

In the opinion of Stradling Yocca Carlson & Rauth LLP, 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 (and original issue discount) 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. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS” with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

\$14,550,000

**CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2021-1 (FAIRWAY CANYON)
2024 SPECIAL TAX BONDS**

Dated: Delivery Date

Due: September 1, as shown on the inside cover page

This Official Statement describes bonds that are being issued by the City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon) (the “District”). The City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon) 2024 Special Tax Bonds (the “Bonds”) are being issued by the District to (a) pay the cost and expense of certain public facilities; (b) fund a reserve account securing the Bonds; and (c) pay costs of issuance of the Bonds.

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California), and pursuant to a resolution adopted by the City Council of the City of Beaumont (the “City”), acting as the legislative body of the District, and a Bond Indenture, dated as of January 1, 2024 (the “Indenture”), by and between the District and Zions Bancorporation, National Association, as trustee (the “Trustee”).

The Bonds are limited obligations of the District and are payable solely from revenues derived from certain annual Special Taxes (as defined herein) to be levied on and collected from the owners of parcels within the District subject to the Special Taxes and from certain other funds pledged under the Indenture, all as further described herein. The Special Taxes are to be levied according to the rate and method of apportionment approved by the City Council of the City and the qualified electors within the District. See “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes.” The City Council of the City is the legislative body of the District.

The Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Individual purchases of the Bonds may be made in principal amounts of \$5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. Interest on the Bonds will be payable semiannually on each March 1 and September 1, commencing September 1, 2024. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein. Principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See “THE BONDS—General Provisions” and APPENDIX F—“BOOK-ENTRY ONLY SYSTEM” herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE CITY, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES TO BE LEVIED IN THE DISTRICT AND CERTAIN OTHER AMOUNTS HELD UNDER THE BOND INDENTURE AS MORE FULLY DESCRIBED HEREIN.

The Bonds are subject to redemption prior to maturity as set forth herein. See “THE BONDS—Redemption” herein.

THE BONDS ARE NOT RATED BY ANY RATING AGENCY, AND INVESTMENT IN THE BONDS INVOLVES SIGNIFICANT RISKS THAT ARE NOT APPROPRIATE FOR CERTAIN INVESTORS. CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE DISTRICT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. SEE THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED “SPECIAL RISK FACTORS” FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.

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

**MATURITY SCHEDULE
(See Inside Cover Page)**

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, and subject to certain other conditions. Stradling Yocca Carlson & Rauth LLP, Newport Beach, California is serving as Disclosure Counsel to the District with respect to the Bonds. Certain legal matters will be passed on for the City and the District by Slovak, Baron, Empey, Murphy & Pinkney LLP, Palm Springs, California, and for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about January 25, 2024.

STIFEL

\$14,550,000
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2021-1 (FAIRWAY CANYON)
2024 SPECIAL TAX BONDS

MATURITY SCHEDULE

Base CUSIP No.[†]: 074434

Serial Bonds

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP No.[†]</i>
2024	\$310,000	5.00%	2.86%	101.261	EA5
2025	200,000	5.00	2.90	103.257	EB3
2026	225,000	5.00	2.97	105.040	EC1
2027	235,000	5.00	3.07	106.527	ED9
2028	250,000	5.00	3.19	107.683	EE7
2029	260,000	5.00	3.35	108.358	EF4
2030	275,000	5.00	3.45	109.075	EG2
2031	290,000	5.00	3.51	109.860	EH0
2032	300,000	5.00	3.58	110.427	EJ6
2033	315,000	5.00	3.63	110.338 ^C	EK3
2034	335,000	5.00	3.64	110.276 ^C	EL1

Term Bonds

\$1,930,000 5.00% Term Bonds due September 1, 2039, Yield: 4.10% Price: 107.079^{CC} CUSIP No.[†] EM9

\$2,460,000 5.00% Term Bonds due September 1, 2044, Yield: 4.34% Price: 105.132^{CC} CUSIP No.[†] EN7

\$3,150,000 5.00% Term Bonds due September 1, 2049, Yield: 4.58% Price: 103.228^{CC} CUSIP No.[†] EP2

\$4,015,000 5.00% Term Bonds due September 1, 2054, Yield: 4.67% Price: 102.525^{CC} CUSIP No.[†] EQ0

^C Priced to optional call at 103% on September 1, 2030.

^{CC} Priced to optional call at par on September 1, 2033.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Underwriter or the District or their agents or counsel assume responsibility for the accuracy of such numbers.

**CITY OF BEAUMONT
COUNTY OF RIVERSIDE**

CITY COUNCIL

**Serving as the Legislative Body of
City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon)**

David Fenn, Mayor
Mike Lara, Mayor Pro Tem
Julio Martinez III, Council Member
Jessica Voigt, Council Member
Lloyd White, Council Member

CITY OFFICIALS

Elizabeth Gibbs, City Manager
Jennifer Ustation, Finance Director
Elaine Morgan, City Clerk
John Pinkney, City Attorney
AJ Patel, City Treasurer

BOND COUNSEL AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

MUNICIPAL ADVISOR

Urban Futures, Inc.
Walnut Creek, California

SPECIAL TAX CONSULTANT

Spicer Consulting Group, LLC
Murrieta, California

REAL ESTATE APPRAISER

Integra Realty Resources
Rocklin, California

TRUSTEE

Zions Bancorporation, National Association
Los Angeles, California

Except where otherwise indicated, all information contained in this Official Statement has been provided by the City and the District. No dealer, broker, salesperson or other person has been authorized by the City, the District, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the District, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment to this Official Statement, is intended to be deposited with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org.

The information set forth in this Official Statement which has been obtained from third party sources is believed to be reliable, but such information is not guaranteed as to accuracy or completeness by the City or the District. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the District or any other parties described in this Official Statement since the date of this Official Statement. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is made by this Official Statement to such documents on file with the City for further information. While the City maintains an internet website for various purposes, none of the information on that website is incorporated by reference herein or intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the City. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption “THE COMMUNITY FACILITIES DISTRICT.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

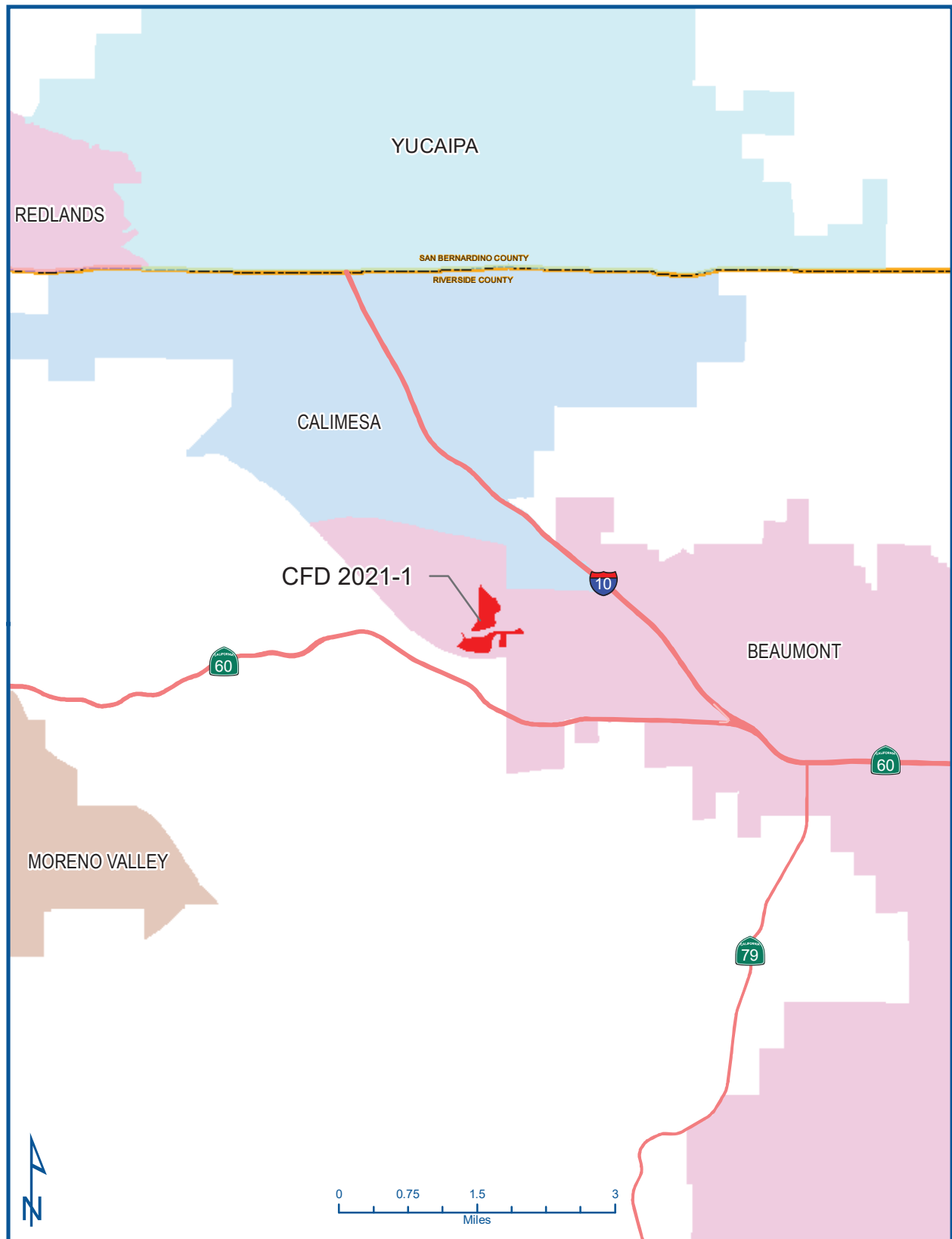
THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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REGIONAL MAP

COMMUNITY FACILITIES DISTRICT NO. 2021-1
(FAIRWAY CANYON)



City of Beaumont CFD No. 2021-1 (Fairway Canyon)



*Boundaries are approximate

\$14,550,000
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2021-1 (FAIRWAY CANYON)
2024 SPECIAL TAX BONDS

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the table of contents and the appendices (collectively, the “Official Statement”), is to provide certain information concerning the issuance by the City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon) (the “District”) of its 2024 Special Tax Bonds (the “Bonds”) in the aggregate principal amount of \$14,550,000. The proceeds of the Bonds will be used to (a) pay the cost and expense of certain public facilities; (b) fund a reserve account securing the Bonds; and (c) pay costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.”

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the “Act”), and pursuant to a resolution adopted by the City Council of the City of Beaumont (the “City Council”), acting as the legislative body of the District, on December 19, 2023, and a Bond Indenture dated as of January 1, 2024 (the “Indenture”), by and between the District and Zions Bancorporation, National Association, as trustee (the “Trustee”).

The Bonds are secured under the Indenture by a pledge of and lien upon Net Taxes (as defined herein) levied on parcels within the District and all moneys in the Special Tax Fund as described in the Indenture. See “SOURCES OF PAYMENT FOR THE BONDS.”

The Bonds are being issued and delivered pursuant to the provisions of the Act and the Indenture. The Bonds are being sold pursuant to a Bond Purchase Agreement between the Underwriter (defined below) and the District. For more complete information, see “THE BONDS—General Provisions” and “UNDERWRITING” herein.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined shall have the meaning set forth in APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—DEFINITIONS” herein.

The District

General. The District is located in the northwestern portion of the City of Beaumont (the “City”) and is located to the west of the Interstate 10 freeway, east of Tukwet Canyon Parkway and north of Oak Valley Parkway. The development in the District consists of portions of two non-contiguous planning areas (planning areas 25 and 26) within the master-planned community in the City known as “Fairway Canyon.”

SDC Fairway Canyon, LLC, a Delaware limited liability company (the “Developer”), is the master developer of the property within Fairway Canyon, including the District. The Developer has sold all of the property planned for residential development within the District to three merchant builders: Woodside 05S, LP, a California limited partnership (“Woodside”); D.R. Horton Los Angeles Holding Company, Inc., a California corporation (“D.R. Horton”); and Richmond American Homes of Maryland, Inc., a Maryland corporation (“Richmond American”). The Developer no longer owns any property in the District that is subject to the Special Tax (as defined herein) levy.

The property in the District is planned for 529 single family homes at buildout. As of November 1, 2023, 419 homes within the District have been completed and conveyed to individual homeowners. As of such date, Woodside, D.R. Horton and Richmond American owned 40, 23 and 47 lots, respectively, in the District in various stages of construction. As of November 1, 2023, building permits had been issued for 520 of the 529 planned homes in the District.

The backbone infrastructure necessary to complete the development in the District has been completed and the in-tract infrastructure has been substantially completed. The merchant builders within the District expect to complete the remaining in-tract infrastructure for their respective projects commensurate with the timing for completion of the remaining planned homes. See the captions “PROPERTY OWNERSHIP AND THE DEVELOPMENT” for more information regarding the merchant builders.

The District is part of “Fairway Canyon.” At buildout, Fairway Canyon is expected to consist of approximately 3,300 residential units on approximately 1,556 acres of land, with 46.4 acres of commercial/industrial land uses and the balance set aside for public/quasi/public uses. As of November 1, 2023, the Developer estimates that approximately 2,350 homes within Fairway Canyon have been completed and sold to individual homeowners.

Formation Proceedings. The District was formed by the City pursuant to the Act and constitutes a governmental entity separate and apart from the City.

The Act was enacted by the California legislature to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. Any local agency (as defined in the Act) may establish a community facilities district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency which forms a community facilities district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness.

Pursuant to the Act, the City formed the District on June 1, 2021. Subsequent to a noticed public hearing on June 1, 2021, the City Council adopted resolutions which established the District, authorized the levy of special taxes within the District, determined the necessity to incur bonded indebtedness within the District, and called an election within the District on the proposition of incurring bonded indebtedness, levying special taxes and setting an appropriations limit within the District.

On June 1, 2021, an election was held within the District at which the landowners eligible to vote approved the issuance of bonds for the District in an amount not to exceed \$19,500,000 and approved a rate and method of apportionment of special tax for the District (the “Rate and Method”). A copy of the Rate and Method is attached hereto as Appendix A.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a “plan,” “expect,” “estimate,” “project,” “budget” or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the “THE COMMUNITY FACILITIES DISTRICT” and “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS,

UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Sources of Payment for the Bonds

General. The Bonds and any Parity Bonds are limited obligations of the District, and the interest on and principal of and redemption premiums, if any, on the Bonds and any Parity Bonds are payable solely from the Special Taxes to be levied annually against the property in the District. To the extent necessary, the interest on and principal of and redemption premiums, if any, on the Bonds may be paid from the moneys on deposit in the 2024 Bonds Reserve Subaccount. As described herein, the Special Taxes are collected along with *ad valorem* property taxes on the tax bills mailed by the Treasurer-Tax Collector of the County of Riverside (the “County”). Although the Special Taxes will constitute a lien on the property subject to taxation in the District, they will not constitute a personal indebtedness of the owners of such property. There is no assurance that such owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if they are financially able to do so.

Limited Obligations. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds and any Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the City nor general obligations of the District, but are special obligations of the District payable solely from Special Taxes collected in the District and amounts held under the Indenture as more fully described herein.

Special Tax. As used in this Official Statement, the term “Special Tax” refers to the “Special Tax for Facilities” (as defined in the Rate and Method) which has been authorized pursuant to the Act to be levied against certain land within the District pursuant to the Act and in accordance with the Rate and Method, including any scheduled payments and any Prepayments thereof, the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and penalties and interest thereon; excluding, however, any delinquent Special Tax sold to an independent third-party or to the City for 100% of the delinquent amount. See “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes” and APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” Under the Indenture, the District will pledge to repay the Bonds and any Parity Bonds from the Special Tax revenues remaining after the payment of annual Administrative Expenses of the District up to the Administrative Expenses Cap (the “Net Taxes”) and from amounts on deposit in the Special Tax Fund established under the Indenture.

The Special Taxes are the primary security for the repayment of the Bonds and any Parity Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the Bonds and any Parity Bonds are amounts held by the Trustee in the Special Tax Fund, and with respect to the Bonds, the amounts held in the 2024 Bonds Reserve Subaccount. See “SOURCES OF PAYMENT FOR THE BONDS—2024 Bonds Reserve Subaccount of the Reserve Account of the Special Tax Fund.”

The Special Tax was first levied in Fiscal Year 2022-23. See Table 7 herein under the caption “THE COMMUNITY FACILITIES DISTRICT—Delinquency History” for more information related to the Fiscal Years 2022-23 and 2023-24 Special Tax levies. No assurances can be made that Special Taxes will be collected in an amount required to make debt service payments on the Bonds. See “THE COMMUNITY FACILITIES DISTRICT—Delinquency History” and “SPECIAL RISK FACTORS—Special Tax Delinquencies” and “SPECIAL RISK FACTORS —Insufficiency of Special Taxes.”

2024 Bonds Reserve Subaccount. The Indenture creates a 2024 Bonds Reserve Subaccount in the Reserve Account for the Bonds. In order to secure further the payment of principal of and interest on the Bonds, the District is required, upon delivery of the Bonds, to deposit in the 2024 Bonds Reserve Subaccount an amount

equal to the 2024 Bonds Reserve Requirement and thereafter to maintain in the 2024 Bonds Reserve Subaccount an amount equal to the 2024 Bonds Reserve Requirement. The initial 2024 Bonds Reserve Requirement shall be \$929,750.00. See “SOURCES OF PAYMENT FOR THE BONDS—2024 Bonds Reserve Subaccount of the Reserve Account of the Special Tax Fund.”

Foreclosure Proceeds. The District will covenant in the Indenture for the benefit of the owners of the Bonds and Parity Bonds that it will: (i) commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$2,500 by the December 1 following the close of each Fiscal Year in which such Special Taxes were due; (ii) commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the December 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied; and (iii) diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided that, notwithstanding the foregoing, the District may elect to defer foreclosure proceedings on any parcel so long as the amount in the 2024 Bonds Reserve Subaccount is at least equal to the 2024 Bonds Reserve Requirement and the amount in all other Subaccounts of the Reserve Account is at least equal to the applicable Reserve Requirement. See the caption “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales.*” There is no assurance that the property within the District can be sold for the appraised or assessed values described herein, or for a price sufficient to pay the principal of and interest on the Bonds in the event of a default in payment of Special Taxes by the current or future property owners within the District. See the caption “SPECIAL RISK FACTORS —Property Values.”

The District does not participate in the County’s Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds; accordingly, the collection of Special Taxes is subject to delinquency. See “SOURCES OF PAYMENT FOR THE BONDS—No Teeter Plan.”

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE CITY, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND CERTAIN AMOUNTS HELD UNDER THE BOND INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Additional Parity Bonds for Refunding Purposes Only. Under the Indenture, the District may issue additional indebtedness secured by the Net Taxes on a parity with the Bonds (“Parity Bonds”) only to refund all or a portion of the Bonds or Parity Bonds. See the caption “SOURCES OF PAYMENT FOR THE BONDS — Issuance of Parity Bonds for Refunding Purposes Only.” Other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Taxes may also be levied in the future on the property within the District, which could adversely affect the willingness of the landowners to pay the Special Taxes when due. See the captions “THE COMMUNITY FACILITIES DISTRICT — Direct and Overlapping Debt” and “SPECIAL RISK FACTORS — Direct and Overlapping Indebtedness.”

Liens. Other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Taxes have been levied and may also be levied in the future on the property within the District which could adversely affect the willingness of the landowners to pay the Special Taxes when due. See “SPECIAL RISK FACTORS—Parity Taxes and Special Assessments” herein. See Table 5 for a description of the direct and overlapping debt applicable to the parcels within the District.

Appraisal Report

Integra Realty Resources (the “Appraiser”) has conducted an appraisal (the “Appraisal Report”) with a date of value of November 1, 2023 (the “Date of Value”) of the property in the District subject to the Special

Tax to provide an estimate of the market value of the such property. The Appraisal Report provides an estimate of the approximate market value of the property in the District subject to the Special Tax in its current condition, assuming that development of the property as currently planned will consist of 529 single-family detached residential units.

To arrive at the estimated value of the property in the District subject to the Special Tax, the Appraiser applied the following methodology: (i) for 291 completed single family homes owned by individual homeowners and five completed model homes owned by the merchant builders, as shown on the County Assessor's roll as of January 1, 2023, the Appraiser used the Fiscal Year 2023-24 assessed values assigned by the County (totaling \$156,232,396); and (ii) for the property relating to the remaining 233 planned or completed homes in the District, the Appraiser appraised such property using the methodology as described under "THE COMMUNITY FACILITIES DISTRICT—Appraisal Report." The property described in part (ii) of the foregoing sentence is referred to in this Official Statement as the "Appraised Property." Based on the assumptions and limiting conditions in the Appraisal Report, the Appraiser concluded that the minimum market value of the Appraised Property was \$84,530,000 as of the Date of Value. The total estimated value of the property based on the foregoing assessed and appraised values is \$240,762,396.

