-3a | Bellgrove II | 394.00 |
| CFD # 7 | Country Club Estates | 306.00 |
| CFD # 8 | Presley | 262.14 |
| CFD # 9 | Morningside | 425.18 |
| CFD #12 | Sierra Lakes | 392.00 |
| CFD # 13 | Summit Heights | 439.00 |
| CFD # 14M | Sycamore Hills | 450.00 |
| CFD # 15M | Silver Ridge | 336.00 |
| CFD # 16M | Ventana Pointe | 425.00 |
| CFD # 18M | Badiola Homes | 425.50 |
| CFD # 20M | STG Cottages | 500.00 |
| CFD # 21M | Garden Village | 536.00 |

# City of Fontana CFDs – Service Districts (Residential Rates), continued

The following City of Fontana CFDs were established for the purpose of funding ongoing services including police, fire, parks, parkways and street lighting. Landscape Maintenance Districts (LMDs) and Local Lighting Maintenance Districts (LLMDs) are also included.

| District | Location | FY 2013/14 Annual Rate |
|---|---|---|
| CFD # 23M | Various Locations | 285.00 |
| CFD # 24M | Beech 2, S/E Baseline/Village Pkwy | 437.00 |
| CFD # 25M | Various Locations | 465.00 |
| CFD # 27M | S/W Walnut/Hemlock | 550.00 |
| CFD # 28M | S/E Baseline/Sultana | 407.00 |
| CFD # 29M | STG Cobblestone | 421.00 |
| CFD # 30M | Citrus Heights South | 482.00 |
| CFD # 31 | Citrus Heights North | 475.00 |
| CFD # 32M | Hunters Ridge Estates | 356.00 |
| CFD # 34M | Empire Court Detention Basin | 13.00 |
| CFD # 35M | Coyote Canyon | 766.00 |
| CFD # 36M | S/Walnut W/Citrus | 355.00 |
| CFD # 37 | Montelago | 607.00 |
| CFD # 38M | S/W Walnut/Cypress | 485.00 |
| CFD # 39M | Citrus Gardens, S/Merrill Catawba/Citrus | 445.00 |
| CFD # 40M | SEC Merrill/Catawba | 390.00 |
| CFD # 41M | W/Sultana S/Miller | 685.00 |
| CFD # 42M | Southridge Overlay | 495.00 |
| CFD # 44M | S/Miller, E/Locust, W/Maple | 495.00 |
| CFD # 45M | NWC Summit/Cypress | 595.00 |
| CFD # 46M | N/Miller, E/Beech, W/Sultana | 692.00 |
| CFD # 47M | SWC Baseline/Maple | 674.00 |
| CFD # 48M | SEC Casa Grande/Citrus | 820.00 |
| CFD # 49M | SEC Baseline/Locust | 750.00 |
| CFD # 50M | SWC Walnut/Citrus | 370.00 |
| CFD # 51M | NEC Locust/Miller | 615.00 |
| CFD # 53M | Maple/Williams | 551.00 |
| CFD # 54M | East of Maple/Williams | 640.00 |
| CFD # 55M | SEC Miller/Hemlock | 790.00 |
| CFD # 56M | Laurel, between Upland/Arrow | 280.00 |
| CFD # 57M | SEC Citrus/Walnut | 880.00 |
| CFD # 58M | Near Citrus, S of Baseline | 315.00 |
| CFD # 59M | SWC Fontana/Merrill | 400.00 |
| CFD # 60M | S/Miller, between Beech/Sultana | 785.00 |
| CFD # 61M | N/Baseline, Oleander/Cypress | 603.00 |
| CFD # 64M | NE corner of Foothill and Almeria | 615.00 |
| CFD # 65M | S/Randall, between Poplar and Lime | 600.00 |
| CFD # 67M | NWC corner of Walnut and Juniper | 570.00 |
| CFD # 68M | N of Baseline W of Citrus | 645.00 |
| CFD # 70 | Avellino | 660.00 |

## What input can I have as to how my special taxes are used?

1) If there are outstanding bonds, the special taxes can only be used to pay the debt service payments and administrative fees.

2) Many of the current maintenance districts have active community groups which participate in decisions relating to the expenditure of district funds. Please feel free to contact the City's Public Services Department at (909) 350-6766 to find out about existing groups or to establish a new group.

## Who can I call for more information?

If you have additional questions relating to your special tax and what it pays for, please feel free to contact the Management Services Department, Accounting Division staff:

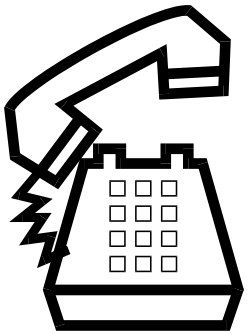
Jeff Moriarty, Senior Accountant (909) 350-6608
jmoriarty@fontana.org

Jessicia Ose, Accounting Technician (909) 350-7631
jose@fontana.org

Dawn Brooks, Accounting Manager (909) 350-7611
dbrooks@fontana.org

If you have questions regarding maintenance in your district, please contact the Public Services Department staff:

Dan West, Parks & Landscape Supervisor
(909) 350-6518



If you have questions regarding the rest of your tax bill, please contact the San Bernardino County Treasurer/Tax Collector at (909) 387-8308 or www.mytaxcollector.com.