

NOTICE OF DEFEASANCE

\$75,645,000

COMMUNITY FACILITIES DISTRICT NO. 2004-1
OF THE COUNTY OF ORANGE (LADERA RANCH)
SERIES A OF 2005 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. 2004-1 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>
UL2	2014	4.250%	\$ 1,135,000
UM0	2015	4.350	1,275,000
UN8	2016	4.500	1,425,000
UP3	2017	4.600	1,590,000
UQ1	2018	4.700	1,765,000
UR9	2019	4.800	1,945,000
US7	2020	4.850	2,145,000
UT5	2021	4.875	2,355,000
UU2	2025	5.000	11,805,000
UV0	2029	5.150	16,405,000
UW8	2034	5.200	28,900,000

In accordance with Resolution No. 04-328, adopted by the Board of Supervisors of the County of Orange, as the legislative body of the District, and the Supplement to 04-328 (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 February 1, 2005 (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.