The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in Appendix H. The City, the District and the Underwriter make no representations as to the accuracy of the Appraisal Report. See "THE COMMUNITY FACILITIES DISTRICT—Appraisal Report" and "THE COMMUNITY FACILITIES DISTRICT—Value-to-Lien Ratios." There is no assurance that property within the District can be sold for the prices set forth in the Appraisal Report or that any parcel can be sold for a price sufficient to pay the Special Tax for that parcel in the event of a default in payment of Special Taxes by the landowner. See "THE COMMUNITY FACILITIES DISTRICT," "SPECIAL RISK FACTORS—Property Values," "SPECIAL RISK FACTORS—Impact of Economic Conditions on the Development in the District" and APPENDIX H—"APPRAISAL REPORT" herein.

Description of the Bonds

The Bonds will be issued and delivered as fully registered Bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM."

Principal of, premium, if any, and interest on the Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry only system is no longer used with respect to the Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal and interest by the Trustee, all as described in the Indenture. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—GENERAL AUTHORIZATION AND BOND TERMS—Transfers Outside Book-Entry System" herein.

The Bonds are subject to optional redemption, extraordinary redemption, and mandatory sinking fund redemption as described herein. See "THE BONDS—Redemption." For a more complete description of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see "THE BONDS" and APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE" herein.

Professionals Involved in the Offering

Zions Bancorporation, National Association, Los Angeles, California, will act as Trustee under the Indenture. Stifel, Nicolaus & Company, Incorporated, will serve as the underwriter (the “Underwriter”) of the Bonds. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel and Disclosure Counsel to the District in connection with the issuance of the Bonds. Certain legal matters will be passed on for the District and the City by Slovak, Baron, Empey, Murphy & Pinkney LLP, Palm Springs, California, for the Underwriter by Kutak Rock LLP, Irvine, California, as counsel to the Underwriter, and for the Trustee by its counsel. Other professional services have been performed by Integra Realty Resources, Rocklin, California, as the Appraiser, Urban Futures, Inc., Walnut Creek, California, as Municipal Advisor to the City and the District, and Spicer Consulting Group, LLC, Murrieta, California, as Special Tax Consultant.

Certain of the above-mentioned professionals, advisors, counsel and consultants may have a financial or other interest in the offering of the Bonds. See “FINANCIAL INTERESTS” herein.

Continuing Disclosure

The District has agreed to provide, or cause to be provided, pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission (the “Rule”) certain financial information and operating data on an annual basis (the “District Reports”). The District has further agreed to provide, in a timely manner, notice of certain events with respect to the Bonds (the “Listed Events”). These covenants have been made in order to assist the Underwriter in complying with the Rule. The District Reports will be filed with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”) available on the Internet at <http://emma.msrb.org>. Notices of Listed Events will also be filed with the MSRB. The District has not previously entered into any continuing disclosure obligations. The City will assist the District in preparing the District Reports. Within the last five years, a related entity of the City has failed to comply in certain respects with prior continuing disclosure undertakings. See “CONTINUING DISCLOSURE.”

See “CONTINUING DISCLOSURE” herein and Appendix E—“FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE.”

SEC Order

On August 23, 2017, following an offer of settlement by the Beaumont Financing Authority (the “BFA”), the U.S. Securities and Exchange Commission (“SEC”) entered a Cease-and-Desist Order and imposed certain undertakings on the BFA (the “SEC Order”). The BFA neither admits nor denies the findings in the SEC Order. The members of the City Council of the City act as the Board of Directors of the BFA and City staff acts as the staff of the BFA. A copy of the SEC Order is attached hereto as Appendix G. See “CONTINUING DISCLOSURE” herein.

Bond Owners’ Risks

Certain events could affect the ability of the District to pay the principal of and interest on the Bonds when due. See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds. The Bonds are not rated by any nationally recognized rating agency. The purchase of the Bonds involves significant risks, and the Bonds may not be appropriate investments for certain investors. See “SPECIAL RISK FACTORS” herein.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Brief descriptions of the Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bonds and the constitution and laws of the State as well as the proceedings of the Board, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Indenture. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

Copies of the Indenture and other documents and information are available for inspection and (upon request and payment to the District of a charge for copying, mailing and handling) for delivery from the City at 550 East 6th Street, Beaumont, California 92223.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the expected sources and uses of Bond proceeds and certain Special Tax revenues collected.

Sources of Funds:	
Principal Amount of Bonds	\$ 14,550,000.00
Plus Original Issue Premium	695,793.05
Special Taxes	<u>390,846.09</u>
Total Sources	<u>\$15,636,639.14</u>
Uses of Funds:	
Acquisition and Construction Fund ⁽¹⁾	\$ 14,342,289.14
Costs of Issuance ⁽²⁾	364,600.00
2024 Bonds Reserve Subaccount	<u>929,750.00</u>
Total Uses	<u>\$ 15,636,639.14</u>

⁽¹⁾ See “THE COMMUNITY FACILITIES DISTRICT—Description of Authorized Facilities” for a list of facilities eligible to be financed with Bond proceeds deposited into the Acquisition and Construction Fund.

⁽²⁾ Includes underwriter’s discount, Bond Counsel fees, Disclosure Counsel fees, Special Tax Consultant fees, Municipal Advisor fees, Trustee fees, printing costs and other issuance costs.

Source: The Underwriter.

THE BONDS

General Provisions

The Bonds will be dated their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing September 1, 2024 (each, an “Interest Payment Date”), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof.

Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of such Bond, unless: (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) the date of authentication is after the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day (each, a “Record Date”) but prior to the immediately succeeding Interest Payment Date, in which event interest will be

payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond, in which event interest will be payable from the dated date of such Bond, as applicable; provided, however, that if at the time of authentication of such Bond, interest is in default, interest on such Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on such Bond, interest on such Bond will be payable from its dated date.

Interest on any Bond will be paid to the person whose name appears as its owner in the registration books held by the Trustee on the close of business on the Record Date. Principal of, and premium, if any, due upon redemption is payable upon presentation and surrender of the Bonds at the designated principal corporate trust office of the Trustee in Los Angeles, California.

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple thereof. So long as DTC is the securities depository all payments of principal and interest on the Bonds will be made to DTC and will be paid to the Beneficial Owners in accordance with DTC's procedures and the procedures of DTC's Participants. See APPENDIX F—"BOOK-ENTRY-ONLY SYSTEM."

In the event the Bonds are not held in book-entry form, interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, to the Bondowner at its address on the registration books kept by the Trustee. Pursuant to a written request prior to the Record Date of a Bondowner of at least \$1,000,000 in aggregate principal amount of Bonds or of any issue of Parity Bonds, payment will be made by wire transfer in immediately available funds to a designated account in the United States.

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Debt Service Schedule

The following table presents the annual debt service on the Bonds (including sinking fund redemption), assuming there are no optional or extraordinary redemptions. See “SOURCES OF PAYMENT FOR THE BONDS” and “THE BONDS—Redemption.”

<i>Date (September 1)</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024	\$310,000	\$436,500	\$746,500
2025	200,000	712,000	912,000
2026	225,000	702,000	927,000
2027	235,000	690,750	925,750
2028	250,000	679,000	929,000
2029	260,000	666,500	926,500
2030	275,000	653,500	928,500
2031	290,000	639,750	929,750
2032	300,000	625,250	925,250
2033	315,000	610,250	925,250
2034	335,000	594,500	929,500
2035	350,000	577,750	927,750
2036	365,000	560,250	925,250
2037	385,000	542,000	927,000
2038	405,000	522,750	927,750
2039	425,000	502,500	927,500
2040	445,000	481,250	926,250
2041	470,000	459,000	929,000
2042	490,000	435,500	925,500
2043	515,000	411,000	926,000
2044	540,000	385,250	925,250
2045	570,000	358,250	928,250
2046	600,000	329,750	929,750
2047	630,000	299,750	929,750
2048	660,000	268,250	928,250
2049	690,000	235,250	925,250
2050	725,000	200,750	925,750
2051	765,000	164,500	929,500
2052	800,000	126,250	926,250
2053	840,000	86,250	926,250
2054	885,000	44,250	929,250
Total	\$14,550,000	\$14,000,500	\$28,550,500

Source: The Underwriter.

Redemption

Optional Redemption. The Bonds may be redeemed at the option of the District from any source of funds on any Interest Payment Date on or after September 1, 2030, in whole or in part, from such maturities as are selected by the District and by lot within a maturity, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

<i>Redemption Date</i>	<i>Redemption Price</i>
September 1, 2030 and March 1, 2031	103%
September 1, 2031 and March 1, 2032	102
September 1, 2032 and March 1, 2033	101
September 1, 2033 and any Interest Payment Date thereafter	100

In the event that the District elects to redeem Bonds as provided above, the District will give written notice to the Trustee of its election to so redeem, the redemption date and the principal amount of the Bonds of each maturity to be redeemed. The notice to the Trustee will be given at least 30 but no more than 60 days prior to the redemption date, or by such later date as is acceptable to the Trustee.

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 2039 (the “2039 Term Bonds”) will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established under the Indenture, on September 1, 2035, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 2039 Term Bonds so called for redemption will be selected by the Trustee by lot and will be redeemed at a redemption price for each redeemed 2039 Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 2039

<i>Sinking Fund Redemption Date (September 1)</i>	<i>Sinking Fund Payments</i>
2035	\$350,000
2036	365,000
2037	385,000
2038	405,000
2039*	425,000

* Maturity.

The Bonds maturing on September 1, 2044 (the “2044 Term Bonds”) will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established under the Indenture, on September 1, 2040, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 2044 Term Bonds so called for redemption will be selected by the Trustee by lot and will be redeemed at a redemption price for each redeemed 2044 Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 2044

Sinking Fund Redemption Date (September 1)

Sinking Fund Payments

2040	\$445,000
2041	470,000
2042	490,000
2043	515,000
2044*	540,000

* Maturity.

The Bonds maturing on September 1, 2049 (the “2049 Term Bonds”) will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established under the Indenture, on September 1, 2045, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 2049 Term Bonds so called for redemption will be selected by the Trustee by lot and will be redeemed at a redemption price for each redeemed 2049 Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 2049

Sinking Fund Redemption Date (September 1)

Sinking Fund Payments

2045	\$570,000
2046	600,000
2047	630,000
2048	660,000
2049*	690,000

* Maturity.

The Bonds maturing on September 1, 2054 (the “2054 Term Bonds”) will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established under the Indenture, on September 1, 2050, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 2054 Term Bonds so called for redemption will be selected by the Trustee by lot and will be redeemed at a redemption price for each redeemed 2054 Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 2054

Sinking Fund Redemption Date (September 1)

Sinking Fund Payments

2050	\$725,000
2051	765,000
2052	800,000
2053	840,000
2054*	885,000

* Maturity.

If the District purchases Term Bonds during the Fiscal Year immediately preceding one of the sinking fund redemption dates specified above, the District will notify the Trustee at least 45 days prior to the redemption date as to the principal amount purchased, and the amount purchased will be credited at the time of purchase to the next Sinking Fund Payment for the Term Bond so purchased, to the extent of the full principal amount of the purchase. All Term Bonds purchased will be cancelled pursuant to the Indenture.

In the event of a partial optional redemption or special mandatory redemption of the Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds will be reduced, as nearly as practicable, on a pro rata basis.

Special Mandatory Redemption from Special Tax Prepayments. The Bonds are subject to special mandatory redemption as a whole or in part on a pro rata basis among maturities and by lot within a maturity, on any Interest Payment Date on or after September 1, 2024, and will be redeemed by the Trustee, from any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the Rate and Method (the “Prepayments”) deposited to the Redemption Account pursuant to the Indenture, plus amounts transferred from the 2024 Bonds Reserve Subaccount pursuant to the Indenture, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

<i>Redemption Date</i>	<i>Redemption Price</i>
Any Interest Payment Date from September 1, 2024 through March 1, 2031	103%
September 1, 2031 and March 1, 2032	102
September 1, 2032 and March 1, 2033	101
September 1, 2033 and any Interest Payment Date thereafter	100

Prepayments will be allocated to the payment at maturity and redemption of Bonds and any Parity Bonds as nearly as practicable on a proportionate basis based on the outstanding principal amount of the Bonds and any Parity Bonds and such amounts shall be applied to redeem Bonds and Parity Bonds as nearly as practicable on a pro rata basis among maturities in increments of \$5,000; provided, however, that, for Prepayments of less than \$50,000, the District may specify in a Certificate of an Authorized Representative that Prepayments be applied to one or more maturities of the Bonds or Parity Bonds so long as there is delivered to the Trustee a certificate of the Independent Financial Consultant that, following such application of the Prepayments, the maximum Special Taxes that may be levied in each Fiscal Year on Taxable Property is not less than 110% of Annual Debt Service, plus the Administrative Expenses Cap, in the Bond Year that begins in such Fiscal Year.

See the caption “SPECIAL RISK FACTORS—Potential Early Redemption of Bonds from Prepayments or Community Facilities District Bond Proceeds” for a discussion of the potential for a lower-than-expected yield on the Bonds as a result of a special mandatory redemption from prepayment of Special Taxes or proceeds of bonds of other community facilities districts.

Notice of Redemption. So long as the Bonds are held in book-entry form, notice of redemption will be sent by the Trustee to DTC and not to the Beneficial Owners of the Bonds under the DTC book-entry only system. Neither the District nor the Trustee is responsible for notifying the Beneficial Owners, who are to be notified in accordance with the procedures in effect for the DTC book-entry system. See Appendix F — “BOOK-ENTRY ONLY SYSTEM.”

The Trustee will give notice, in the name and at the expense of the District, of the redemption of Bonds. Such notice of redemption will: (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds selected for redemption, except that where all of the Bonds are subject to redemption, or all of the Bonds of one maturity are to be redeemed, the bond numbers of such issue need not be specified; (ii) state the date fixed for redemption and surrender of the Bonds to be redeemed; (iii) state the redemption

price; (iv) state the place or places where the Bonds are to be redeemed; (v) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (vi) state the date of issue of the Bonds as originally issued; (vii) state the rate of interest borne by each Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the Bonds being redeemed as specified by the Trustee. Such notice will further state that on the date fixed for redemption, there will become due and payable on each Bond, or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon will cease to accrue and be payable. At least 30 days but no more than 45 days prior to the redemption date, the Trustee will mail a copy of such notice of redemption, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register, and to the original purchaser of any Bonds; provided, however, so long as the Bonds are registered in the name of the Nominee, such notice shall be given in such manner as complies with the requirements of the Depository. The actual receipt by the Owner of any Bond of notice of such redemption is not a condition precedent to redemption, and neither the failure to receive nor any defect in such notice will affect the validity of the proceedings for the redemption of such Bonds, or the cessation of interest on the redemption date. A certificate by the Trustee that notice of such redemption has been given as provided in the Indenture will be conclusive as against all parties and the Owner is not entitled to show that he or she failed to receive notice of such redemption.

In addition to the foregoing notice, further notice will be given by the Trustee as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice will in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption will be sent not later than the date that notice of redemption is given to the Owners pursuant to the Indenture by first class mail or facsimile to the Depository and to any other registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more of the national information services that are in the business of disseminating notice of redemption of obligations such as the Bonds.

Upon the payment of the redemption price of any Bonds being redeemed, each check or other transfer of funds issued for such purpose will to the extent practicable bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

With respect to any notice of optional redemption of Bonds, such notice may state that such redemption is conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed and that, if the District determines that such moneys will not be so received on or prior to the redemption date, said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds. If any condition stated in the redemption notice for an optional redemption shall not have been satisfied on or prior to the redemption date: (i) the redemption notice shall be of no force and effect, (ii) the District shall not be required to redeem such Bonds, (iii) the redemption shall not be made, and (iv) the Trustee shall within a reasonable time thereafter give notice to the persons in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

Selection of Bonds for Redemption. If less than all of the Bonds Outstanding are to be redeemed, the portion of any Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or an integral multiple thereof. In selecting portions of such Bonds for redemption, the Trustee will treat such Bonds, as applicable, as representing that number of Bonds of \$5,000 denominations which is obtained by dividing the principal amount of such Bonds to be redeemed in part by \$5,000. The procedure for the selection of Parity Bonds for redemption may be modified as set forth in the Supplemental Indenture for such Parity Bonds. The Trustee will promptly notify the District in writing of the Bonds, or portions thereof, selected for redemption.

Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the District will execute and the Trustee will authenticate and deliver to the Owner, at the expense of the District, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same maturity.

Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in the Indenture, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption: (i) the Bonds, or portions thereof, designated for redemption will, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in the Indenture, anything in the Indenture or in the Bonds to the contrary notwithstanding; (ii) upon presentation and surrender thereof at the designated office of the Trustee, the redemption price of such Bonds will be paid to the Owners thereof; (iii) as of the redemption date the Bonds, or portions thereof so designated for redemption will be deemed to be no longer Outstanding and such Bonds, or portions thereof, will cease to bear further interest; and (iv) as of the date fixed for redemption no Owner of any of the Bonds, or portions thereof so designated for redemption will be entitled to any of the benefits of the Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

Registration, Transfer and Exchange

Registration. The Trustee will keep sufficient books for the registration and transfer of the Bonds. The ownership of the Bonds will be established by the Bond registration books held by the Trustee.

Transfer or Exchange. Subject to the limitations set forth in the following paragraph, the registration of any Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Trustee, accompanied by delivery of written instrument of transfer in a form acceptable to the Trustee and duly executed by the Owner or his or her duly authorized attorney.

Bonds may be exchanged at the office of the Trustee for a like aggregate principal amount of Bonds for other authorized denominations of the same maturity and issue. The Trustee may not collect from the Owner any charge for any new Bond issued upon any exchange or transfer, but will require the Owner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds are surrendered for registration of transfer or exchange, the District will execute and the Trustee will authenticate and deliver a new Bond or Bonds, as applicable, of the same issue and maturity, for a like aggregate principal amount; provided that the Trustee is not required to register transfers or make exchanges of: (i) Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed; or (ii) any Bonds chosen for redemption.

SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

The Bonds are special, limited obligations of the District payable only from amounts pledged under the Indenture and from no other sources.

The Special Taxes are the primary source of security for the repayment of the Bonds. Under the Indenture, the District has pledged to repay the Bonds from the Net Taxes (which are Special Tax revenues remaining after the payment of the annual Administrative Expenses in an amount not to exceed the Administrative Expenses Cap (as defined in the Indenture)) and from amounts held in the Special Tax Fund (other than amounts held in the Administrative Expense Account therein). Special Tax revenues include the proceeds of the annual Special Tax levy received by the District, including any scheduled payments and Prepayments thereof, and the net proceeds of the redemption of delinquent Special Taxes or sale of property sold

as a result of foreclosure of the lien of delinquent Special Taxes to the amount of said lien, and penalties and interest thereon; provided that any delinquent Special Tax sold to an independent third-party or to the City for 100% of the delinquent amount will no longer be pledged under the Indenture to the payment of the Bonds or Parity Bonds.

In the event that the Special Tax revenues are not received when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Trustee in the Special Tax Fund (other than the Administrative Expense Account therein), including amounts held in the 2024 Bonds Reserve Subaccount of the Reserve Account, to the limited extent described in the Indenture, for the exclusive benefit of the Owners of the Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE NET TAXES AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Special Taxes

Authorization and Pledge. In accordance with the provisions of the Act, the City established the District on June 1, 2021 for the purpose of financing the various public improvements and services required in connection with the proposed development within the District. On June 1, 2021, an election was held within the District at which the landowners eligible to vote approved the issuance of bonds for the District in an amount not to exceed \$19,500,000, secured by special taxes levied on property within the District to finance Facilities (as defined herein). The landowners within the District also voted to approve the Rate and Method which authorized the Special Tax to be levied to repay indebtedness issued for the benefit of the District, including the Bonds. Pursuant to the Rate and Method, the District is authorized to levy a “Special Tax for Public Services,” a “Special Tax for Maintenance Services” and a “Special Tax for Maintenance Services (Contingent).” **None of the foregoing taxes levied for services or maintenance are pledged to or available to pay debt service on the Bonds or any Parity Bonds.** In this Official Statement, all references to the Special Tax shall refer to the amounts available from the Special Tax for Facilities (as defined in the Rate and Method).

