

## **Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure**

***Special Tax Payments and Foreclosure Proceedings.*** The Special Tax will be collected in the same manner and the same time as *ad valorem* property taxes, except at the Water District's option, the Special Taxes may be billed directly to property owners. In the event of a delinquency in the payment of any installment of Special Taxes, the Water District is authorized by the Act to order institution of an action in superior court to foreclose the lien therefor.

The Water District has covenanted in the Fiscal Agent Agreement with and for the benefit of the Owners of the Bonds that it will cause a special tax consultant to annually on or before September 1 of each year review the public records of the County relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior fiscal year, and if the Water District determines on the basis of such review that the amount so collected is deficient by more than 5% of the total amount of the Special Tax levied in the District in such fiscal year, it will within 30 days thereafter institute foreclosure proceedings as authorized by the Act in order to enforce the lien of the delinquent installment of the Special Tax against each separate lot or parcel of land in the District for which such installment of the Special Tax is delinquent, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; *provided*, that if the Water District determines on the basis of such review that (a) the amount so collected is deficient by less than 5% of the total amount of the Special Tax levied in the District in such fiscal year, but that property owned by any single property owner in the District is delinquent by more than \$10,000 with respect to the Special Tax due and payable by such property owner in such fiscal year, or (b) property owned by any single property owner in the District is delinquent cumulatively by more than \$5,000 with respect to the current and past Special Tax due (irrespective of the total delinquencies in the District) then the Water District will cause to the Fiscal Agent to institute, prosecute and pursue such foreclosure proceedings in the time and manner provided in the Fiscal Agent Agreement against each such property owner.

Under the Act, foreclosure proceedings are instituted by the bringing of an action in the superior court of the county in which the parcel lies, naming the owner and other interested persons as defendants. The action is prosecuted in the same manner as other civil actions. In such action, the real property subject to the special taxes may be sold at a judicial foreclosure sale for a minimum price which will be sufficient to pay or reimburse the delinquent special taxes.