

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. In addition, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to a Bond constitutes original issue discount, and the amount of original issue discount that accrues to the owner of the Bonds is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences of the Bonds.

Bond Council re Tax Exempt status

35 1/8 \$10,615,000 ÷ 167,400/yr = 6.3% constant
CITY OF POWAY

HOUSING REVENUE BONDS, ISSUE OF 2003
(POINSETTIA MOBILE HOME PARK PROJECT)

Dated: Date of Delivery

Due: May 1, as shown below

The Bonds are being issued pursuant to an Indenture of Trust, dated as of June 1, 2003 (the "Indenture"), between the City of Poway (the "City") and U.S. Bank National Association, Los Angeles, California as trustee (the "Trustee"). The Bonds will be delivered in fully registered form only and, when issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Ownership interest in the Bonds may be purchased, in denominations of \$5,000, or any integral multiple thereof, in book-entry form only as described herein. Upon receipt of payments of principal of, premium, if any, and interest on the Bonds, DTC will in turn remit such principal, premium, if any, and interest to the participants in DTC (as described herein) for subsequent disbursement to the beneficial owners of the Bonds. Interest on the Bonds is payable semiannually on May 1 and November 1 of each year, commencing November 1, 2003.

Methods of Purchase and payment

The Bonds are subject to optional, mandatory sinking fund and special redemption prior to their respective maturity dates as described herein.

The proceeds of the sale of the Bonds will be used to fund a loan (the "Loan") to Poway Manufactured Home Communities, LLC, a California limited liability company whose sole member is Wakeland Housing and Development Corporation, a California non-profit corporation (the "Borrower") which will be used to (i) finance the acquisition by the Borrower of certain real property constituting the Poinsettia Mobile Home Park (the "Project"), (ii) finance certain facilities, replacements and improvements beneficial to the Project, (iii) fund a Debt Service Reserve Fund and a Repair and Replacement Fund, and (iv) pay certain costs of issuance. Financing for the Project was originally obtained with the proceeds of certificates of participation executed and delivered by the City in 1988 which were prepaid with the proceeds of the \$12,640,000 initial aggregate principal amount Refunding Certificates of Participation (City of Poway 1992 Refunding Project—Poinsettia Mobile Home Park) (the "1992 COPs"). A portion of the proceeds of the Loan will be used by the Borrower to acquire the Project from the Agency which will use such amounts to prepay and defease the 1992 COPs.

Note that only a "portion" of this \$10,615,000 was used to pay off the \$12,640,000 lien of 1992.

It was also used to fund Sauder's 100% purchase loan of \$10,615,000. Then it was used for several other purposes as well! See opposite underlined.

Miracle money!

MATURITY SCHEDULE

Maturity Date (May 1)	Principal Amount	Interest Rate	Price or Yield	Maturity Date (May 1)	Principal Amount	Interest Rate	Price or Yield
2004	\$120,000.00	1.800%	100%	2010	\$160,000.00	4.000%	4.100%
2005	135,000.00	2.500	100	2011	165,000.00	4.300	100
2006	140,000.00	2.900	100	2012	175,000.00	4.400	100
2007	145,000.00	3.000	3.200	2013	180,000.00	4.500	100
2008	150,000.00	3.300	3.550	2014	190,000.00	4.600	100
2009	155,000.00	3.700	3.900				

\$2,165,000—5.00% Term Bonds due May 1, 2023—Yield 5.10%
\$1,695,000—5.10% Term Bonds due May 1, 2028—Yield 5.30%
\$5,040,000—5.50% Term Bonds due May 1, 2038—Yield 5.50%

The Bonds are special limited obligations of the City, payable from and secured as to the payment of the interest on and the principal of and the redemption premiums, if any, on the Bonds in accordance with their terms and the terms of the Indenture, from Revenues (as hereinafter defined) and other funds as provided therein in the Indenture. The Bonds are not a debt of the City, the State of California (the "State") or any of its political subdivisions, and neither the City nor the State or any of its political subdivisions is liable thereon nor in any event shall the Bonds be payable out of funds or properties other than as described in the preceding sentence.

This cover page contains certain information for general reference only. It is not intended as a summary of this transaction. Investors are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if executed and delivered, subject to the legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. Certain legal matters will be passed upon for the City by its Disclosure Counsel, Best Best & Krieger, LLP, Riverside, California and for the Borrower by Sullivan Wutz McDade & Wallace, San Diego, California. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about June 12, 2003.

SPELMAN & Co., Inc.

Dated: May 28, 2003