The District will covenant in the Indenture that each year it will levy Special Taxes up to the maximum rates permitted under the Rate and Method in an amount sufficient, together with other amounts on deposit in the Special Tax Fund, to pay the principal of and interest on any Outstanding Bonds and Parity Bonds, to replenish the 2024 Bonds Reserve Subaccount to the 2024 Bonds Reserve Requirement and any other Subaccount of the Reserve Account to the applicable Reserve Requirement, and to pay Administrative Expenses.

The Special Taxes are collected in the manner and at the same time as *ad valorem* property taxes are collected and are subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes. See APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The “Net Taxes” pledged by the District to the Bonds (and any Parity Bonds) is defined in the Indenture as the “Gross Taxes” minus amounts permitted to be set aside prior to the payment of the principal of and interest on the Bonds and Parity Bonds in order to pay Administrative Expenses up to the Administrative Expenses Cap. The Administrative Expenses Cap shall be \$30,000 annually.

“Gross Taxes” is defined in the Indenture as the amount of all Special Taxes received by the District together with the proceeds collected from the sale of property pursuant to foreclosure for the delinquency of such Special Taxes remaining after the payment of all costs related to such foreclosure actions.

Except for Prepayments, which will be deposited to the Redemption Account of the Special Tax Fund, the Trustee will, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee will transfer the Special Taxes on deposit in the Special Tax Fund on the dates, in the amounts and in the following order of priority, to:

- First: To the Administrative Expense Account in an amount up to the Administrative Expenses Cap.
- Second: To the Interest Account, an amount such that the balance in the Interest Account one Business Day prior to each Interest Payment Date is equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date which remains unpaid. Moneys in the Interest Account will be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.
- Third: To the Principal Account, an amount such that the balance in the Principal Account one Business Day prior to September 1 of each year, commencing September 1, 2024, is equal the principal payment due on the Bonds and any Parity Bonds maturing on such September 1 and any principal payment due on a previous September 1 which remains unpaid. Moneys in the Principal Account shall be used for the payment of the principal of such Bonds and any Parity Bonds as the same become due at maturity.
- Fourth: To the Redemption Account, the amount needed to make the balance in the Redemption Account one Business Day prior to each September 1 on which a Sinking Fund Payment is due equal to the Sinking Fund Payment due on any Outstanding Bonds and Parity Bonds on such September 1; provided, however, that, if amounts in the Special Tax Fund are inadequate to make the foregoing transfers, then any deficiency with respect to the Bonds shall be made up by an immediate transfer from the 2024 Bonds Reserve Subaccount and any deficiency with respect to a series of Parity Bonds shall be made up by an immediate transfer from the Subaccount of the Reserve Account for such series of Parity Bonds, if funded, pursuant to the Indenture; and thereafter, to pay the principal and premium, if any, due in connection with an optional redemption of Bonds or Parity Bonds.
- Fifth: To the Subaccounts of the Reserve Account of the Special Tax Fund, on a proportionate basis based on the outstanding principal amount of the Bonds and any Parity Bonds, to the extent necessary to replenish the 2024 Bonds Reserve Subaccount to the 2024 Bonds Reserve Requirement and the Reserve Requirement with respect to Parity Bonds, if any.
- Sixth: To the Administrative Expense Account of the Special Tax Fund the amount of any Administrative Expenses for the current Bond Year in excess of the Administrative Expenses Cap as directed by the City.
- Seventh: To the Rebate Fund established by the Indenture to the extent directed by the City pursuant to the Indenture.
- Eighth: To the Surplus Fund established by the Indenture such remaining amounts in the Special Tax Fund after making the foregoing transfers on September 1.

See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE.”

The Special Taxes levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method. See APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” hereto. There is no assurance that the Special Tax proceeds will, in all circumstances, be adequate to pay

the principal of and interest on the Bonds when due. See the caption “—*Limitation on Special Tax Levy and Potential Impact on Coverage*” below and “SPECIAL RISK FACTORS—Insufficiency of Special Taxes” herein.

Rate and Method of Apportionment of Special Tax. The District is legally authorized and will covenant to cause the levy of the Special Taxes in an amount determined according to a methodology, i.e., the Rate and Method which the City Council and the electors within the District have approved. The Rate and Method apportions the total amount of Special Taxes to be collected among the taxable parcels in the District as more particularly described below. Pursuant to the Rate and Method, the District is authorized to levy a “Special Tax for Public Services,” a “Special Tax for Maintenance Services” and a “Special Tax for Maintenance Services (Contingent).” **None of the foregoing taxes levied for services or maintenance are pledged to or available to pay debt service on the Bonds or any Parity Bonds.** In this Official Statement, all references to the Special Tax shall refer to the amounts available from the Special Tax for Facilities, all references to the term “Special Tax Requirement” shall refer to the “Special Tax Requirement for Facilities,” all references to the term “Backup Special Tax” shall refer to the “Backup Special Tax for Facilities” and all references to the term “Maximum Special Tax” shall refer to the “Maximum Special Tax for Facilities” (each as defined in the Rate and Method).

The following is a synopsis of the provisions of the Rate and Method for the District, which should be read in conjunction with the complete text of the Rate and Method which is attached to this Official Statement as APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” The meaning of the defined terms used in this section are as set forth in Appendix A. This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method attached as Appendix A.

Maximum Special Tax. The Rate and Method imposes a different Maximum Special Tax for Facilities depending on whether such Developed Property, Final Map Property or Undeveloped Property. The Maximum Special Tax provided for in the Rate and Method is as follows:

Developed Property

The Maximum Special Tax for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax set forth in Table 1 below or (ii) the application of the Backup Special Tax.

Table 1 below sets forth the Assigned Special Tax per unit of Developed Property and Final Map Property by Tax Zone, the Fiscal Year 2024-25 projected Special Tax levy and the percent of such levy based on land use class. The District expects to levy the Special Tax only on Developed Property and not on Final Map Property in Fiscal Year 2024-25, however, the District has the ability to levy the Special Tax on Final Map Property under the Rate and Method if necessary to meet the Special Tax Requirement for Facilities.

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TABLE 1
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2021-1 (FAIRWAY CANYON)
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2024-25

<i>Land Use Class</i>	<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Maximum/Assigned Special Tax Rates Fiscal Year 2024-25⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2024-25</i>	<i>Percent of Assigned Rate</i>	<i>No. of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2024-25⁽²⁾</i>	<i>Percent of Total</i>
Zone 1								
1	Residential Property	<1,801 sq ft	\$1,745.00	\$1,583.40	91.0%	5	\$ 7,942.63	0.8%
2	Residential Property	1,801 - 2,000 sq ft	1,845.00	0.00	0.0	0	0.00	0.0
3	Residential Property	2,001 - 2,200 sq ft	1,945.00	1,764.88	91.0	18	31,870.64	3.4
4	Residential Property	2,201 - 2,400 sq ft	2,045.00	1,855.62	91.0	23	42,817.35	4.5
5	Residential Property	2,401 - 2,600 sq ft	2,145.00	0.00	0.0	0	0.00	0.0
6	Residential Property	2,601 - 2,800 sq ft	2,245.00	2,037.10	91.0	12	24,524.28	2.6
7	Residential Property	>2,800 sq ft	2,345.00	2,127.84	91.0	10	21,347.23	2.3
8	Final Map Property	N/A	18,347.00	0.00	0.0	2	0.00	0.0
Zone 2								
1	Residential Property	<1,801 sq ft	\$1,545.00	\$1,401.92	91.0%	11	\$ 15,471.05	1.6%
2	Residential Property	1,801 - 2,000 sq ft	1,645.00	0.00	0.0	0	0.00	0.0
3	Residential Property	2,001 - 2,200 sq ft	1,745.00	1,583.40	91.0	47	74,660.68	7.9
4	Residential Property	2,201 - 2,400 sq ft	1,845.00	1,674.14	91.0	64	107,491.72	11.4
5	Residential Property	2,401 - 2,600 sq ft	1,945.00	0.00	0.0	0	0.00	0.0
6	Residential Property	2,601 - 2,800 sq ft	2,045.00	1,855.62	91.0	30	55,848.72	5.9
7	Residential Property	>2,800 sq ft	2,145.00	1,946.36	91.0	32	62,485.03	6.6
8	Final Map Property	N/A	16,210.00	0.00	0.0	7	0.00	0.0
Zone 3								
1	Residential Property	<1,401 sq ft	\$1,840.00	\$1,669.61	91.0%	20	\$ 33,500.13	3.6%
2	Residential Property	1,401 - 1,600 sq ft	1,930.00	0.00	0.0	0	0.00	0.0
3	Residential Property	1,601 - 1,800 sq ft	2,020.00	0.00	0.0	0	0.00	0.0
4	Residential Property	1,801 - 2,000 sq ft	2,110.00	1,914.60	91.0	59	113,326.94	12.0
5	Residential Property	2,001 - 2,200 sq ft	2,200.00	1,996.27	91.0	22	44,059.95	4.7
6	Residential Property	2,201 - 2,400 sq ft	2,290.00	2,077.93	91.0	17	35,439.13	3.8
7	Residential Property	>2,400 sq ft	2,380.00	2,159.60	91.0	18	38,998.52	4.1
Zone 4								
1	Residential Property	<1,401 sq ft	\$1,640.00	\$1,488.13	91.0%	23	\$ 34,337.63	3.6%
2	Residential Property	1,401 - 1,600 sq ft	1,730.00	0.00	0.0	0	0.00	0.0
3	Residential Property	1,601 - 1,800 sq ft	1,820.00	0.00	0.0	0	0.00	0.0
4	Residential Property	1,801 - 2,000 sq ft	1,910.00	1,733.12	91.0	56	97,368.86	10.3
5	Residential Property	2,001 - 2,200 sq ft	2,000.00	1,814.79	91.0	21	38,233.84	4.1
6	Residential Property	2,201 - 2,400 sq ft	2,090.00	1,896.45	91.0	15	28,538.83	3.0
7	Residential Property	>2,400 sq ft	2,180.00	1,978.12	91.0	17	33,736.82	3.6
Total						529	\$ 942,000.00	100.0%

(1) Reflects the Assigned Special Tax rates for Developed Property and Final Map Property. The Assigned Special Tax rates for Final Map Property in Zones 3 and 4 are not shown because there is no longer any Final Map Property in such Zones.

(2) Includes estimated Administrative Expenses of \$30,000.

Final Map Property and Undeveloped Property

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property and Final Map Property in any Fiscal Year shall be the Assigned Special Tax for such property. The Assigned Special Tax for Final Map Property for any Fiscal Year shall be \$18,347 and \$16,210 for Tax Zones 1 and 2, respectively. As of November 1, 2023, assuming no additional building permits are issued, there will be nine parcels classified as Final Map Property in Tax Zones 1 and 2 in Fiscal Year 2024-25. There is no longer any Undeveloped Property in the District and there is no longer any Final Map Property in Tax Zones 3 and 4.

Backup Special Tax. Each Assessor's Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax. When a Final Map is recorded, the CFD Administrator shall determine which Zone the Final Map area lies within and the Backup Special Tax for a Parcel classified or to be classified as Residential Property within such Final Map shall be determined by multiplying the Undeveloped Property Maximum Special Tax rate per Acre for the applicable Zone by the total Acreage of Taxable Property within such Final Map, excluding the Acreage associated with Non-Residential Property, Public Property and/or

Property Owners' Association Property that is not Exempt Property pursuant to the Rate and Method and dividing such amount by the number of Parcels within such Final Map classified as either (i) Developed Property or (ii) Final Map Property for which a Building Permit is expected to be issued for Residential Property (i.e., the number of residential lots).

Notwithstanding the forgoing, if Parcels classified or to be classified as Residential Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax shall be recalculated for the area that has been changed or modified using the methodology described in the preceding paragraph.

The Backup Special Tax shall not apply to Non-Residential Property, Public Property, or Property Owners' Association Property.

Method of Apportionment of Special Tax. Pursuant to the Rate and Method the District is required to determine the "Special Tax Requirement for Facilities" for each Fiscal Year. The Special Tax Requirement for Facilities means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds and Parity Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds and any Parity Bonds, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by the District provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) any amounts available to pay debt service or other periodic costs on the Bonds and any Parity Bonds pursuant to the Indenture.

For each Fiscal Year until terminated, the City Council will levy Special Taxes on all Taxable Property until the amount of Special Tax levied equals the Special Tax Requirement for Facilities in accordance with the following steps:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax rates as needed to satisfy the Special Tax Requirement for Facilities;

Second: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities;

Third: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Annual Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, at up to 100% of the Assigned Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities (there is no longer any Undeveloped Property in the District);

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor's Parcel of Developed Property whose Maximum Special Tax is the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to 100% of the Backup Special Tax as needed to satisfy the Special Tax Requirement for Facilities; and

Fifth: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Property Owner's Association Property and Public Property, found not to be exempt pursuant

to Section K of the Rate and Method, at up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Prepayment of Special Taxes. The Special Tax obligation of an Assessor's Parcel of Developed Property, an Assessor's Parcel of Final Map Property or Undeveloped Property for which a building permit has been issued, may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time that the Special Tax obligation would be prepaid. In addition, the Special Tax obligation of an Assessor's Parcel of Developed Property, an Assessor's Parcel of Final Map Property or Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year may be prepaid in part.

The Prepayment Amount is calculated based on the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance amount, the Administrative Fees, and less a credit for the resulting reduction in the Reserve Requirement for the Bonds (if any), all as specified in APPENDIX A—"RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX—Section H." No parcel within the District has prepaid its Special Tax obligation; accordingly, all parcels will be subject to the Special Tax levy going forward, subject to future Special Tax prepayments, if any.

Exempt Property. The City shall classify as Exempt Property (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a Property Owner's Association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property within a Zone if such classification would reduce the sum of the Taxable Property to less than the Minimum Acreage for that Zone, as defined in the Rate and Method. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of the Taxable Property to less than the Minimum Acreage per Zone will continue to be classified as Taxable Property, and will continue to be subject to Special Taxes accordingly.

Tax-exempt status will be assigned by the CFD Administrator in chronological order. If an Assessor's Parcel's classification is changed after the initial status is assigned, then its tax-exempt status will be revoked.

Estimated Debt Service Coverage. Based on development status as of November 1, 2023, 520 parcels within the District will be classified as Developed Property for the Fiscal Year 2024-25 Special Tax levy. Debt service for the Bond Year ending September 1, 2024 has been sized assuming that the Special Taxes are levied only on the 520 parcels with building permits issued as of November 1, 2023. Annual Debt Service for the Bonds in each Fiscal Year thereafter has been structured so that Assigned Special Taxes levied on all taxable parcels of Developed Property at buildout (529 parcels), assuming no delinquencies, will generate in each Fiscal Year not less than 110% of debt service payable with respect to the Bonds in the calendar year that begins in that Fiscal Year, plus estimated Administrative Expenses, assuming that Special Taxes are levied and collected on such Developed Property in the District pursuant to the Rate and Method at the Assigned Special Tax rate. Neither the Assigned Special Tax nor the Administrative Expenses escalate over time.

Limitation on Special Tax Levy and Potential Impact on Coverage. Pursuant to Section 53321(d) of the Government Code, the Special Tax levied against any Assessor's parcel for which an occupancy permit for private residential use has been issued shall not be increased as a consequence of delinquency or default by the owner of any other Assessor's parcel within the District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. As a result, it is possible that the District may not be able to increase the tax levy to the Assigned Special Tax in all years. In addition, under the Rate and Method, in no event shall the Special Tax be levied after Fiscal Year 2061-62.

Collection of Special Taxes. The Special Taxes are levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes. The District may, however, collect the Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

The County assesses and collects secured and unsecured property taxes for the cities, school districts, and special districts within the County, including the Special Taxes for the District. The delinquency dates for property tax payments are December 10 for the first installment and April 10 for the second installment. Once the property taxes are collected, the County conducts its internal reconciliation for accounting purposes and distributes the City's share of such taxes (including the Special Taxes) to the City, periodically and typically pursuant to a published schedule. Prior to distribution, the moneys are deposited in an account established on behalf of the County in the Riverside County Investment Pool (the "Pool") which is invested by the County Treasurer-Tax Collector. If the County or the Pool were at any time to become subject to bankruptcy proceedings, it is possible that District property taxes held in the Pool (including the Special Taxes), if any, could be temporarily unavailable to the County. The District does not participate in the County's Teeter Plan, which is an alternate method for allocating property taxes by counties. Accordingly, the collection of Special Taxes is subject to delinquencies.

The Special Tax was first levied in Fiscal Year 2022-23. See Table 7 herein under the caption "THE COMMUNITY FACILITIES DISTRICT—Delinquency History" for more information related to the Fiscal Years 2022-23 and 2023-24 Special Tax levies. No assurances can be made that Special Taxes will be collected in an amount required to make debt service payments on the Bonds. See "THE COMMUNITY FACILITIES DISTRICT—Delinquency History" and "SPECIAL RISK FACTORS—Special Tax Delinquencies" and "SPECIAL RISK FACTORS —Insufficiency of Special Taxes."

The District will make certain covenants in the Indenture for the purpose of ensuring that the current maximum Special Tax rates and method of collection of the Special Taxes are not altered in a manner that would impair the District's ability to collect sufficient Special Taxes to pay debt service on the Bonds and Administrative Expenses when due.

First, the District will covenant in the Indenture that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

Second, the District will covenant in the Indenture, to the maximum extent that the law permits it to do so, not to initiate proceedings to reduce the maximum Special Tax rates for the District, unless, in connection therewith, the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that: (i) such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than the Administrative Expenses Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such proposed reduction; and (ii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds.

Third, the District will covenant in the Indenture that, in the event that any initiative is adopted by the qualified electors within the District which purports to reduce the maximum Special Tax below the levels specified in the preceding paragraph or to limit the power of the District to levy the Special Taxes for the purposes set forth in the Indenture, it will commence and pursue legal action in order to preserve its ability to comply with such covenants. The District can provide no assurance that any such legal action will be successful. See the caption "SPECIAL RISK FACTORS — Proposition 218."

Fourth, the District will covenant in the Indenture that it will not adopt any policy pursuant to the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District has first received a certificate from an Independent Financial Consultant that the acceptance of such

a tender will not result in the District having insufficient Net Taxes to pay the principal of and interest on the Bonds and Parity Bonds when due.

Although the Special Taxes constitute liens on taxed parcels within the District, they do not constitute a personal indebtedness of the owners of property within the District. Moreover, other liens for taxes and assessments already exist on the property located within the District and others could come into existence in the future in certain situations without the consent or knowledge of the City or the landowners in the District. See the captions “THE COMMUNITY FACILITIES DISTRICT — Direct and Overlapping Debt” and “SPECIAL RISK FACTORS — Direct and Overlapping Indebtedness.” There is no assurance that property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so, all as more fully described under the caption “SPECIAL RISK FACTORS.”

Proceeds of Foreclosure Sales. The net proceeds received following a judicial foreclosure sale of property within the District resulting from a property owner’s failure to pay the Special Taxes when due are included within the Net Taxes pledged to the payment of principal of and interest on the Bonds and any Parity Bonds under the Indenture.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the District of Special Taxes in an amount which is less than the Special Taxes levied, the City Council, as the legislative body of the District, may order that Special Taxes be collected by a Superior Court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the District will covenant in the Indenture for the benefit of the owners of the Bonds and any Parity Bonds that it will: (i) commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$2,500 by the December 1 following the close of each Fiscal Year in which such Special Taxes were due; and (ii) commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the December 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied; and (iii) diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided that, notwithstanding the foregoing, the District may elect to defer foreclosure proceedings on any parcel so long as the amount in the 2024 Bonds Reserve Subaccount is at least equal to the 2024 Bonds Reserve Requirement and the amounts in all other Subaccounts of the Reserve Account is at least equal to the applicable Reserve Requirement.

The District will covenant in the Indenture that it will deposit the net proceeds of any foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the 2024 Bonds Reserve Subaccount up to the 2024 Bonds Reserve Requirement and the amount on deposit in any other Subaccount of the Reserve Account up to the applicable Reserve Requirement, and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds. See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—COVENANTS AND WARRANTY—Covenants” herein.

If foreclosure is necessary and other funds (including amounts in the 2024 Bonds Reserve Subaccount) have been exhausted, debt service payments on the Bonds could be delayed unless the foreclosure proceedings produce sufficient net foreclosure sale proceeds. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions, involvement by agencies of the federal government and other factors beyond the control of the City and the District. See the caption “SPECIAL RISK FACTORS—Enforcement Delays – Bankruptcy.” Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the net proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See the caption “SPECIAL RISK FACTORS—Property Values.” Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the District or the City any

obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* taxes.

