

FIG GARDEN FIRE PROTECTION DISTRICT

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October 28, 2015

TO: FIG GARDEN HOMEOWNERS

SUBJECT: UPDATE ON FIG GARDEN COMMUNITY FACILITIES DISTRICT (CFD)
NOTICE OF SPECIAL TAX LIEN

Recently, Fig Garden Fire Protection District Board members were notified by a few residents that the CFD special tax, passed by an 83% vote earlier this year, was showing up as a negative tax lien on credit reports. Interested residents appearing before the Board at a meeting on September 8, 2015 requested the Board research why this was happening and take corrective action. Research was conducted, to include the following:

A Community Facilities Act (more commonly known as Mello-Roos) was a law enacted by the California State Legislature in 1982.^[1] The name *Mello-Roos* comes from its co-authors, Senator Henry J. Mello (D-Watsonville) and Assemblyman Mike Roos (D-Los Angeles). The Act enabled "Community Facilities Districts" (CFDs) to be established by local government agencies as a means of obtaining community funding. Counties, cities, special districts, joint powers authority, and schools districts use these financing districts to pay for public works and some public services. As mentioned a CFD is a financing mechanism used throughout the State, to include Fresno County and the City of Clovis.

The Board's legal consultant(s) and administrative team corresponded with the Fresno County Recorder to review how the CFD was filed, coded, and represented internally within the County's document system. Though the County was slow to respond to inquiries, the Recorder's Office did eventually process a small change.

After the change with the County Recorder, a Fig Garden Board member, (a resident in the District), reviewed his own credit report to determine whether a negative tax lien would appear. We are pleased to confirm that nothing about the CFD special tax lien showed up on his credit report. We therefore conclude that the special tax lien is not impacting credit scores.

As with the prior Fig Garden assessment, the current special tax lien may be evaluated during a title search, common when refinancing or applying for home equity loans. Should any issue arise during a refinancing or home loan process, our legal expert(s) can be contacted (names/numbers included at the end of this letter), and will provide assistance in explaining the Fig Garden CFD to loan officers.

It should be noted that loan officers are very familiar with CFD on properties, however; the simple explanation is that your residence is obligated to pay an annual special tax for fire service (same as prior year's assessment in the Fig Garden District).

The relationship of the District to your property has not changed, nor have the procedural elements of the tax's administration.

It is unfortunate that a clerical error occurred with the coding of the CFD but that error has now been corrected. Attached you will find an email from a Fig Garden resident, Cory Bell, CPA, who contacted the Fresno County Assistant Assessor-Recorder, Timothy Leming, who verified the Notice of Special Tax Lien is "to secure future tax payments and should be distinguished from a document recorded due to delinquent tax payments." We have also attached a copy of the official Fig Garden CFD recording.

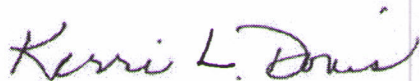
Finally, the District participates in a program with Fresno County called the "Teeter" plan. This means that regardless of whether a resident fails to pay their property taxes and assessments, the District receives 100% of the allocated tax revenue; allowing the Fire Station and its staffing to continue to deliver services to the District. Fresno County is the entity that can then recover any late fees and penalties from delinquent taxes.

In the event the District Board (or similar governing body) ever attempts to reverse or invalidate this specific clause related to accelerated foreclosure, the Board shall, through reasonable means and at a reasonable cost, provide notice of this action to every District resident.

Should you have any questions or concerns, please do not hesitate to contact Mike Getty, CPA, Business Manager, Fresno Fire Department, 559-621-4004. Prospective lenders or title companies may also contact Nathan Perez, Esq. with David Taussig and Associates at 800-969-4382.

The intent of this letter is to provide all residents facts and clear-up any misinformation some residents may be communicating.

Respectfully,



Kerri L. Donis, Fire Chief

KLD/er