

NOTICE OF DEFEASANCE

\$57,185,000

COMMUNITY FACILITIES DISTRICT NO. 2003-1
OF THE COUNTY OF ORANGE (LADERA RANCH)
SERIES A OF 2004 SPECIAL TAX BONDS

BASE CUSIP NO. 68423P

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds (as further defined below, the "Refunded Bonds"), of Community Facilities District No. 2003-1 of the County of Orange (Ladera Ranch) (the "District"), that the District has deposited with U.S. Bank National Association, as paying agent for the Refunded Bonds, cash in an amount sufficient to pay on February 15, 2014 (the "Redemption Date"), the principal with respect to the Refunded Bonds maturing on and after August 15, 2014, together with accrued interest to the Redemption Date, without premium.

The Refunded Bonds defeased are as follows:

<i>CUSIP</i>	<i>Maturity (August 15)</i>	<i>Rate</i>	<i>Amount</i>
TP5	2014	4.500%	\$ 780,000
TQ3	2015	4.750	890,000
TR1	2016	4.800	1,005,000
TS9	2017	4.900	1,135,000
TT7	2018	5.100	1,270,000
TU4	2019	5.250	1,415,000
TV2	2020	5.300	1,570,000
TW0	2021	5.400	1,740,000
TX8	2022	5.400	1,920,000
TY6	2023	5.500	2,110,000
TZ3	2024	5.500	2,320,000
UA6	2028	5.600	11,625,000
UB4	2034	5.625	26,370,000

In accordance with Resolution No. 04-062, adopted by the Board of Supervisors of the County of Orange, as the legislative body of the District, and the Supplement to 04-062 (together, the "Resolution"), the Refunded Bonds are deemed to have been paid in accordance with Section 9.1 thereof and the obligations of the District under the Resolution, with respect to the Refunded Bonds have ceased, terminated and become void and have been discharged and satisfied.

The owners of the Bonds are further notified that, pursuant to Section 6 of the Continuing Disclosure Certificate dated as of April 1, 2004 (the "Disclosure Certificate"), relating to the Refunded Bonds, the District's obligations under the Disclosure Certificate have terminated upon the defeasance of the Refunded Bonds and no further reports or notices will be filed pursuant to the Disclosure Certificate.

U.S. BANK NATIONAL ASSOCIATION, as paying agent

DATED this 10th day of February , 2014.