No Teeter Plan

Although the Riverside County Board of Supervisors has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”) which allows each entity levying secured property taxes in the County to draw on the amount of property taxes levied rather than the amount actually collected, as provided for in Section 4701 et seq. of the California Revenue and Taxation Code, the District is not included in the County Teeter Plan. Consequently, the District may not draw on the County Tax Loss Reserve Fund in the event of delinquencies in Special Tax payments within the District.

2024 Bonds Reserve Subaccount of the Reserve Account of the Special Tax Fund

In order to secure further the payment of principal of and interest on the Bonds, the District is required, upon delivery of the Bonds, to deposit in the 2024 Bonds Reserve Subaccount and thereafter to maintain in the 2024 Bonds Reserve Subaccount an amount equal to the 2024 Bonds Reserve Requirement. The term “2024 Bonds Reserve Requirement” is defined in the Indenture to mean, that amount as of any date of calculation, equal to the lesser of: (i) 10% of the initial principal amount of the Bonds; (ii) Maximum Annual Debt Service on the then Outstanding Bonds; and (iii) 125% of average Annual Debt Service on the then Outstanding Bonds. The Reserve Requirement may be satisfied in whole or in part by cash, a Reserve Policy (as defined in the Indenture), or a combination thereof. On the date of issuance of the Bonds, the District will deposit \$929,750.00 from proceeds of the Bonds into the 2024 Bonds Reserve Subaccount to satisfy the 2024 Bonds Reserve Requirement.

The 2024 Bonds Reserve Subaccount only secures and the amounts therein are only available to pay the principal of, redemption premium, if any, and interest on the Bonds. In connection with the issuance of a series of Parity Bonds, if any, the District may establish an additional Subaccount within the Reserve Account which secures such series of Parity Bonds. Such additional Subaccounts within the Reserve Account established for Parity Bonds will not secure the Bonds.

Subject to the limits on the maximum annual Special Tax levy set forth in the Rate and Method and in the Indenture, the District will covenant in the Indenture to levy Special Taxes in an amount sufficient, in light of the other intended uses of the Special Tax proceeds, to maintain the balance in the 2024 Bonds Reserve Subaccount at the 2024 Bonds Reserve Requirement and any other Subaccount of the Reserve Account at the applicable Reserve Requirement. Amounts in the 2024 Bonds Reserve Subaccount are to be applied: (i) to pay debt service on the Bonds, including Sinking Fund Payments, to the extent that other monies are not available therefor; (ii) to redeem Bonds in the event of prepayment of Special Taxes, to optionally redeem Bonds or in connection with a partial defeasance of Bonds, in accordance with the Indenture; and (iii) to pay any rebate requirements with respect to the Bonds. See Appendix D under the caption “CREATION OF FUNDS AND APPLICATION OF PROCEEDS—Reserve Account of the Special Tax Fund.

Surplus Fund

After the transfer of Administrative Expenses to the Administrative Expense Fund up to the Administrative Expenses Cap, the payment of principal of and interest on the Bonds and any Parity Bonds when due, transfers to the Redemption Account to pay principal and premium, if any, on Bonds and any Parity Bonds called for redemption, transfers to replenish the subaccounts of the Reserve Account to the applicable Reserve Requirement and any required transfers to the Rebate Fund, as soon as practicable after each September 1, the Trustee shall transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax

Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year. Moneys deposited in the Surplus Fund may be transferred: (i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Subaccounts of the Reserve Account of the Special Tax Fund are insufficient therefor; (ii) to each Subaccount of the Reserve Account, on a proportionate basis based on the outstanding principal amount of the Bonds and any Parity Bonds, to replenish the 2024 Bonds Reserve Subaccount to the 2024 Bonds Reserve Requirement, and to each other Subaccount of the Reserve Account to the applicable Reserve Requirement; (iii) to the Administrative Expense Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Account of the Special Tax Fund are insufficient to pay Administrative Expenses; (iv) to the Acquisition and Construction Fund to pay Project Costs; or (v) after all Project Costs have been paid, to the District, for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or any Parity Bonds and may be used by the District for any lawful purpose.

Issuance of Parity Bonds for Refunding Purposes Only

The District may at any time after the issuance and delivery of the Bonds under the Indenture issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expense Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued under the Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding. Parity Bonds may be issued subject to additional specific conditions, which are made conditions precedent to the issuance of any such Parity Bonds by the Indenture. See Appendix D under the caption “DEFEASANCE AND PARITY BONDS.”

THE COMMUNITY FACILITIES DISTRICT

General

The District is located in the northwestern portion of the City and is located to the west of the Interstate 10 freeway, east of Tukwet Canyon Parkway and north of Oak Valley Parkway. The Developer has sold all of the property planned for residential development within the District to three merchant builders: Woodside, D.R. Horton and Richmond American.

The development in the District consists of portions of two non-contiguous planning areas (planning areas 25 and 26) within the master-planned community in the City known as “Fairway Canyon.” At buildout, Fairway Canyon is expected to consist of approximately 3,300 residential units on approximately 1,556 acres of land, with 46.4 acres of commercial/industrial land uses and the balance set aside for public/quasi/public uses. As of November 1, 2023, the Developer estimates that approximately 2,350 homes within Fairway Canyon have been completed and sold to individual homeowners.

Status of Development in the District

As of November 1, 2023, individual homeowners owned 419 homes (with another 34 homes in escrow to be conveyed to individual homeowners). As of such date, Woodside, D.R. Horton and Richmond American owned 40, 23 and 47 lots, respectively, in the District in various stages of construction. The backbone infrastructure necessary to complete the development in the District have been completed and the in-tract infrastructure has been substantially completed. The merchant builders within the District expect to complete the remaining in-tract infrastructure for their respective projects commensurate with the timing for completion of the remaining planned homes. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT” below.

Description of Authorized Facilities

Certain facilities are authorized to be constructed and acquired (the “Facilities”) by the District. These Facilities include, but are not limited to the following:

- Sewer system improvements
- Storm drain improvements
- Dry utilities infrastructure
- Street improvements
- Park Improvements

The Developer has completed, or has caused to be completed, all of the Facilities that are to be financed in part with the proceeds of the Bonds. The total cost of the Facilities was approximately \$21,200,000, and \$13,951,443.05 will be available to be paid to the Developer from the proceeds of the Bonds.

Property Values and the Appraisal

General. The extent to which the Special Tax provides security for the Bonds is, at least in part, a function of the value of each parcel of land within the District that is subject to the Special Tax because, in the event that a property owner defaults in the payment of the applicable Special Tax, such property owner will not have any personal liability for the payment of the Special Tax, and the principal remedy available to the District will be to take foreclosure proceedings with respect to the subject property.

Assessed Value. The assessed value of the property within the District represents the secured assessed valuation established by the County Assessor. Assessed values do not necessarily represent market values. Article XIII A of the California Constitution (Proposition 13) defines “full cash value” to mean “the County assessor’s valuation of real property as shown on the 1975/76 roll under ‘full cash value’, or, thereafter, the appraised value of real property when purchased or newly constructed or when a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. The “full cash value” is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors. Because of the general limitation to 2% per year in increases in full cash value of properties which remain in the same ownership, the County tax roll does not reflect values uniformly proportional to actual market values. There can be no assurance that the assessed valuations of the properties within the District accurately reflect their respective market values, and the future fair market values of those properties may be lower than their current assessed valuations. The Fiscal Year 2023-24 assessed value of the property in the District is \$187,128,787.

Appraised Value. As a result of the requirements of Article XIII A of the California Constitution, a property’s assessed value is not necessarily indicative of its market value. In order to provide information with respect to the value of the property within the District, the City engaged Integra Realty Resources, the Appraiser, to prepare the Appraisal Report. The Appraiser has an “MAI” designation from the Appraisal Institute and has prepared numerous appraisals for the sale of land-secured municipal bonds. The Appraiser has no material relationships with the City, the District, the Developer or the owners of the land within the District other than the relationship represented by the engagement to prepare the Appraisal Report. The City instructed the Appraiser to prepare its analysis and report in conformity with City-approved guidelines and the Appraisal Standards for Land Secured Financings published in 1994 and revised in 2004 by the California Debt and Investment Advisory Commission. A copy of the Appraisal Report is included as APPENDIX H—“APPRAISAL REPORT” to this Official Statement.

The purpose of the Appraisal Report was to estimate the market value of the property within the District subject to the lien of the Special Taxes. With respect to 291 completed single family homes owned by individual homeowners and five completed model homes owned by the merchant builders, as shown on the County

Assessor's roll as of January 1, 2023, the Appraiser used the Fiscal Year 2023-24 assessed values assigned by the County (totaling \$156,323,396). In valuing the Appraised Property relating to the remaining 233 planned homes in the District, the Appraiser used a sales comparison approach for the completed single family homes and a land residual analysis for the remaining property to derive a value indication for the finalized lots within each tract adjusted by any costs to complete such finished lots.

Subject to the assumptions and limiting conditions set forth in the Appraisal Report, the Appraiser concluded that, as of the Date of Value (November 1, 2023), the estimated market value of the property within the District subject to the lien of the Special Taxes was \$240,762,396, consisting of \$156,323,396 of the 296 homes with improvement value shown on the Fiscal Year 2023-24 County Assessor's roll, and \$84,530,000 of the appraised value of the Appraised Property relating to the remaining 233 homes. The estimate of market value takes into consideration and assumes the improvements to be funded with the proceeds of the Bonds have been installed.

Reference is made to Appendix H for a complete list of the assumptions and limiting conditions and a full discussion of the appraisal methodology and the basis for the Appraiser's opinions. In the event that any of the contingencies, assumptions and limiting conditions are not actually realized, the value of the property within the District may be less than the amount reported in the Appraisal Report. In any case, there can be no assurance that any portion of the property within the District would actually sell for the amount indicated by the Appraisal Report.

The Appraisal Report merely indicates the Appraiser's opinion as to the market value of the property referred to therein as of the date and under the conditions specified therein. The Appraiser's opinion reflects conditions prevailing in the applicable market as of the date of the Appraisal Report. The Appraiser's opinion does not predict the future value of the subject property, and there can be no assurance that market conditions will not change adversely in the future. See, for example, "SPECIAL RISK FACTORS—Impact of Economic Conditions on the Development in the District."

It is a condition precedent to the issuance of the Bonds that the Appraiser deliver to the District a certification to the effect that, while the Appraiser has not updated the Appraisal Report since its date and has not undertaken any obligation to do so, nothing has come to the attention of the Appraiser subsequent to the date of the Appraisal Report that would cause the Appraiser to believe that the value of the property that it appraised in the District is less than the value reported in the Appraisal Report. However, the Appraiser notes that acts and events may have occurred since the date of the Appraisal Report which could result in both positive and negative effects on market value within the District.

Value-to-Lien Ratios

Table 2 below incorporates the values assigned to parcels in the Appraisal Report, the estimated principal amount of the Bonds allocable to each category of parcels and the estimated assessed/appraised value-to-lien ratios for various categories of parcels based upon land values as of November 1, 2023, as set forth in the Appraisal Report. Based on the principal amount of the Bonds, the estimated assessed/appraised District-wide value-to-lien ratio including all Taxable Property as of November 1, 2023 is 16.55-to-1. This ratio does not include other direct and overlapping debt within the District. See "—Direct and Overlapping Indebtedness" below. Taking that direct and overlapping debt into account, the ratio of the aggregate assessed/appraised value of the Taxable Property within the District to the total principal amount of all direct and overlapping bonded debt for the District is approximately 13.19-to-1. The District expects to levy the Special Tax only on Developed Property and not on Final Map Property in Fiscal Year 2024-25, however, the District has the ability to levy the Special Tax on Final Map Property under the Rate and Method if necessary to meet the Special Tax Requirement for Facilities. The estimated appraised/assessed District-wide value-to-lien ratio of Developed Property as of November 1, 2023 is 16.40-to-1. This ratio does not include other direct and overlapping debt within the District. See "—Direct and Overlapping Indebtedness" below. Taking that direct and overlapping debt into account, the

ratio of the aggregate assessed/appraised value of Developed Property within the District to the total principal amount of all direct and overlapping bonded debt for the District is approximately 13.07-to-1.

Table 3 below summarizes the assessed/appraised value-to-lien of the Developed Property within the District by value-to-lien ranges based on development status as of November 1, 2023.

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TABLE 2
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2021-1 (FAIRWAY CANYON)
ASSESSED/APPAISED VALUE-TO-LIEN RATIOS
ALLOCATED BY PROPERTY OWNER

<i>Property Owner⁽¹⁾</i>	<i>No. of Parcels</i>	<i>Appraised/Assessed Property Value⁽²⁾</i>	<i>% of Appraised/ Assessed Value</i>	<i>Fiscal Year 2024-25 Maximum Special Tax⁽³⁾</i>	<i>Fiscal Year 2024-25 Percentage of Maximum Tax</i>	<i>Projected Fiscal Year 2024-25 Special Tax Levy ⁽⁴⁾</i>	<i>% of Estimated Fiscal Year 2024-25 Special Tax Levy</i>	<i>CFD 2021-1 2024 Bonds⁽⁵⁾</i>	<i>All other Overlapping Debt Issued⁽⁶⁾</i>	<i>Appraised Value-to- Lien Ratio</i>
Developed Property										
Individually Owned	419	\$ 213,136,101	88.53%	\$ 917,123	78.86%	\$ 759,051	80.58%	\$ 11,724,196	\$2,989,269	14.49:1
DR Horton	23	5,920,880	2.46	52,761	4.54	42,567	4.52	657,484	167,636	7.18:1
Woodside	40	10,123,936	4.20	78,400	6.74	67,911	7.21	1,048,937	267,443	7.69:1
Richmond American	<u>38</u>	<u>9,475,479</u>	<u>3.94</u>	<u>93,538</u>	<u>8.04</u>	<u>72,471</u>	<u>7.69</u>	<u>1,119,382</u>	<u>285,404</u>	<u>6.75:1</u>
Total Developed Property	520	\$ 238,656,396	99.13%	\$ 1,141,822	98.18%	\$ 942,000	100.00%	\$ 14,550,000	\$3,709,752	13.07:1
Final Map Property										
Richmond American	<u>9</u>	<u>\$ 2,106,000</u>	<u>0.87%</u>	<u>\$ 21,164</u>	<u>1.82%</u>	<u>\$ 0</u>	<u>0.00%</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>N/A</u>
Total Final Map Property	9	\$ 2,106,000	0.87%	\$ 21,164	1.82%	\$ 0	0.00%	\$ 0	\$ 0	N/A
Total	529	\$ 240,762,396	100.00%	\$ 1,162,986	100.00%	\$ 942,000	100.00%	\$ 14,550,000	\$3,709,752	13.19:1

(1) Property ownership status as of November 1, 2023. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT” below.

(2) Based on the aggregate assessed/appraised value set forth in the Appraisal Report as of November 1, 2023, the Date of Value.

(3) Based on the Backup Special Tax rate on Developed Property and the Maximum Special Tax Rate on Final Map Property. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Rate and Method of Apportionment of Special Tax.*”

(4) Estimated Fiscal Year 2024-25 Special Tax Levy based upon development status as of November 1, 2023 and an Administrative Expenses Cap of \$30,000. The estimated levy on Developed Property shown is equal to 91.0% of the Assigned Special Tax rates on Developed Property. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Rate and Method of Apportionment of Special Tax.*”

(5) Allocated based on the estimated Fiscal Year 2024-25 Special Tax levy.

(6) Includes overlapping debt set forth in Table 4 below.

Source: County of Riverside Assessor’s Office; Spicer Consulting Group, LLC.

TABLE 3
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2021-1 (FAIRWAY CANYON)
ASSESSED/APPAISED VALUE-TO-LIEN STRATIFICATION FOR PARCELS OF DEVELOPED PROPERTY

<i>Value-to-Lien Category</i>	<i>No. of Parcels of Developed Property</i>	<i>% of Developed Property</i>	<i>Appraised Value⁽¹⁾</i>	<i>% of Appraised Value</i>	<i>CFD 2021-1 Projected Fiscal Year 2024-25 Special Tax Levy</i>	<i>Percent Share of Projected Fiscal Year 2024-25 Special Tax Levy</i>	<i>CFD 2021-1 2024 Bonds⁽²⁾</i>	<i>Percent Share of 2024 Bonds</i>	<i>All Other Overlapping Debt⁽³⁾</i>	<i>Aggregate Value-to-Lien</i>
Less than 5.00:1 ⁽⁴⁾	0	0.00%	\$ 0	0.00%	\$ 0	0.00%	\$ 0	0.00%	\$ 0	N/A
Between 5.00:1 to 10.00:1	91	17.50	20,954,000	8.78	164,829	17.50	2,545,923	17.50	649,123	6.56:1
Between 10.01:1 to 15.00:1	260	50.00	125,614,526	52.63	485,238	51.51	7,494,911	51.51	1,910,946	13.35:1
Greater than 15.00:1 ⁽⁴⁾	<u>169</u>	<u>32.50</u>	<u>92,087,870</u>	<u>38.59</u>	<u>291,934</u>	<u>30.99</u>	<u>4,509,166</u>	<u>30.99</u>	<u>1,149,683</u>	<u>16.27:1</u>
Totals	520	100.00%	\$238,656,396	100.00%	\$ 942,000	100.00%	\$ 14,550,000	100.00%	\$ 3,709,752	13.07:1

⁽¹⁾ Based on the aggregate assessed/appraised value of Developed Property set forth in the Appraisal Report as of November 1, 2023, the Date of Value.

⁽²⁾ Allocated based on the estimated Fiscal Year 2024-25 Special Tax levy based upon development status as of November 1, 2023.

⁽³⁾ Includes overlapping debt set forth in Table 4 below.

⁽⁴⁾ The minimum value to lien of Developed Property in the District is 5.50:1. The maximum value to lien in the Greater than 15.00:1 category is 19.20:1.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Direct and Overlapping Debt

The District is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within the District is shown in Table 4 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within the District; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

TABLE 4
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2021-1 (FAIRWAY CANYON)
DIRECT AND OVERLAPPING DEBT

I. Assessed/Appraisal Value⁽¹⁾ \$240,762,396

II. Land Secured Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 2021-1⁽³⁾</i>	<i>Amount Applicable</i>
City of Beaumont CFD No. 2021-1, Series 2024	CFD	\$14,550,000	\$14,550,000	100.000%	529	\$ 14,550,000
TOTAL LAND SECURED BONDED DEBT						\$ 14,550,000

<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 2021-1⁽³⁾</i>	<i>Amount Applicable</i>
City of Beaumont CFD No. 2021-1, Series 2024 ⁽²⁾	CFD	\$19,500,000	\$5,675,000	100.000%	529	\$ 0
TOTAL UNISSUED LAND SECURED INDEBTEDNESS						\$ 0

TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS **\$ 14,550,000**

III. General Obligation Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 2021-1</i>	<i>Amount Applicable</i>
Beaumont Unified School District	GO	\$281,997,167	\$110,484,350	1.863%	529	\$ 2,057,918
San Gorgonio Pass Mem Hospital	GO	108,000,000	94,135,000	1.373	529	1,292,243
Mt San Jacinto Jr College	GO	295,000,000	242,210,000	0.148	529	359,591
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT						\$ 3,709,752

<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 2021-1</i>	<i>Amount Applicable</i>
Beaumont Unified School District	GO	\$282,000,000	\$2,833	1.863%	529	\$ 53
San Gorgonio Pass Mem Hospital	GO	108,000,000	0	1.373	529	0
Mt San Jacinto Jr College	GO	295,000,000	0	0.148	529	0
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS⁽²⁾						\$ 53

TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS **\$ 3,709,804**

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	\$ 18,259,752
TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS	\$ 18,259,804

IV. Ratios to Appraisal Value

Outstanding Land Secured Bonded Debt	16.55:1
Total Outstanding Bonded Debt	13.19:1

⁽¹⁾ Based on the aggregate assessed/appraised value set forth in the Appraisal Report as of November 1, 2023, the Date of Value.

⁽²⁾ Parity Bonds may be issued for refunding purposes only.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Based on development status as of November 1, 2023, 520 parcels within the District will be classified as Developed Property for the Fiscal Year 2024-25 Special Tax levy. Debt service for the Bond Year ending September 1, 2024 has been sized assuming that the Special Taxes are levied only on the 520 parcels with building permits issued as of November 1, 2023. Annual Debt Service for the Bonds in each Fiscal Year thereafter has been structured so that Assigned Special Taxes levied on all taxable parcels of Developed Property at buildout (529 parcels), assuming no delinquencies, will generate in each Fiscal Year not less than 110% of debt service payable with respect to the Bonds in the calendar year that begins in that Fiscal Year, plus estimated Administrative Expenses, assuming that Special Taxes are levied and collected on such Developed Property in the District pursuant to the Rate and Method at the Assigned Special Tax rate.

