CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Imperial Irrigation District (the “District”) in connection with the execution and delivery of $__________ Imperial Irrigation District 2010 Subordinate Revenue Certificates of Participation (2010 Water System Project) (the “Certificates”). The Certificates are being executed and delivered pursuant to a Trust Agreement, executed and entered into as of _________ 1, 2010 (the “Trust Agreement”), by and among the District, the Imperial Irrigation District Financing Corporation (the “Corporation”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The District covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositaries or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

“Fiscal Year” shall mean the one-year period ending on December 31 of each year or such other date.

“Holder” means a registered owner of the Certificates.

“Installment Purchase Contract” shall mean that certain 2010 Installment Purchase Contract executed and entered into as of _________ 1, 2010, by and between the District and the Corporation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean Municipal Securities Rulemaking Board.

“Participating Underwriter” shall mean any of the original underwriters of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall provide not later than July 31 of each year (beginning in July 20___) to MSRB an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the
requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the District is unable to provide to MSRB an Annual Report by the date required in subsection (a), the District shall send to MSRB a notice in substantially the form attached hereto as Exhibit A.

SECTION 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

1. The audited financial statements of the District’s Water System for the most recently completed Fiscal Year, prepared in accordance with generally accepted accounting principles for governmental enterprises as prescribed from time to time by any regulatory body with jurisdiction over the District and by the Governmental Accounting Standards Board;
2. Principal amount of the Certificates outstanding;
4. Updated information comparable to the information in the chart entitled “Historic Water Rates” as it appears on page ___ in the Official Statement, dated ________, 2010, relating to the Certificates (the “Official Statement”);
5. Updated information comparable to the information in the chart entitled “Historic Water Availability Charges” as it appears on page ___ in the Official Statement;
6. Updated information comparable to the information in the chart entitled “Water Sold and Revenue Received” as it appears on page ___ in the Official Statement; and
7. Updated information comparable to the information in the chart entitled “Summary of Historical Operating Results – Water Department” as it appears on page ___ of the Official Statement; and
8. Updated information comparable to the information in the chart entitled “Reconciliation of Net Earnings to Balance Available for Debt Service – Water Department” as it appears on page ____ in the Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB’s Internet Web site or filed with the Securities and Exchange Commission.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates, if material:

1. principal and interest payment delinquencies.
2. non-payment related defaults.
3. modifications to rights of Certificate holders.
4. optional, contingent or unscheduled Certificate calls.
5. defeasances.
6. rating changes.
7. adverse tax opinions or events affecting the tax-exempt status of the Certificates.
8. unscheduled draws on the debt service reserves reflecting financial difficulties.
9. unscheduled draws on the credit enhancements reflecting financial difficulties.
10. substitution of the credit or liquidity providers or their failure to perform.
11. release, substitution or sale of property securing repayment of the Certificates.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Certificates pursuant to the Trust Agreement.

SECTION 6. Customarily Prepared and Public Information. Upon request, the District shall provide to any person financial information and operating data regarding the District which is customarily prepared by the District and is publicly available.

SECTION 7. Termination of Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Certificates may take such actions as
may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement or the Installment Purchase Contract, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Certificates may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the District satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the District shall have refused to comply therewith within a reasonable time.

SECTION 11. Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to MSRB in accordance with this Disclosure Certificate shall be provided in an electronic format prescribed by MSRB and shall be accompanied by identifying information as prescribed by MSRB.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Date: _________, 2010

_______________________________________
Chief Financial Officer
EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: IMPERIAL IRRIGATION DISTRICT
Name of Issue: 2010 SUBORDINATE REVENUE CERTIFICATES OF PARTICIPATION (2010 WATER SYSTEM PROJECT)
Date of Issuance: __________, 2010

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Certificate approved pursuant to Resolution No. __________ adopted by the Board of Directors of the District on __________, 2010. The District anticipates that the Annual Report will be filed by ______________________.

Dated:

IMPERIAL IRRIGATION DISTRICT

By ______________________________