Based on the principal amount of the Bonds, interest costs, Administrative Expenses being levied at the Administrative Expenses Cap, and Fiscal Year 2023-24 tax rates for all other taxing jurisdictions within the District, the total projected Fiscal Year 2024-25 average effective tax rate for Developed Property in the District as of November 1, 2023, is approximately 1.83% of the average assessed value for parcels with improvement value. The following Table 5 sets forth the estimated total tax obligation of property in the District based on the average home size and an average assessed value for a completed home in the District, as set forth in the Appraisal Report.

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TABLE 5
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2021-1 (FAIRWAY CANYON)
ESTIMATED AVERAGE FISCAL YEAR 2024-25 TAX OBLIGATION ⁽¹⁾

Average Home Value ⁽²⁾	\$527,812
<i>Ad Valorem</i> Property Taxes:	
General Purpose	\$ 5,278
Beaumont Unified School (0.07777%)	410
Mt San Jacinto Jr College (0.01320%)	70
San Gorgonio Pass Mem Hospital (0.06242%)	329
San Gorgonio Pass Water Debt Svc (0.17500%)	<u>924</u>
Total General Property Taxes	\$ 7,011
Assessment, Special Taxes & Parcel Charges:	
San Gorgonio Hospital Measure D	\$ 61
Flood Control Stormwater / Cleanwater / Santa Ana	4
CFD No. 2021-1 - Safety Special Tax ⁽³⁾	553
CFD No. 2021-1 - Maintenance Services Special Tax ⁽⁴⁾	222
CFD No. 2021-1 - Facilities Special Tax ⁽⁵⁾	<u>1,819</u>
Total Assessments & Special Taxes	\$ 2,659
Projected Total Property Tax	\$ 9,670
Projected Effective Tax Rate	1.83%

⁽¹⁾ Average Fiscal Year 2023-24 tax rates based upon Fiscal Year 2023-24 Overlapping Taxes and Assessment Rates.

⁽²⁾ Average Home Value is based upon average Fiscal Year 2023-24 assessed value for a completed home in the District as set forth in the Appraisal Report.

⁽³⁾ Reflects the District's Fiscal Year 2024-25 projected levy for Developed Property. Per the Rate and Method, the maximum special tax for public services for the prior fiscal year shall be adjusted by the greater of (i) an amount equal to the annual percent increase in the Consumer Price Index for the calendar year ending in January of the prior fiscal year or (ii) five percent.

⁽⁴⁾ Reflects the District's Fiscal Year 2024-25 projected special tax levy for Developed Property. Per the Rate and Method, the maximum special tax for maintenance services for the prior fiscal year shall be adjusted by the greater of (i) an amount equal to the annual percent increase in the Consumer Price Index for the calendar year ending in January of the prior fiscal year or (ii) two percent.

⁽⁵⁾ Reflects the District's average projected Fiscal Year 2024-25 Special Tax levy for Developed Property.

Source: Spicer Consulting Group, LLC, based on home value information provided by Riverside County.

Delinquency History

For each Fiscal Year, the first installment of the Special Taxes becomes delinquent on December 10 and the second installment becomes delinquent on April 10. Special Taxes within the District were first levied in Fiscal Year 2022-23. Table 6 below summarizes the Special Tax levy within the District and the amounts delinquent as of November 1, 2023 for Fiscal Year 2022-23. Delinquency information for the first installment of the Fiscal Year 2023-24 Special Tax levy is not yet available. Future delinquencies could increase as a result of factors such as changes in the local or national economy, increases in the mortgage rates and/or increases in the unemployment rate in the area. See "SPECIAL RISK FACTORS—Special Tax Delinquencies."

TABLE 6
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
SPECIAL TAX LEVIES, DELINQUENCIES, AND DELINQUENCY RATES
FISCAL YEARS 2022-23 AND 2023-24⁽¹⁾

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of November 1, 2023</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2022-23	\$422,065	213	0	\$0	0.00%
2023-24	855,905	430	N/A	N/A	N/A

⁽¹⁾ Fiscal Year 2022-23 was the first year that the Special Tax was levied.
Source: Spicer Consulting Group, LLC and Riverside County Tax Collector.

Top Taxpayers

As of November 1, 2023, individual homeowners owned 419 of the 529 planned homes in the District. Based on ownership status and development status as of November 1, 2023, and assuming no additional transfers of property or issuance of building permits, individual homeowners are projected to be responsible for 80.6% of the Special Taxes projected to be levied on Developed Property in Fiscal Year 2024-25. Assuming no additional transfers of property or issuance of building permits after November 1, 2023, D.R. Horton, Woodside and Richmond are projected to be responsible for 4.5%, 7.2% and 7.7% of the projected Fiscal Year 2024-25 Special Tax levy.

In Fiscal Year 2024-25, the District expects to levy the Special Tax only on the 520 parcels classified as Developed Property as of November 1, 2023 and not on the nine parcels of Final Map Property (which are owned by Richmond American), however, the District has the ability to levy the Special Tax on Final Map Property under the Rate and Method if necessary to meet the Special Tax Requirement for Facilities. The District is not aware of any individual, other than the merchant builders in the District, who owns more than one parcel within the District.

PROPERTY OWNERSHIP AND THE DEVELOPMENT

The information regarding the development and ownership of the Property contained under this caption, "PROPERTY OWNERSHIP AND THE DEVELOPMENT," has been provided by representatives of the Developer, D.R. Horton, Woodside and Richmond American and has not been independently confirmed or verified by the Underwriter, the City or the District. The Underwriter, the City and the District make no representation as to the accuracy or adequacy of the information contained under this caption. There may be material adverse changes in this information after the date of this Official Statement. Neither the Bonds nor the Special Taxes securing the Bonds are personal obligations of the Developer, D.R. Horton, Woodside, Richmond American or any affiliate thereof, or any other property owner and, in the event that any property owner defaults in the payment of its Special Taxes, the District may proceed with judicial foreclosure but has no direct recourse to the assets of any property owner or any affiliate thereof. See "SPECIAL RISK FACTORS" herein."

Fairway Canyon and the District

The development in the District consists of portions of two non-contiguous planning areas (planning areas 25 and 26) within the master-planned community in the City known as "Fairway Canyon." At buildout, Fairway Canyon is expected to consist of approximately 3,300 residential units on approximately 1,556 acres of land, with 46.4 acres of commercial/industrial land uses and the balance set aside for public/quasi/public uses. As of November 1, 2023, the Developer estimates that approximately 2,350 homes within Fairway Canyon have been completed and sold to individual homeowners.

The Developer has completed, or has caused to be completed, all the backbone infrastructure necessary to complete the development in the District. The property in the District is planned for 529 single family homes at buildout. The Developer has conveyed all the property in the District planned for residential to three merchant builders. The Developer no longer owns any property in the District that is subject to the Special Tax. As of November 1, 2023, 419 homes within the District have been completed and conveyed to individual homeowners. As of such date, Woodside, D.R. Horton and Richmond American owned 40, 23 and 47 lots, respectively, in the District in various stages of construction. The merchant builders within the District expect to complete the remaining in-tract infrastructure for their respective projects commensurate with the timing for completion of the remaining planned homes.

Each of the merchant builder's projects in the District are described below.

D.R. Horton Development and Financing Plan

General. As previously defined in this Official Statement "D.R. Horton" is D.R. Horton Los Angeles Holding Company, Inc., a California corporation. D.R. Horton is a wholly-owned subsidiary of D.R. Horton, Inc., a Delaware corporation ("D.R. Horton, Inc."). D.R. Horton, Inc. is a public company whose common stock is traded on the New York Stock Exchange under the symbol "DHI." Founded in 1978 and headquartered in Arlington, Texas, D.R. Horton, Inc. constructs and sells homes through its operating divisions in 90 markets in 29 states under the names of D.R. Horton, *America's Builder*, Emerald Homes, Express Homes and Freedom Homes.

D.R. Horton, Inc. is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information, including financial statements, with the Securities and Exchange Commission (the "SEC"). Such filings, particularly, D.R. Horton, Inc.'s Annual Report on Form 10-K for the fiscal year ended September 30, 2023, as filed with the SEC on November 17, 2023, and D.R. Horton's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, as filed with the SEC on July 24, 2023, set forth certain data relative to the consolidated results of operations and financial position of D.R. Horton, Inc. and its subsidiaries, including D.R. Horton, as of such dates.

The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including D.R. Horton, Inc. The address of such Internet web site is www.sec.gov. All documents subsequently filed by D.R. Horton, Inc. pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes.

Copies of D.R. Horton, Inc.'s Annual Report and each of its other quarterly and current reports, including any amendments, are available from D.R. Horton, Inc.'s website at www.drhorton.com.

The foregoing Internet addresses and references to filings with the SEC are included for reference only, and the information on these Internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on these Internet sites. None of D.R. Horton or D.R. Horton, Inc. is obligated to advance funds to pay for development or construction costs or to pay ad valorem property taxes or the Special Taxes, and investors should not rely on the information and financial statements contained on such internet sites in evaluating whether to buy, hold or sell the Bonds.

Development Plan. D.R. Horton's project in the District consists of 268 single-family detached homes in a neighborhood being marketed as "Augusta at the Fairways." As of November 1, 2023, D.R. Horton had completed and conveyed 245 homes in the District to individual homeowners. As of such date D.R. Horton owned 23 lots in the District consisting of three completed model homes, two completed production homes and 18 homes under construction. As of November 1, 2023, D.R. Horton had four homes in escrow, however, homes

under contract may not result in closed escrows as sales contracts are subject to cancellation. D.R. Horton expects to complete and convey all remaining homes within its project in the District to individual homeowners by July 1, 2024.

All approvals and permits required for development of property within D.R. Horton's project within the District have been secured for residential construction, including building permits for all of D.R. Horton's remaining planned homes. As of November 1, 2023, in-tract improvements remaining to be completed within D.R. Horton's development consisted primarily of final finishing of streets, curbs, gutters, and landscaping. D.R. Horton expects to complete construction of the remaining in-tract improvements associated with the lots that it owns within the District as home construction on such lots is completed.

The table below summarizes, as of November 1, 2023, the product mix and development status of D.R. Horton's project within the District.

COMMUNITY FACILITIES DISTRICT NO. 2021-1 (FAIRWAY CANYON)
D.R. HORTON
AUGUSTA AT THE FAIRWAYS
(As of November 1, 2023)

<u>Owned by D.R. Horton</u>						
<i>Plan</i>	<i>Total Units Planned</i>	<i>Estimated Home Square Footage</i>	<i>Closings as of November 1, 2023</i>	<i>Completed Homes/Homes Under Construction⁽¹⁾</i>	<i>Finished Lots</i>	<i>Base Home Prices⁽²⁾</i>
1	43	1,342	39	4	0	N/A ⁽³⁾
2	32	1,865	30	2	0	\$537,000
3	43	1,981	38	5	0	527,000
4	40	1,986	37	3	0	492,000
5	43	2,065	40	3	0	453,000
6	32	2,259	29	3	0	540,000
7	35	2,617	32	3	0	N/A ⁽³⁾
Total	268		245	23	0	

(1) Includes three model homes, two completed production homes and 18 homes under construction.

(2) Base home prices shown exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

(3) Floor plans are sold out.

Source: D.R. Horton.

No assurance can be given that D.R. Horton's home construction and sales will be carried out on the schedule and according to the plans outlined herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation. In changing market conditions, builders will often revise the product lines and prices and the rate of sales can fluctuate. D.R. Horton continuously evaluates its product lines and prices in light of the then current market conditions. See "SPECIAL RISK FACTORS" herein for a discussion of risk factors.

Financing Plan. Through November 1, 2023, D.R. Horton had spent approximately \$61,570,764 in site acquisition and development costs, permits and impact fees, home construction costs, and other development, marketing and sales costs (exclusive of internal financing repayment, corporate overhead and other carry costs) related to its development within the District. D.R. Horton expects to spend approximately \$6,345,541 in additional site development costs, permit and impact fees, home construction costs, and other development, marketing and sales costs (exclusive of corporate overhead and other carry costs) between November 1, 2023 and full build-out of its homes proposed to be constructed in the District.

To date, D.R. Horton has financed its land acquisition, site development and home construction costs related to its property within the District through internally generated funds. D.R. Horton expects to use internal funding (which may include home sales revenues from its project within the District) to complete its development activities within the District. However, home sales revenues from D.R. Horton's activities in the District are not segregated and set aside for completing the homes in the District. Notwithstanding the foregoing, D.R. Horton believes that it will have sufficient funds to complete its construction and sale of homes in the District.

Notwithstanding the current belief of D.R. Horton that it will have sufficient funds to complete its planned development in the District, no assurance can be given that sources of financing available to D.R. Horton will be sufficient to complete the property development and home construction as currently anticipated. Neither D.R. Horton nor any of its related entities are under any legal obligation of any kind to expend funds for the development and construction of homes on its property in the District, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by D.R. Horton to fund the costs of such development are entirely voluntary.

If and to the extent that internal funding, including but not limited to home sales revenues are inadequate to pay the costs to complete the planned development by D.R. Horton within the District and other financing by D.R. Horton is not put into place, there could be a shortfall in the funds required to complete the planned development by D.R. Horton or to pay ad valorem property taxes or Special Taxes related to D.R. Horton's property in the District, and the remaining portions of D.R. Horton's project in the District may not be completed. Many factors beyond D.R. Horton's control, or a decision by D.R. Horton to alter its current plans, may cause the actual sources and uses to differ from the projections. See "SPECIAL RISK FACTORS" herein for a discussion of risk factors.

Woodside Development and Financing Plan

General. Woodside 05S, LP, a California limited partnership (previously defined as "Woodside") is wholly owned by Woodside Group, LLC, a Nevada limited liability company ("Woodside Group"), directly or through its wholly owned subsidiaries. Woodside is owned 99% directly by Woodside Group, as a limited partner. The remaining 1% interest is owned by WDS GP, Inc., a California corporation, as its general partner, which is wholly owned by Woodside Homes of California, Inc., a California corporation, which in turn is wholly owned by Woodside Group. The parent of Woodside Group is Woodside Homes Company, LLC, a Delaware limited liability company ("Woodside Homes Company"). Since February 28, 2017, the ultimate parent of Woodside Homes Company has been Sekisui House Ltd., a Japanese public company based in Osaka, Japan, whose stock is listed on the Tokyo and Nagoya Stock Exchanges. Sekisui House, Ltd. is one of Japan's largest homebuilders and was founded in 1960. On January 18, 2024, MDC (as defined below) and Sekisui House, Ltd. issued a joint press release announcing that the parties have entered into an Agreement and Plan of Merger, dated as of January 17, 2024 (the "Merger Agreement"). A copy of the press release is attached to MDC's Current Report on Form 8-K filed with the SEC on January 18, 2024.

Woodside Group's subsidiaries engage in the design, construction, and sale of single-family homes under the brand name of "Woodside Homes." Woodside Homes is one of America's top 30 homebuilders having built more than 40,000 homes across the United States, with current operations in Arizona, California, Nevada, Utah, and Idaho.

Development Plan. Woodside is developing 199 single-family detached homes in the District in two neighborhoods being marketed as "Ridge View at the Fairways" (126 units) and "Big Canyon at the Fairways" (73 units). As of November 1, 2023, Woodside had completed and conveyed 159 of the 199 planned homes within its two projects in the District.

As of November 1, 2023, within Ridge View, 89 homes had been completed and conveyed to individual homeowners, and Woodside owned the remaining 37 lots consisting of four completed model homes, six

completed production homes, 14 homes under construction, and 13 finished lots without any home construction thereon. As of November 1, 2023, within Big Canyon, 70 homes had been completed and conveyed to individual homeowners, and Woodside owned the remaining three lots consisting of two completed models and one completed production home. As of November 1, 2023, 18 of the remaining 37 homes within Ridge View and the remaining three homes within Big Canyon were in escrow, however, homes under contract may not result in closed escrows as sales contracts are subject to cancellation. Woodside expects to complete and convey all remaining homes within its projects in the District to individual homeowners by August 2024.

All approvals and permits required for development of property within Woodside's projects within the District have been secured for residential construction, including building permits for all of Woodside's remaining planned homes. As of November 1, 2023, in-tract improvements remaining to be completed within Woodside's development consisted primarily of final finishing of streets, curbs, gutters, and landscaping. Woodside expects to complete construction of the remaining in-tract improvements associated with the lots that it owns within the District as home construction on such lots is completed.

The tables below summarize, as of November 1, 2023, the product mix and development status of Woodside's Ridge View and Big Canyon projects within the District:

COMMUNITY FACILITIES DISTRICT NO. 2021-1 (FAIRWAY CANYON)
WOODSIDE
RIDGE VIEW AT THE FAIRWAYS
(As of November 1, 2023)

<i>Plan</i>	<i>Total Units Planned</i>	<i>Estimated Home Square Footage</i>	<i>Closings as of November 1, 2023</i>	<i><u>Owned by Woodside</u></i>		
				<i>Completed Homes/Homes Under Construction⁽¹⁾</i>	<i>Finished Lots⁽²⁾</i>	<i>Base Home Prices⁽³⁾</i>
1	19	1,432	18	1	0	\$445,000
2	36	2,024	25	7	4	504,000
3	37	2,227	25	7	5	525,000
4	<u>34</u>	2,362	<u>21</u>	<u>9</u>	<u>4</u>	529,000
Total	126		89	24	13	

⁽¹⁾ Includes four completed model homes, six completed production homes and 14 homes under construction.

⁽²⁾ Represents finished lots without any home construction thereon, all with building permits issued.

⁽³⁾ Base home prices shown exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Source: Woodside.

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**COMMUNITY FACILITIES DISTRICT NO. 2021-1 (FAIRWAY CANYON)
WOODSIDE
BIG CANYON AT THE FAIRWAYS
(As of November 1, 2023)**

<u><i>Owned by Woodside</i></u>						
<i>Plan</i>	<i>Total Units Planned</i>	<i>Estimated Home Square Footage</i>	<i>Closings as of November 1, 2023</i>	<i>Completed Homes/Homes Under Construction⁽¹⁾</i>	<i>Finished Lots</i>	<i>Base Home Prices⁽²⁾</i>
1	27	2,023	26	1	0	\$510,990
2	23	2,720	22	1	0	\$565,900
3	<u>23</u>	3,090	<u>22</u>	<u>1</u>	<u>0</u>	\$598,990
Total	73		70	3	0	

(1) Includes two completed model homes and one completed production home.

(2) Base home prices shown exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Source: Woodside.

No assurance can be given that Woodside's home construction and sales will be carried out on the schedule and according to the plans outlined herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation. In changing market conditions, builders will often revise the product lines and prices and the rate of sales can fluctuate. Woodside continuously evaluates its product lines and prices in light of the then current market conditions. See "SPECIAL RISK FACTORS" herein for a discussion of risk factors.

Financing Plan. Through November 1, 2023, Woodside had spent approximately \$39,600,000 in site acquisition and development costs, permits and impact fees, home construction costs, and other development, marketing and sales costs (exclusive of internal financing repayment, corporate overhead and other carry costs) related to its Ridge View development within the District. Woodside expects to spend approximately \$10,800,000 in additional site development costs, permit and impact fees, home construction costs, and other development, marketing and sales costs (exclusive of corporate overhead and other carry costs) between November 1, 2023 and full build-out of the Ridge View homes proposed to be constructed in the District. Through November 1, 2023, Woodside had spent approximately \$30,200,000 in site acquisition and development costs, permits and impact fees, home construction costs, and other development, marketing and sales costs (exclusive of internal financing repayment, corporate overhead and other carry costs) related to its Big Canyon development within the District. Woodside expects to spend approximately \$400,000 in additional site development costs, permit and impact fees, home construction costs, and other development, marketing and sales costs (exclusive of corporate overhead and other carry costs) between November 1, 2023 and full build-out of the Big Canyon homes proposed to be constructed in the District.

To date, Woodside has financed its land acquisition, site development and home construction costs related to its property within the District through internal sources, including cash generated from its homebuilding operations and advances from affiliates of its parent, Woodside Homes Company. Woodside Homes Company has a \$330 million unsecured term loan. Woodside Homes Company also has an unsecured revolving credit facility with borrowing capacity as of October 1, 2023 of \$250 million, which is not subject to a borrowing base.

Woodside expects to use internal sources, including cash generated from its homebuilding operations and advances from affiliates of its parent, Woodside Homes Company, to complete its development activities within the District. However, home sales revenues from Woodside's activities in the District are not segregated

and set aside for completing the homes in the District. Notwithstanding the foregoing, Woodside believes that it will have sufficient funds to complete its construction and sale of homes in the District.

Notwithstanding the current belief of Woodside that it will have sufficient funds to complete its planned development in the District, no assurance can be given that sources of financing available to Woodside will be sufficient to complete the property development and home construction as currently anticipated. While Woodside has made such internal financing available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither Woodside nor any of its related entities are under any legal obligation of any kind to expend funds for the development and construction of homes on its property in the District, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by Woodside to fund the costs of such development are entirely voluntary.

If and to the extent that internal funding, including but not limited to home sales revenues are inadequate to pay the costs to complete the planned development by Woodside within the District and other financing by Woodside is not put into place, there could be a shortfall in the funds required to complete the planned development by Woodside or to pay ad valorem property taxes or Special Taxes related to Woodside's property in the District, and the remaining portions of Woodside's projects in the District may not be completed. Many factors beyond Woodside's control, or a decision by Woodside to alter its current plans, may cause the actual sources and uses to differ from the projections. See "SPECIAL RISK FACTORS" herein for a discussion of risk factors.

Richmond American Development and Financing Plan

General. Richmond American Homes of Maryland, Inc., a Maryland corporation (previously defined as "Richmond American") is a wholly-owned subsidiary of M.D.C. Holdings, Inc., a Delaware corporation ("MDC"). MDC is a publicly traded company whose common stock is listed on the New York Stock Exchange under the symbol "MDC." Richmond American and its predecessor entity have been building homes in California since 1986. Richmond American's Southern California division based in Irvine, California, is responsible for the development of Richmond American's project in the District. On January 18, 2024, MDC and Sekisui House, Ltd. issued a joint press release announcing that the parties have entered into the Merger Agreement. A copy of the press release is attached to MDC's Current Report on Form 8-K filed with the SEC on January 18, 2024.

MDC has two primary operations – homebuilding and financial services. MDC's homebuilding operations consist of wholly-owned subsidiary companies that build and sell homes under the name "Richmond American Homes." MDC's financial services operations include subsidiary companies that provide mortgage financing, place title insurance and homeowner insurance for Richmond American's homebuyers, and provide general liability insurance for MDC subsidiaries and most of Richmond American's subcontractors.

MDC is subject to the informational reporting requirements of the Exchange Act, and in accordance therewith is obligated to file reports, proxy statements, and other information, including financial statements, with the SEC. Such filings, including particularly MDC's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, as filed with the SEC on January 31, 2023, and Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, as filed with the SEC on October 26, 2023, set forth certain data relative to such consolidated results of operations and financial position of MDC and its subsidiaries as of such dates. The SEC maintains an internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including MDC. The address of such internet web site is www.sec.gov. All documents subsequently filed by MDC pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes. Copies of MDC's Annual Report and related financial statements, prepared in accordance with generally accepted accounting standards, are also available from MDC on MDC's website at www.mdcholdings.com.

The foregoing Internet addresses and references to filings with the SEC are included for reference only, and the information on these Internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on these Internet sites. Neither Richmond American nor MDC is obligated to advance funds to pay for development or construction costs or to pay ad valorem property taxes or the Special Taxes, and investors should not rely on the information and financial statements contained on such internet sites in evaluating whether to buy, hold or sell the Bonds.

Development Plan. Richmond American’s project in the District consists of 62 single-family detached homes in a neighborhood being marketed as “Seasons at the Fairways.” As of November 1, 2023, Richmond American had completed and conveyed 15 homes in the District to individual homeowners. As of such date Richmond American owned 47 lots in the District consisting of two completed model homes, four completed production homes, 19 homes under construction and 22 finished lots. As of November 1, 2023, Richmond American had nine homes in escrow, however, homes under contract may not result in closed escrows as sales contracts are subject to cancellation. Richmond American expects to complete and convey all remaining homes within its project in the District to individual homeowners by February, 2025.

All approvals and permits required for development of property within Richmond American’s project within the District have been secured for residential construction, with the exception of building permits for nine of Richmond American’s remaining planned homes. As of November 1, 2023, in-tract improvements remaining to be completed within Richmond American’s development consisted primarily of final finishing of streets, curbs, gutters, and landscaping. Richmond American expects to complete construction of the remaining in-tract improvements associated with the lots that it owns within the District as home construction on such lots is completed.

The table below summarizes, as of November 1, 2023, the product mix and development status of Richmond American’s project within the District.

COMMUNITY FACILITIES DISTRICT NO. 2021-1 (FAIRWAY CANYON)
RICHMOND AMERICAN
SEASONS AT THE FAIRWAYS
(As of November 1, 2023)

<u>Owned by Richmond American</u>						
<i>Plan</i>	<i>Total Units Planned</i>	<i>Estimated Home Square Footage</i>	<i>Closings as of November 1, 2023</i>	<i>Completed Homes/Homes Under Construction⁽¹⁾</i>	<i>Finished Lots</i>	<i>Base Home Prices⁽²⁾</i>
1	20	2,375	5	7	8	\$516,990
2	21	2,681	5	8	8	\$549,990
3	<u>21</u>	3,046	<u>5</u>	<u>10</u>	<u>6</u>	\$579,990
Total	62		15	25	22	

⁽¹⁾ Includes two completed model homes, 4 completed production homes and 19 homes under construction.

⁽²⁾ Base home prices shown exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Source: Richmond American.

No assurance can be given that Richmond American’s home construction and sales will be carried out on the schedule and according to the plans outlined herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation. In changing market conditions, builders will often revise the product lines and prices and the rate of sales can fluctuate. Richmond American continuously evaluates its product lines and prices in light of the then current market conditions. See “SPECIAL RISK FACTORS” herein for a discussion of risk factors.

Financing Plan. Through November 1, 2023, Richmond American had spent approximately \$25 million in site acquisition and development costs, permits and impact fees, home construction costs, and other development, marketing and sales costs (exclusive of internal financing repayment, corporate overhead and other carry costs) related to its development within the District. Richmond American expects to spend approximately \$10.5 million in additional site development costs, permit and impact fees, home construction costs, and other development, marketing and sales costs (exclusive of corporate overhead and other carry costs) between November 1, 2023 and full build-out of the homes proposed to be constructed in the District.

To date, Richmond American has financed its land acquisition, site development and home construction costs related to its property within the District through internally generated funds, including funding from its parent company, MDC. Richmond American expects to use internal funding (which may include home sales revenues from its project within the District) to complete its development activities within the District. However, home sales revenues from Richmond American's activities in the District are not segregated and set aside for completing the homes in the District. Notwithstanding the foregoing, Richmond American believes that it will have sufficient funds to complete its construction and sale of homes in the District.

Notwithstanding the current belief of Richmond American that it will have sufficient funds to complete its planned development in the District, no assurance can be given that sources of financing available to Richmond American will be sufficient to complete the property development and home construction as currently anticipated. While Richmond American has made such internal funding available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither Richmond American nor any of its related entities are under any legal obligation of any kind to expend funds for the development and construction of homes on its property in the District, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by Richmond American to fund the costs of such development are entirely voluntary.

If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by Richmond American within the District and other financing by Richmond American is not put into place, there could be a shortfall in the funds required to complete the planned development by Richmond American or to pay ad valorem property taxes or Special Taxes related to Richmond American's property in the District, and the remaining portions of Richmond American's project in the District may not be completed. Many factors beyond Richmond American's control, or a decision by Richmond American to alter its current plans, may cause the actual sources and uses to differ from the projections. See "SPECIAL RISK FACTORS" herein for a discussion of risk factors.

SPECIAL RISK FACTORS

The purchase of the Bonds involves significant risks and is not an appropriate investment for all investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. The Bonds have not been rated by a rating agency. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District. See "—Property Values" and "—Limited Secondary Market."

Concentration of Ownership

Based on ownership status and development status as of November 1, 2023, and assuming no additional transfers of property and issuance of building permits, approximately 80.6% of the Special Taxes projected to be levied in Fiscal Year 2024-25 will be payable by individual homeowners and the balance by the merchant builders as set forth in Table 2 above. Debt service for the Bond Year ending September 1, 2024 has been sized

assuming that the Special Taxes are levied only on the 520 parcels with building permits issued as of November 1, 2023. Annual Debt Service for the Bonds in each Fiscal Year thereafter has been structured so that Assigned Special Taxes levied on all taxable parcels of Developed Property at buildout (529 parcels), assuming no delinquencies, will generate in each Fiscal Year not less than 110% of debt service payable with respect to the Bonds in the calendar year that begins in that Fiscal Year, plus the Administrative Expenses Cap, assuming that Special Taxes are levied and collected on such Developed Property in the District pursuant to the Rate and Method at the Assigned Special Tax rates.

Failure of individual homeowners, the merchant builders described herein, entities affiliated with the merchant builders or any successor(s), to pay the annual Special Taxes when due could result in a draw on the 2024 Bonds Reserve Subaccount, and ultimately a default in payments of the principal of, and interest on, the Bonds, when due. No assurance can be given that the merchant builders or any successors, will complete the remaining intended construction and development in the District.

Risks of Real Estate Secured Investments Generally

The Bond Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation: (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; (iii) natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses; (iv) adverse changes in local market conditions; and (v) increased delinquencies due to rising mortgage costs and other factors.

No assurance can be given that the property owners within the District will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See the caption “— Enforcement Delays — Bankruptcy” for a discussion of certain limitations on the District’s ability to pursue judicial proceedings with respect to delinquent parcels.

Limited Obligations

The Bonds and interest thereon are not payable from the general funds of the City. Except with respect to the Net Taxes, neither the credit nor the taxing power of the District or the City is pledged for the payment of the Bonds or the interest thereon, and, except as provided in the Indenture, no Owner of the Bonds may compel the exercise of any taxing power by the District or the City or force the forfeiture of any City or District property. The principal of, premium, if any, and interest on the Bonds are not a debt of the City or a legal or equitable pledge, charge, lien or encumbrance upon any of the City’s or the District’s property or upon any of the City’s or the District’s income, receipts or revenues, except the Net Taxes and other amounts pledged under the Indenture.

The District’s legal obligations with respect to any delinquent Special Taxes are limited to: (i) payments from the Subaccounts of the Reserve Account to the extent of funds on deposit therein; and (ii) the institution of judicial foreclosure proceedings under certain circumstances with respect to any parcels for which Special Taxes are delinquent. See the caption “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*.” The Bonds cannot be accelerated in the event of any default.

The obligation to pay Special Taxes does not constitute a personal obligation of the current or subsequent owners of the respective parcels which are subject to such liens. See the caption “— Payment of the Special Tax is Not a Personal Obligation of the Property Owners.” Enforcement of Special Tax payment obligations by the District is limited to judicial foreclosure in the Superior Court of California, County of Riverside. There is no assurance that any current or subsequent owner of a parcel subject to a Special Tax lien

will be able to pay the amounts due or that such owner will choose to pay such amounts even though financially able to do so.

Failure by owners of the parcels to pay Special Tax installments when due, delay in foreclosure proceedings, or the inability of the District to sell parcels that have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Special Taxes levied against such parcels may result in the inability of the District to make full or timely payments of debt service on the Bonds, which may in turn result in the depletion of the 2024 Bonds Reserve Subaccount. See the caption “— Enforcement Delays — Bankruptcy.

Insufficiency of Special Taxes

As discussed below, the Special Taxes may not produce revenues sufficient to pay the debt service on the Bonds due to nonpayment of the amounts levied.

In order to pay debt service on the Bonds, it is generally necessary that the Special Taxes be paid in a timely manner. Should the Special Taxes not be paid on time, the District has established 2024 Bonds Reserve Subaccount under the Indenture to be maintained in an amount equal to the 2024 Bonds Reserve Requirement to pay debt service on the Bonds to the extent other funds are not available. See “SOURCES OF PAYMENT FOR THE BONDS — 2024 Bonds Reserve Subaccount of the Reserve Account of the Special Tax Fund.” The District will covenant in the Indenture to maintain in the 2024 Bonds Reserve Subaccount an amount equal to the 2024 Bonds Reserve Requirement, subject, however, to the availability of Net Taxes in amounts sufficient to do so and to the limitation that the District may not levy the Special Tax in any Fiscal Year at a rate in excess of the maximum amounts permitted under the Rate and Method. See Appendix A and Appendix D hereto. As a result, if a significant number of Special Tax delinquencies occurs within the District, the District could be unable to replenish the 2024 Bonds Reserve Subaccount to the 2024 Bonds Reserve Requirement due to the limitations on the amount of the Special Tax that may be levied. If such defaults were to continue in successive years, the 2024 Bonds Reserve Subaccount could be depleted and a default on the Bonds could occur.

The 2024 Bonds Reserve Subaccount only secures the amounts therein are only available to pay the principal of, redemption premium, if any, and interest on the Bonds. In connection with the issuance of a series of Parity Bonds, if any, the District may establish additional Subaccounts within the Reserve Account which secures such series of Parity Bonds. Such additional Subaccounts within the Reserve Account established for Parity Bonds will not secure the Bonds.

The Act provides that, if any property within the District not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts, but it is doubtful that they would be upheld as to, for example, property owned by the federal government. If for any reason property within the District becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government or another public agency, subject to the limitation of the Maximum Special Tax, the Special Tax will be reallocated to the remaining taxable parcels within the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon their willingness and/or ability to pay the Special Tax. Moreover, if a substantial portion of additional land within the District became exempt from the Special Tax because of public ownership, or otherwise, the Maximum Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the Bonds when due and a default will occur with respect to the payment of such principal and interest.

The District will covenant in the Indenture that, under certain circumstances, it will institute foreclosure proceedings to sell any property with delinquent Special Taxes in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*” for provisions which apply in the event of such foreclosure and which the District is required to follow in the event of delinquencies in the payment of the Special Tax.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Owners of the Bonds (if the 2024 Bonds Reserve Subaccount has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the City on behalf of the District of the proceeds of sale. The District may adjust the future Special Tax levied on taxable parcels in the District, subject to limitations described above under the caption “THE DISTRICT — Rate and Method of Apportionment,” to provide an amount required to pay interest on and principal of the Bonds, and the amount, if any, necessary to replenish the 2024 Bonds Reserve Subaccount to an amount equal to the 2024 Bonds Reserve Requirement, and to pay all current expenses. There is, however, no assurance that the total amount of the Special Tax that could be levied and collected against taxable parcels in the District will be at all times sufficient to pay the amounts required to be paid by the Indenture, even if the Special Tax is levied at the Maximum Special Tax rates. See “— Enforcement Delays — Bankruptcy.”

No assurance can be given that the real property subject to sale or foreclosure will be sold, or if sold, that the proceeds of sale will be sufficient to pay any delinquent installments of the Special Tax. The Act does not require the City to purchase or otherwise acquire any lot or parcel of property to be sold at foreclosure if there is no other purchaser at such sale. The Act and the Indenture do specify that the Special Tax will have the same lien priority as for ad valorem property taxes in the case of delinquency. Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post judgment interest and authorized costs, unless the consent of the owners of 75% of the Outstanding Bonds and any Parity Bonds is obtained.

Prior to July 1, 1983, the right of redemption from foreclosure sales was limited to a period of one year from the date of sale. Under legislation effective July 1, 1983, the statutory right of redemption from such foreclosure sales has been repealed. However, a period of 20 days must elapse after the date on which the notice of levy of the interest in real property was served on the judgment debtor before the sale of such lot or parcel can be made. Furthermore, if the purchaser at the sale is the judgment creditor (e.g., the District), an action may be commenced by the delinquent property owner within 90 days after the date of sale to set aside such sale. The constitutionality of the aforementioned legislation, which repeals the one-year redemption period, has not been tested and there can be no assurance that, if tested, such legislation will be upheld. (Section 701.680 of the Code of Civil Procedure of the State).

Increasing Mortgage Interest Rates

30-year fixed mortgage interest rates have increased substantially over the past year. Increases in mortgage interest rates could have a negative impact on the estimated absorption rates of the planned for-sale residential units in the District described herein. With respect to entry-level households, increased mortgage interest rates may adversely impact the affordability of homes and may increase mortgage payment levels for owning a lower-priced home relative to renting a residence, thereby making purchasing less attractive. With respect to move-up households, higher mortgage interest rates may impact the desire of current homeowners to move from their present home due to the fact that their present home likely has a relatively low mortgage interest rate. In addition, the new home would likely have a higher interest rate on a new mortgage loan as well as higher purchase price and property taxes. Such considerations may decrease the desire for move-up households to purchase a new home.

Impact of Economic Conditions on the Development in the District

Certain events and factors which negatively affect the regional, State and national economies could have an adverse effect on the pace at which the current or any future developers in the District can complete the remaining infrastructure and future homes, and demand by, and the ability of individuals to purchase homes within the District. Such events and factors could include rising inflation and interest rates, persistent supply chain issues and global market instability caused by geopolitical events. Any adverse impact of the foregoing and other economic factors on the project in the District and the real estate market in general cannot be predicted.

Natural Disasters

The District, like all California communities, may be subject to unpredictable seismic activity, fires, floods, or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads, and property within the District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. The property within the District is located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology. The District is located approximately 1.3 miles southwest of the Banning Fault and 3.1 miles northwest of the San Geronio Pass Fault. The District is not located in a flood plain area.

In recent years, wildfires have caused extensive damage throughout the State. In some instances, entire neighborhoods have been destroyed. Several of the fires that occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. Some commentators believe that climate change will lead to even more frequent and more damaging wildfires in the future. Additionally, wildfires increase the risk of mudslides in areas like the District that are surrounded by hillsides. In general, property damage due to wildfire or mudslides could result in a significant decrease in the market value of property in the District and in the ability or willingness of property owners to pay Special Taxes.

Western Riverside County, in which the District is located, has previously experienced large-scale wildfires that resulted in the destruction of homes and businesses. According to the City's Municipal Code, which incorporates portions of the County's Ordinance 787 and the California Fire Code by reference, the District is not located in a Very High Fire Hazard Severity Zone. More information regarding Fire Hazard Severity Zones, including the most recent Fire Hazard Severity Zone Maps, can be found at the California Department of Forestry and Fire Protection website at <http://frap.fire.ca.gov/index>, though such website is not incorporated herein by reference. Homeowner's insurance is available to property owners within the District, and the coverage provided by such insurance typically insures against fire damage, although there is no assurance that homeowners within the District will purchase or maintain such insurance.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the District. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in the District could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

Hazardous Substances

While government taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may also be relevant. One of the most serious in terms of the potential reduction in the value of a parcel is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Super Fund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar in effect. Under

many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of a parcel whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels within the District be affected by a hazardous substance, is to reduce the marketability and value by the costs of remedying the condition.

The District is not aware of the presence of any federally or state classified hazardous substances in violation of any environmental laws, located on the property within the District. However, it is possible that such materials do currently exist and that the District is not aware of them.

It is possible that property in the District may be liable for hazardous substances in the future as a result of the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or the existence, currently, on the property of a substance not presently classified as hazardous but which may in the future be so classified. Additionally, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling such substance. All of these possibilities could have the effect of reducing the value of the applicable property.

Direct and Overlapping Indebtedness

The ability of an owner of property within the District to pay the applicable Special Taxes could be affected by the existence of other taxes and assessments imposed upon taxable parcels. See “THE COMMUNITY FACILITIES DISTRICT — Direct and Overlapping Debt” herein. The City and other public agencies whose boundaries overlap those of the District could impose additional taxes or assessment liens on the property within the District in order to finance public improvements or services to be located or provided inside of or outside of such area. The lien created on the property within the District through the levy of such additional taxes may be on a parity with the lien of the Special Taxes applicable to the property within the District.

The imposition of additional liens on a parity with the Special Taxes may reduce the ability or willingness of property owners to pay the Special Taxes and increase the possibility that foreclosure proceeds will not be adequate to pay delinquent Special Taxes.

Payment of the Special Tax is not a Personal Obligation of the Property Owners

An owner of a taxable parcel is not personally obligated to pay Special Taxes. Rather, Special Taxes are an obligation which is secured only by a lien against the taxable parcel. If the value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully Special Taxes, the District has no recourse against the property owner.

Property Values

The value of the property within the District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Special Taxes, the District’s only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes. See “THE COMMUNITY FACILITIES DISTRICT—Value-to-Lien Ratios.”

The Appraiser has estimated, on the basis of certain definitions, assumptions and limiting conditions contained in the Appraisal Report that as of November 1, 2023, the value of the Taxable Parcels within the District was \$240,762,396. The Appraisal Report is based on a number of assumptions and limiting conditions as stated in APPENDIX H—“APPRAISAL REPORT.” The Appraisal Report does not reflect any possible negative impact which could occur by reason of future slow or no growth voter initiatives, an economic

downturn, any potential limitations on development occurring due to time delays, an inability of any landowner to obtain any needed development approval or permit, the presence of hazardous substances or other adverse soil conditions within the District, the listing of endangered species or the determination that habitat for endangered or threatened species exists within the District, or other similar situations.

Prospective purchasers of the Bonds should not assume that the land and improvements within the District could be sold for the amount stated in the Appraisal Report at a foreclosure sale for delinquent Special Taxes. In arriving at the estimate of market value of the Appraised Property in the Appraisal Report, the Appraiser assumes that any sale will be sold in a competitive market after a reasonable exposure time, and assuming that neither the buyer or seller is under duress, which is not always present in a foreclosure sale. See APPENDIX H—"APPRAISAL REPORT" for a description of other assumptions made by the Appraiser and for the definitions and limiting conditions used by the Appraiser. Any event which causes one of the Appraiser's assumptions to be untrue could result in a reduction of the value of the land within the District from that estimated by the Appraiser.

The assessed values set forth in this Official Statement do not represent market values arrived at through an appraisal process and generally reflect only the sales price of a parcel when acquired by its current owner, adjusted annually by an amount determined by the County Assessor, generally not to exceed an increase of more than 2% per fiscal year. No assurance can be given that a parcel could actually be sold for its assessed value.

No assurance can be given that any bid will be received for a parcel with delinquent Special Taxes offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—COVENANTS AND WARRANTY—Covenants—Commence Foreclosure Proceedings."

Parity Taxes and Special Assessments

Property within the District is subject to taxes and assessments imposed by other public agencies also having jurisdiction over the land within the District. See "THE COMMUNITY FACILITIES DISTRICT—Direct and Overlapping Indebtedness."

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation. See "—Bankruptcy and Foreclosure."

Neither the District nor the City has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within the District. In addition, the landowners within the District may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by special taxes and *ad valorem* taxes or assessments. Any such special taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for the property within the District described herein. See "SOURCES OF PAYMENT FOR THE BONDS" and "THE COMMUNITY FACILITIES DISTRICT—Direct and Overlapping Indebtedness" and "THE COMMUNITY FACILITIES DISTRICT —Value-to-Lien Ratios."

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax even if the value is sufficient may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and the risk of such a levy and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The District has caused a notice of the Special Tax to be recorded in the Office of the Recorder for the County of Riverside against each parcel. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property within the District or lending of money thereon.

The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a special tax under the Act of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Enforcement Delays – Bankruptcy

In the event of a delinquency in the payment of the Special Taxes, the District is required to commence enforcement proceedings under the circumstances described under the caption “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales.*” However, prosecution of such proceedings could be delayed due to crowded local court calendars or by bankruptcy, insolvency and other laws generally affecting creditors’ rights (such as the Soldiers’ and Sailors’ Relief Act of 1940) and by the laws of the State relating to judicial and non-judicial foreclosure. Although bankruptcy proceedings would not cause the liens of the Special Taxes to become extinguished, bankruptcy of a person or entity with an interest in the applicable property could result in a delay in the enforcement proceedings because federal bankruptcy laws provide for an automatic stay of foreclosure and tax sale proceedings. Any such delay could increase the likelihood of delay or default in payment of the principal of and interest on the applicable Bonds. The various legal opinions to be delivered in connection with the issuance of the Bonds, including Bond Counsel’s approving legal opinion, are qualified as to the enforceability of the Bonds and the Indenture by reference to bankruptcy, reorganization, moratorium, insolvency and other laws affecting the rights of creditors generally or against public entities such as the District.

Special Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, will be billed to the properties within the District on the regular *ad valorem* property tax bills sent to owners of such properties by the County of Riverside Tax Collector. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

See APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—COVENANTS AND WARRANTY—Covenants—Commence Foreclosure Proceedings” for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Indenture, in the event of delinquencies in the payment of Special Taxes. See “—Bankruptcy and Foreclosure” for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and assessment and limitations on the District’s ability to foreclosure on the lien of the Special Taxes in certain circumstances.

The District does not participate in the County's Teeter Plan. Accordingly, the collection of Special Taxes is subject to delinquencies. See "THE COMMUNITY FACILITIES DISTRICT — Delinquency History for more information related to prior years Special Tax levies and delinquencies.

FDIC/Federal Government Interests in Properties

General. The ability of the District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC"), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

The supremacy clause of the United States Constitution reads as follows: "This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding."

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within the District but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("FNMA") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The District has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within the District, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit has issued a ruling on August 28, 2001 in which it determined that the FDIC, as a federal agency, is exempt from special taxes under the Act.

The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Account and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Bankruptcy and Foreclosure

Bankruptcy, insolvency and other laws generally affecting creditors' rights could adversely impact the interests of owners of the Bonds in at least two ways. First, the payment of property owners' taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Proceeds of Foreclosure Sales*." In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

Second, the Bankruptcy Code might prevent moneys on deposit in the Acquisition and Construction Fund from being applied to pay interest on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner or other party and if the court found that the landowner or other party had an interest in such moneys within the meaning of Section 541(a)(1) of the Bankruptcy Code.

Although a bankruptcy proceeding would not cause the Special Taxes to become extinguished, the amount of any Special Tax lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in prosecuting Superior Court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of delinquent Special Tax installments and the possibility of delinquent Special Tax installments not being paid in full.

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glasply Marine Industries*. In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property. Although the court upheld the priority of unpaid taxes imposed before the bankruptcy petition, unpaid taxes imposed after the filing of the bankruptcy petition were declared to be "administrative expenses" of the bankruptcy estate, payable after all secured creditors. As a result, the secured creditor was able to foreclose on the property and retain all the proceeds of the sale except the amount of the pre-petition taxes.

The Bankruptcy Reform Act of 1994 (the "Bankruptcy Reform Act") included a provision which excepts from the Bankruptcy Code's automatic stay provisions, "the creation of a statutory lien for an *ad valorem* property tax imposed by . . . a political subdivision of a state if such tax comes due after the filing of the petition [by a debtor in bankruptcy court]." This amendment effectively makes the *Glasply* holding inoperative as it relates to *ad valorem* real property taxes. However, it is possible that the original rationale of the *Glasply* ruling

could still result in the treatment of post-petition special taxes as “administrative expenses,” rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings.

According to the court’s ruling, as administrative expenses, post-petition taxes would be paid, assuming that the debtor had sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise), it would at that time become subject to current *ad valorem* taxes.

The Act provides that the Special Taxes are secured by a continuing lien which is subject to the same lien priority in the case of delinquency as *ad valorem* taxes. No case law exists with respect to how a bankruptcy court would treat the lien for Special Taxes levied after the filing of a petition in bankruptcy court. *Glaspy* is controlling precedent on bankruptcy courts in the State. If the *Glaspy* precedent was applied to the levy of the Special Taxes, the amount of Special Taxes received from parcels whose owners declare bankruptcy could be reduced.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture or in the event interest on the Bonds becomes included in gross income for federal income tax purposes. Pursuant to the Indenture, an owner is given the right for the equal benefit and protection of all owners of the Bonds similarly situated to pursue certain remedies described in APPENDIX D—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—EVENTS OF DEFAULT; REMEDIES” and “—Limitations on Remedies.”

Loss of Tax Exemption

As discussed under the caption “TAX MATTERS” herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the District in violation of its covenants in the Indenture with respect to compliance with certain provisions of the Internal Revenue Code of 1986. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed under the redemption provisions contained in the Indenture.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the District has committed to provide certain statutorily required financial and operating information, there can be no assurance that such information will be available to Bondowners on a timely basis. See “CONTINUING DISCLOSURE.” Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Proposition 218

An initiative measure commonly referred to as the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” The provisions of the Initiative as they may relate to community facilities district are subject to interpretation by the courts. The Initiative could potentially impact the Special Taxes available to the District to pay the principal of and interest on the Bonds as described below.

Among other things, Section 3 of Article XIII C states that “. . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” The Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

“Section 3 of Article XIII C of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution.”

Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the Bonds.

It may be possible, however, for voters or the City Council, acting as the legislative body of the District, to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Nevertheless, to the maximum extent that the law permits it to do so, the District will covenant that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates on parcels within the District. In connection with the foregoing covenant, the City Council has made a legislative finding and determination that any elimination or reduction of Special Taxes below the foregoing level would interfere with the timely retirement of the Bonds. The District will also covenant that, in the event an initiative is adopted which purports to alter the Rate and Method, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants.

The interpretation and application of Article XIII C and Article XIII D will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See “—Limitations on Remedies.”

Ballot Initiatives

Articles XIII A, XIII B, XIII C and XIII D were adopted pursuant to measures qualified for the ballot pursuant to California’s constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular

activities. On March 6, 1995, in the case of *Rossi v. Brown*, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the City, or local districts to increase revenues or to increase appropriations within the District.

Litigation with Respect to Community Facilities Districts

Shapiro. The California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *City of San Diego v. Melvin Shapiro* (2014) 228 Cal.App.4th 756 (the “San Diego Decision”). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego (“San Diego”). The CCFD is a financing district much like a community facilities district established under the provisions of the Act. The CCFD is comprised of all of the real property in San Diego. However, the special tax to be levied within the CCFD was to be levied only on hotel properties located within the CCFD.

The election authorizing the special tax was limited to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel is located. Thus, the election was not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was modeled after Section 53326(c) of the Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the special tax. The Court held that the CCFD special tax election was invalid under the California Constitution because Article XIII A, Section 4 thereof and Article XIII C, Section 2 thereof require that the electors in such an election be the registered voters within the district.

Horizon. The Sacramento County Superior Court issued a ruling in *Horizon Capital Investments, LLC v. City of Sacramento et al.* (Case No. 34-2017-80002661), which was a case involving an election to approve the levy of a special tax within a community facilities district (“CFD”) formed under the Act.

In 2017, the City of Sacramento initiated proceedings to form a CFD to finance certain costs to operate and maintain a streetcar line. As permitted by the Act, the proposed district included non-contiguous parcels of non-residential property. Because there were fewer than 12 registered voters residing within the territory of the proposed CFD, the City Council submitted the special tax proposed to be levied within the proposed CFD to the owners of land within the proposed CFD, as required by the Act. The proposed special tax received the requisite two-thirds vote in the landowner election.

Petitioners Horizon Capital Investments, LLC et al. filed a writ of mandate and complaint for reverse validation and declaratory relief. Petitioners argued, and the superior court agreed in its final ruling, that under section 4(a) of article XIII A of the California Constitution (which provides that “Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district [sic], may impose special taxes on such district...”) the phrase “qualified electors” means the registered voters of the entire City of Sacramento and not just the owners of the property within the boundaries of the proposed CFD. Citing the San Diego Decision, the tentative ruling states that the phrase “qualified electors of the district” refers to the registered voters of the entity imposing the special tax, which in this case was the City of Sacramento. Because the vote within the proposed CFD was by landowners only and not by all registered voters in the City of Sacramento, the final ruling states that the special tax is invalid.

The superior court's final ruling is not binding upon other courts within the State and does not directly apply to the District, the Special Taxes, or the Bonds. The City of Sacramento did not appeal the superior court's ruling.

The Special Tax Election in the District. With respect to the San Diego Decision, the facts of such case show that there were thousands of registered voters within the CCFD (*viz.*, all of the registered voters in San Diego). The elections held in the District had less than 12 registered voters at the time of the election to authorize the Special Taxes. In the San Diego Decision, the court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the court's holding in the San Diego Decision does not apply to the Special Tax election in the District. Moreover, Section 53341 of the Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters." Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. The petitioners in *Horizon* filed the writ of mandate within 30 days of the landowner election. Voters in the District approved the Special Tax to be levied in accordance with the Rate and Method on June 1, 2021. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, the District believes that no successful challenge to the Special Tax being levied in accordance with the Rate and Method may now be brought. In connection with the issuance of the Bonds, Bond Counsel expects to deliver its opinion in the proposed form attached hereto as Appendix B.

No Ratings – Limited Secondary Market

The District has not applied to have the Bonds rated by any nationally recognized bond rating company, and it does not expect to do so in the future. See "—Limited Secondary Market."

Potential Early Redemption of Bonds from Prepayments or Community Facilities District Bond Proceeds

Property owners within the District are permitted to prepay their Special Taxes at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping community facilities district. Such prepayments will result in a redemption of the Bonds on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of the prepayment. The resulting redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See the caption "THE BONDS — Redemption — *Special Mandatory Redemption from Special Tax Prepayments.*"

Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the City's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To date, the City has not experienced an attack on its computer operating systems which resulted in a breach of its cybersecurity systems that are in place. However, no assurances can be given that the City's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the City.

Limitations on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of interest on the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion and by limitations on remedies against public agencies in the State of California. The Bonds are not subject to acceleration. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), the District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) website, or other repository authorized under Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the "Rule"), certain annual financial information and operating data concerning the District. The District Reports are to be filed not later than February 10 of each year, beginning February 10, 2024. The first District Report due on February 10, 2024 shall consist of this Official Statement and the audited financial statements of the City for the prior fiscal year. The full text of the Continuing Disclosure Certificate is set forth in APPENDIX E—"FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE."

Notwithstanding any provision of the Indenture, failure of the District to comply with the Continuing Disclosure Certificate shall not be an event of default under the Indenture. However, any Owner or Beneficial Owner of the Bonds may take such action as is necessary and appropriate, including seeking mandate or a judgment for specific performance, to cause the District to comply with its obligations with respect to the Continuing Disclosure Certificate.

In connection with the SEC Order, the BFA conducted a review of noncompliance with all existing continuing disclosure undertakings of the City of Beaumont Community Facilities District No. 93-1 ("CFD 93-1") with respect to bonds issued by the BFA. See the caption "INTRODUCTION—SEC Order." The BFA identified omissions and deficiencies in prior continuing disclosure filings for Fiscal Years 2003 through 2017. Such omissions and deficiencies included the late filing of annual reports, the late filing of or failure to file the City's audited and/or unaudited financial statements, the failure to file completed information on the status of facilities being constructed with bond proceeds, the failure to file one or more rating change notices and information concerning the certificates of occupancy and certificates of final inspection. Such omissions and deficiencies also included the failure to report certain information concerning the assessed valuation date, special tax delinquency data and reserve fund balances, cash flow management fund balances, rate stabilization fund balances, improvement fund balances, residual fund balances, special escrow fund balances, the aggregate number of building permits issued, statements of the reserve requirement, cash flow management fund requirement and rate stabilization fund requirement, and to link certain annual reports to all relevant CUSIPs. See Appendix G — "SECURITIES AND EXCHANGE COMMISSION ORDER."

The BFA has caused CFD 93-1 to make corrective filings for Fiscal Years 2013-14 through 2017-18 with EMMA, including the filing of audited and unaudited financial statements for Fiscal Years 2013-14 through 2017-18, supplements to certain prior continuing disclosure annual reports and notices of the failure to file certain continuing disclosure annual reports and audited financial statements.

The City will assist the District in preparing the District Reports. In order to ensure ongoing compliance by the District with its continuing disclosure undertaking, (i) City staff will take steps to ensure that the filing

due date is correctly documented in policies and procedures and a single City staff member has been assigned primary responsibility to monitor compliance; and (ii) the City has contracted with a consultant to assist in filing accurate, complete and timely disclosure reports on behalf of the District.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) 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. However, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner’s basis in the applicable Bond.

Bond Counsel’s opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District, the City and others and is subject to the condition that the District and the City comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District and the City will covenant to comply with all such requirements.

The amount by which a Bond Owner’s original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner’s basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar Bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District and the City continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix B.

LEGAL MATTERS

The legal opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, approving the validity of the Bonds in substantially the form set forth as Appendix B hereto, will be made available to purchasers at the time of original delivery. Certain legal matters will be passed upon for the District and the City by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Disclosure Counsel and for the Underwriter by Kutak Rock LLP, Irvine, California, as counsel to the Underwriter. Bond Counsel expresses no opinion to the Owners of the Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to do so.

ABSENCE OF LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds and a certificate of the District to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds. Neither the City nor the District is aware of any litigation pending or threatened which questions the existence of the District or the City or contests the authority of the District to levy and collect the Special Taxes or to issue and retire the Bonds.

NO RATING

The District has not made and does not contemplate making application to any rating agency for the assignment of a rating to the Bonds.

UNDERWRITING

The Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the Bonds at a price of \$15,071,193.05 (being the \$14,550,000.00 aggregate principal amount thereof, plus original issue premium of \$695,793.05 and less an Underwriter's discount of \$174,600.00). The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the purchase contract, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page thereof. The offering prices may be changed from time to time by the Underwriter.

FINANCIAL INTERESTS

The fees being paid to the Underwriter, Bond Counsel, Disclosure Counsel, Municipal Advisor to the City, the Special Tax Consultant, the Trustee and Underwriter's Counsel are contingent upon the issuance and delivery of the Bonds. The fees being paid to the Appraiser are not contingent upon the issuance and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds.

PENDING LEGISLATION

The District is not aware of any significant pending legislation which would have material adverse consequences on the Bonds or the ability of the District to pay the principal of and interest on the Bonds when due.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations and summaries and explanations of the Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The execution and delivery of this Official Statement by the City Manager of the City has been duly authorized by the City Council acting in its capacity as the legislative body of the District.

CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 2021-1 (FAIRWAY CANYON)

By: _____/s/ Elizabeth Gibbs
City Manager

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX COMMUNITY FACILITIES DISTRICT NO. 2021-1 (FAIRWAY CANYON) OF THE CITY OF BEAUMONT

The following sets forth the Rate and Method of Apportionment for the levy and collection of the Special Tax for Maintenance Services, Special Tax for Public Services and the Special Tax for Facilities in Community Facilities District No. 2021-1 (Fairway Canyon) ("CFD No. 2021-1") each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2021-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map or instrument. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2021-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City, designee thereof, or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2021-1, or any designee thereof complying with arbitrage rebate requirements; the costs to the City, CFD No. 2021-1, or any designee thereof complying with City or major property owner disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with the release of funds from an escrow account; and the costs associated with the issuance of Bonds, the City's annual administration fees, and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2021-1 for any other administrative purposes, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2021-1.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assigned Special Tax" means the Special Tax of that name described in Section E below.

"Backup Special Tax for Facilities" means the Special Tax of that name described in Section F below.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other

financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes for Facilities have been pledged.

"Boundary Map" means a recorded map of CFD No. 2021-1 which indicates the boundaries of CFD No. 2021-1.

"Building Permit" means a permit for new construction for a residential dwelling or non-residential structure. For purpose of this definition, "Building Permit" shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

"Building Square Footage" or "BSF" means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor's Parcel, as determined by the CFD Administrator.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities, the Special Tax Requirement for Maintenance Services, the Special Tax Requirement for Public Services, and providing for the levy and collection of the Special Taxes.

"CFD No. 2021-1" or "CFD" means City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon) established by the City under the Act.

"City" means the City of Beaumont.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 2021-1, or its designee.

"Consumer Price Index" or "CPI" means the Consumer Price Index published by the U.S. Bureau of Labor Statistics for "All Items for All Urban Consumers: in the Riverside-San Bernardino-Ontario area." In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the Riverside-San Bernardino-Ontario area.

"County" means the County of Riverside.

"Developed Property" means all Parcels of Taxable Property that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Tax is being levied and for which a Building Permit for new construction has been issued on or prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

"Dwelling Unit" means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

"Exempt Property" means all Assessor's Parcels designated as being exempt from Special Taxes as provided for in Section K, as determined by the CFD Administrator.

"Final Map" means a subdivision of property evidenced by the recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or the recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots for which building permits may be issued without further subdivision.

"Final Map Property" means Assessor's Parcels: (i) that are included in a Final Map that was recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building

Permit was not issued prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

"Fiscal Year" means the period commencing on July 1 of any year and ending the following June 30.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

"Land Use Category" means any of the categories listed in the tables included in Section E.

"Lot" means an individual legal lot created by a Final Map for which a Building Permit could be issued.

"Maintenance Services" means the services permitted under the Act including, without limitation, street sweeping, traffic signal maintenance, the maintenance of landscaping and lighting of publicly owned parks, parkways, streets, roads and open spaces, flood and storm protection services, and the operation of storm drainage systems contained within the boundaries of CFD No. 2021-1 and the City.

"Maintenance Services (Contingent)" means the Maintenance Services described above and permitted under the Act, contained within CFD No. 2021-1 and the City, which are proposed to be maintained and paid for through the Property Owner Association, and all to which the City has been granted an easement allowing such maintenance in any Fiscal Year following a Failure to Perform as defined in Section D hereof.

"Maximum Special Tax" means the Maximum Special Tax for Facilities, the Maximum Special Tax for Maintenance Services, the Maximum Special Tax for Public Services, and the Maximum Special Tax for Maintenance Services (Contingent).

"Maximum Special Tax for Facilities" means the maximum Special Tax for Facilities, determined in accordance with Section C, which can be levied by CFD No. 2021-1 in any Fiscal Year on any Assessor's Parcel.

"Maximum Special Tax for Maintenance Services" means the maximum Special Tax for Maintenance Services, determined in accordance with Section C, which can be levied by CFD No. 2021-1 in any Fiscal Year on any Assessor's Parcel.

"Maximum Special Tax for Maintenance Services (Contingent)" means the maximum Special Tax for Maintenance Services (Contingent), determined in accordance with Section C, which can be levied by CFD No. 2021-1 on any Assessor's Parcel for any Fiscal Year following the Fiscal Year in which there is a Failure to Perform as defined in Section D hereof. The Maximum Special Tax for Maintenance Services (Contingent), if levied, will be levied on all parcels in addition to, and not in lieu of, the Maximum Special Tax for Maintenance Services.

"Maximum Special Tax for Public Services" means the maximum Special Tax for Public Services, determined in accordance with Section C, which can be levied by CFD No. 2021-1 in any Fiscal Year on any Assessor's Parcel.

"Minimum Acreage" means the smallest allowable amount of taxable acreage. For CFD No. 2021-1, it shall not be less than 62.11 acres. The minimum acreage per Zone is as follows: (i) Zone 1 – 7.87 acres, (ii) Zone 2 – 22.00 acres, (iii) Zone 3 – 15.19 acres, and (iv) Zone 4 – 17.05 acres.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit was issued for any type of non-residential use, as determined by the CFD Administrator.

"Operating Fund for Maintenance Services" means a fund that shall be maintained for CFD No. 2021-1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services and the Administrative Expenses attributable to providing such Maintenance Services.

"Operating Fund for Maintenance Services (Contingent)" means a fund that shall be maintained for CFD No. 2021-1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services (Contingent) and the Administrative Expenses attributable to providing such Maintenance Services (Contingent).

"Operating Fund for Public Services" means a fund that shall be maintained for CFD No. 2021-1 for any Fiscal Year to pay for the actual costs of providing the Public Services and the Administrative Expenses attributable to providing such Public Services.

"Operating Fund Balance" means the amount of funds in the applicable Operating Fund at the end of the preceding Fiscal Year.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Special Tax for the Facilities obligation for an Assessor's Parcel, as described in Section I.

"Prepayment Amount" means the amount required to prepay the Special Tax for the Facilities obligation in full for an Assessor's Parcel, as described in Section H.

"Property Owner Association" means the Fairway Canyon Community Association, or its successors, which was formed for the purpose of marketing, selling, and managing the common interests of the homes and lots within CFD No. 2021-1.

"Property Owner's Association Property" means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, have been conveyed, dedicated to, or irrevocably offered for dedication to the Property Owner Association, including any master or sub-association.

"Proportionately" means for Taxable Property that is (i) Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is the same for all Parcels of Developed Property, (ii) Final Map Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is the same for all Parcels of Final Map Property, and (iii) Undeveloped Property, Public Property, and Property Owners' Association Property, that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is the same for all Parcels of Undeveloped Property, Public Property, and Property Owners' Association Property.

"Public Property" means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, are used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other local jurisdiction, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"Public Services" means the services permitted under the Act including, without limitation, police and fire protection, ambulance and paramedic services provided within the boundaries of CFD No. 2021-1 and the City.

"Residential Floor Area" means all the square footage of living area within the perimeter of a residential dwelling unit, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The CFD Administrator shall determine the Residential Floor Area based upon the Building Permit issued for such residential dwelling unit.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units, as determined by the CFD Administrator.

"Special Tax(es)" means the Special Tax for Facilities, the Special Tax for Maintenance Services, the Special Tax for Public Services, and the Special Tax for Maintenance Services (Contingent).

"Special Tax for Facilities" means any of the Special Taxes authorized to be levied within CFD No. 2021-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

"Special Tax for Maintenance Services" means any of the Special Taxes authorized to be levied by CFD No. 2021-1 pursuant to the Act to fund the Special Tax Requirement for Maintenance Services. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

"Special Tax for Maintenance Services (Contingent)" means any of the Special Taxes authorized to be levied by CFD No. 2021-1 pursuant to the Act to fund the Special Tax Requirement for Maintenance Services (Contingent). Under no circumstances shall this Special Tax be eligible for prepayment of any kind. The Special Tax for Maintenance Services (Contingent), if levied, will be levied on all parcels in addition to, and not in lieu of, the Special Tax for Maintenance Services.

"Special Tax for Public Services" means any of the Special Taxes authorized to be levied by CFD No. 2021-1 pursuant to the Act to fund the Special Tax Requirement for Public Services. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

"Special Tax Requirement for Facilities" means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2021-1 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond Indenture, fiscal agent agreement, or trust agreement.

"Special Tax Requirement for Maintenance Services" means the amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2021-1 for Maintenance Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services, (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services as determined by the Administrator, and (iii) Administrative Expenses, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax Requirement for Maintenance Services include funds for bonds.

"Special Tax Requirement for Maintenance Services (Contingent)" means that amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2021-1 for Maintenance Services (Contingent) in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services (Contingent), (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services (Contingent) as determined by the CFD Administrator, and (iii) Administrative Expenses, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax Requirement for Maintenance Services (Contingent) include funds for bonds. The Special Tax Requirement for Maintenance Services (Contingent), if initiated, will be applied to all parcels in addition to, and not in lieu of, the Special Tax Requirement for Maintenance Services.

"Special Tax Requirement for Public Services" means the amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2021-1 for Public Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Public Services, (ii) amount necessary to fund an operating reserve for the costs of Public Services as determined by the Administrator, and (iii) Administrative Expenses, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax Requirement for Public Services include funds for bonds.

"Taxable Property" means all Assessor's Parcels within CFD No. 2021-1, which are not Exempt Property, as determined by the CFD Administrator.

"Trustee" means the firm that holds and administers assets on behalf of CFD No. 2021-1 under and pursuant to the Indenture.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property or Final Map Property, as determined by the CFD Administrator.

"Zone(s)" means Zone 1, 2, 3, or 4 as geographically identified on the Boundary Map.

"Zone 1" means the specific geographic area as depicted on the Boundary Map.

"Zone 2" means the specific geographic area as depicted on the Boundary Map.

"Zone 3" means the specific geographic area as depicted on the Boundary Map.

"Zone 4" means the specific geographic area as depicted on the Boundary Map.

SECTION B CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2021-22, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be assigned to one of the four Zones based upon its geographic location and further classified as Developed Property, Final Map Property, or Undeveloped Property. In addition, each Assessor's Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property. Lastly, Assessor's Parcels of Residential Property shall be further categorized into Land Use Categories based on the Residential Floor Area for such Assessor's Parcel.

SECTION C MAXIMUM SPECIAL TAXES

1. Developed Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in the tables included in Section E below or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor's Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Special Tax in the tables included in Section E below.
- b. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Residential Property that is classified as Developed Property in Fiscal Year 2021-22 shall be \$205 per unit and is applicable to all four Zones. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Non-Residential Property that is classified as Developed Property in Fiscal Year 2021-22 shall be \$1,744 per Acre and is applicable to all four Zones.

On each July 1, commencing July 1, 2022, the Maximum Special Tax for Maintenance Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

- c. The Maximum Special Tax for Maintenance Services (Contingent) for each Assessor's Parcel of Residential Property that is classified as Developed Property in Fiscal Year 2021-22 shall be \$624 per unit and is applicable to all four Zones. The Maximum Special Tax for Maintenance Services (Contingent) for each Assessor's Parcel of Non-Residential Property that is classified as Developed

Property in Fiscal Year 2021-22 shall be \$5,310 per Acre and is applicable to all four Zones. The Maximum Special Tax for Maintenance Services (Contingent), if levied, will be levied on all parcels in addition to, and not in lieu of, the Maximum Special Tax for Maintenance Services.

On each July 1, commencing July 1, 2022, the Maximum Special Tax for Maintenance Services (Contingent) for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

- d. The Maximum Special Tax for Public Services for each Assessor's Parcel of Residential Property that is classified as Developed Property in Fiscal Year 2021-22 shall be \$509 per unit and is applicable to all four Zones.

On each July 1, commencing July 1, 2022, the Maximum Special Tax for Public Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) five percent (5%).

2. Final Map Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Final Map Property shall be the Assigned Special Tax for the Zone in which the Assessor's Parcel is located as set forth in Section E below.
- b. The Maximum Special Tax for Maintenance Services for each Assessor's Parcel of Residential and Non-Residential Property that is classified as Final Map Property in Fiscal Year 2021-22 shall be \$1,744 per Acre and is applicable to all four Zones.

On each July 1, commencing July 1, 2022, the Maximum Special Tax for Maintenance Services for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

- c. The Maximum Special Tax for Maintenance Services (Contingent) for each Assessor's Parcel of Residential and Non-Residential Property that is classified as Final Map Property in Fiscal Year 2021-22 shall be \$5,310 per Acre and is applicable to all four Zones. The Maximum Special Tax for Maintenance Services (Contingent), if levied, will be levied on all parcels in addition to, and not in lieu of, the Maximum Special Tax for Maintenance Services.

On each July 1, commencing July 1, 2022, the Maximum Special Tax for Maintenance Services (Contingent) for the prior Fiscal Year shall be adjusted by the greater of i) an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or ii) two percent (2%).

- d. Final Map Property shall not be subject to the Maximum Special Tax for Public Services.

3. Undeveloped Property

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Undeveloped Property shall be the Assigned Special Tax for the Zone in which the Assessor's Parcel is located as set forth in Section E below.
- b. Undeveloped Property shall not be subject to the Maximum Special Tax for Maintenance Services or the Maximum Special Tax for Maintenance Services (Contingent).

- c. Undeveloped Property shall not be subject to the Maximum Special Tax for Public Services.

SECTION D

AUTHORITY TO LEVY SPECIAL TAX FOR MAINTENANCE SERVICES (CONTINGENT)

The City Council may levy the Special Tax for Maintenance Services (Contingent), applicable to all four Zones, commencing in the first Fiscal Year following the occurrence of any of the following events (each such event, a **“Failure to Perform”**):

- a. the Property Owner Association files a voluntary petition in bankruptcy or the approval by a court of competent jurisdiction of a petition applicable to the Property Owner Association of any proceedings instituted under the Federal Bankruptcy Code, as amended;
- b. the Property Owner Association is dissolved;
- c. the Property Owner Association fails to levy annual assessments sufficient to fund (i) the maintenance for the then Property Owner Association owned and/or Property Owner Association maintained Maintenance Services (Contingent) or (ii) the replacement of such facilities related to the Maintenance Services (Contingent) in accordance with (A) the requirements of the then current reserve funding plan of the Property Owner Association performed pursuant to California Civil Code Section 5550 or (B) if California Civil Code 5550 is no longer applicable, the requirements of the then applicable law and/or regulations governing the Property Owner Association’s requirements to budget for and finance such replacement; or
- d. the Property Owner Association fails to maintain the Maintenance Services at the same level as defined within the Property Owner Association maintenance specifications. In the event the Property Owner Association maintenance specifications do not meet either the City or County maintenance requirements, the City Council will have sole discretion to determine the required level of maintenance required for purposes of this section.

In the event of the occurrence of a Failure to Perform described in “c.” or “d.” above, the City shall give the Property Owner Association written notice of such event. If such Failure to Perform is reasonably capable of being cured within sixty (60) days from the date of such notice, the Property Owner Association shall have such period of time to cure such Failure to Perform prior to the levy by the City Council of Special Tax for Maintenance Services (Contingent). If such Failure to Perform is such that it is reasonably capable of being cured, but not within such sixty (60) day period and the Property Owner Association (i) initiates corrective action within such sixty (60) day period, and (ii) diligently, continually, and in good faith works to effect a cure of such Failure to Perform as soon as possible, then the Property Owner Association shall have such additional time, as is reasonably necessary, to cure such Failure to Perform prior to the levy by the City Council of Special Tax for Maintenance Services (Contingent).

The City Council may suspend the levy of Special Tax for Maintenance Services (Contingent) if the Property Owner Association has cured the Failure to Perform to the satisfaction of the City Council and the Property Owner Association has agreed to such conditions as the City Council may find necessary to minimize the occurrence of such Failure to Perform in the future. In the event the City Council initiates the Special Tax for

Maintenance Services (Contingent), it will apply to all taxable parcels in addition to, and not in lieu of, the Special Tax for Maintenance Services.

SECTION E ASSIGNED SPECIAL TAX FOR FACILITIES

1. Developed Property

Each Fiscal Year, beginning with Fiscal Year 2021-22, each Assessor's Parcel of Developed Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Tables 1 - 4 below based upon the Zone in which the Assessor's Parcel is located.

**TABLE 1
ASSIGNED SPECIAL TAX RATES FOR FACILITIES
FOR DEVELOPED PROPERTY WITHIN ZONE 1**

Land Use Category	Building Square Footage	Assigned Special Tax
Residential Property	Less than 1,801	\$1,745 per Dwelling Unit
Residential Property	1,801 – 2,000	\$1,845 per Dwelling Unit
Residential Property	2,001 – 2,200	\$1,945 per Dwelling Unit
Residential Property	2,201 – 2,400	\$2,045 per Dwelling Unit
Residential Property	2,401 – 2,600	\$2,145 per Dwelling Unit
Residential Property	2,601 – 2,800	\$2,245 per Dwelling Unit
Residential Property	Greater than 2,800	\$2,345 per Dwelling Unit
Non-Residential Property	N/A	\$18,347 per Acre

**TABLE 2
ASSIGNED SPECIAL TAX RATES FOR FACILITIES
FOR DEVELOPED PROPERTY WITHIN ZONE 2**

Land Use Category	Building Square Footage	Assigned Special Tax
Residential Property	Less than 1,801	\$1,545 per Dwelling Unit
Residential Property	1,801 – 2,000	\$1,645 per Dwelling Unit
Residential Property	2,001 – 2,200	\$1,745 per Dwelling Unit
Residential Property	2,201 – 2,400	\$1,845 per Dwelling Unit
Residential Property	2,401 – 2,600	\$1,945 per Dwelling Unit
Residential Property	2,601 – 2,800	\$2,045 per Dwelling Unit
Residential Property	Greater than 2,800	\$2,145 per Dwelling Unit
Non-Residential Property	N/A	\$16,210 per Acre

**TABLE 3
ASSIGNED SPECIAL TAX RATES FOR FACILITIES
FOR DEVELOPED PROPERTY WITHIN ZONE 3**

Land Use Category	Building Square Footage	Assigned Special Tax
Residential Property	Less than 1,401	\$1,840 per Dwelling Unit
Residential Property	1,401 – 1,600	\$1,930 per Dwelling Unit
Residential Property	1,601 – 1,800	\$2,020 per Dwelling Unit
Residential Property	1,801 – 2,000	\$2,110 per Dwelling Unit
Residential Property	2,001 – 2,200	\$2,200 per Dwelling Unit
Residential Property	2,201 – 2,400	\$2,290 per Dwelling Unit
Residential Property	Greater than 2,400	\$2,380 per Dwelling Unit
Non-Residential Property	N/A	\$19,194 per Acre

**TABLE 4
ASSIGNED SPECIAL TAX RATES FOR FACILITIES
FOR DEVELOPED PROPERTY WITHIN ZONE 4**

Land Use Category	Building Square Footage	Assigned Special Tax
Residential Property	Less than 1,401	\$1,640 per Dwelling Unit
Residential Property	1,401 – 1,600	\$1,730 per Dwelling Unit
Residential Property	1,601 – 1,800	\$1,820 per Dwelling Unit
Residential Property	1,801 – 2,000	\$1,910 per Dwelling Unit
Residential Property	2,001 – 2,200	\$2,000 per Dwelling Unit
Residential Property	2,201 – 2,400	\$2,090 per Dwelling Unit
Residential Property	Greater than 2,400	\$2,180 per Dwelling Unit
Non-Residential Property	N/A	\$14,991 per Acre

2. Final Map Property and Undeveloped Property

Each Fiscal Year, beginning with Fiscal Year 2021-22, each Assessor's Parcel of Final Map Property and Undeveloped Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Final Map Property and Undeveloped Property for any Fiscal Year shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor's Parcel is located:

1. Zone 1 rate per Acre - \$18,347
2. Zone 2 rate per Acre - \$16,210
3. Zone 3 rate per Acre - \$19,194
4. Zone 4 rate per Acre - \$14,991

**SECTION F
BACKUP SPECIAL TAX FOR FACILITIES**

When a Final Map is recorded, the CFD Administrator shall determine which Zone the Final Map area lies within and the Backup Special Tax for a Parcel classified or to be classified as Residential Property within such Final Map shall be determined by multiplying the Undeveloped Property Maximum Special Tax rate per Acre for the applicable Zone by the total Acreage of Taxable Property within such Final Map, excluding the Acreage

associated with Non-Residential Property, Public Property and/or Property Owners' Association Property that is not Exempt Property pursuant to Section J and dividing such amount by the number of Parcels within such Final Map classified as either (i) Developed Property or (ii) Final Map Property for which a Building Permit is expected to be issued for Residential Property (i.e., the number of residential lots).

Notwithstanding the forgoing, if Parcels classified or to be classified as Residential Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax shall be recalculated for the area that has been changed or modified using the methodology described in the preceding paragraph.

The Backup Special Tax shall not apply to Non-Residential Property, Public Property, or Property Owners' Association Property.

SECTION G

METHOD OF APPORTIONMENT OF THE SPECIAL TAXES

1. Commencing with Fiscal Year 2021-22 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Facilities on all Taxable Property until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:

Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in the table included in Section E as needed to satisfy the Special Tax Requirement for Facilities.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor's Parcel of Developed Property whose Maximum Special Tax for Facilities is the Backup Special Tax, the Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.

Step Five: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Property Owner's Association Property found not to be exempt pursuant to Section K and each Assessor's Parcel of Public Property found not to be exempt pursuant to Section K, at up to 100% of the Maximum Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

2. Commencing with Fiscal Year 2021-22 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Maintenance Services on all Taxable Property until the amount of Special Tax for

Maintenance Services equals the Special Tax Requirement for Maintenance Services in accordance with the following steps:

Step One: The Special Tax for Maintenance Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Maintenance Services as needed to satisfy the Special Tax Requirement for Maintenance Services.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Maintenance Services after the first step has been completed, the Special Tax for Maintenance Services shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Maximum Special Tax for Maintenance Services applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Maintenance Services.

3. Commencing with Fiscal Year 2021-22 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes for Public Services on all Taxable Property until the amount of the Special Tax for Public Services equals the Special Tax Requirement for Public Services in accordance with the following steps:

Step One: The Special Tax for Public Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Public Services as needed to satisfy the Special Tax Requirement for Public Services.

4. In the first Fiscal Year that the Special Taxes for Maintenance Services (Contingent) is levied and in any subsequent Fiscal Year, the City Council shall levy Special Taxes for Maintenance Services (Contingent) on all Taxable Property until the amount of Special Tax for Maintenance Services (Contingent) equals the Special Tax Requirement for Maintenance Services (Contingent) in accordance with the following steps:

Step One: The Special Tax for Maintenance Services (Contingent) shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Maintenance Services (Contingent) as needed to satisfy the Special Tax Requirement for Maintenance Services (Contingent).

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Maintenance Services (Contingent) after the first step has been completed, the Special Tax for Maintenance Services (Contingent) shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Maximum Special Tax for Maintenance Services (Contingent) applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Maintenance Services (Contingent).

Under no circumstances will the Special Tax for Facilities, the Special Tax for Maintenance Services, the Special Tax for Maintenance Services (Contingent), or the Special Tax for Public Services levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within the CFD by more than ten percent (10%) of the Special Tax that would have been levied in that Fiscal Year, had there never been any such delinquencies or defaults, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 2021-1.

SECTION H PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following additional definitions apply to this Section H:

“CFD Public Facilities” means \$13,460,835 or such lesser amount as determined by the CFD Administrator, expressed in 2021 dollars, which shall increase by the Construction Inflation Index on January 1, 2022, and on

each January 1 thereafter, or such lower amount (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2021-1, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

“Construction Fund” means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 2021-1.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the city of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts that have been funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

“Outstanding Bonds” means all previously issued Bonds issued and secured by the levy of Special Taxes for Facilities which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Taxes for Facilities.

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, an Assessor's Parcel of Final Map Property, Undeveloped Property for which a building permit has been issued, or an Assessor's Parcel of Undeveloped Property may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within five (5) days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2021-1 in calculating the proper amount of a prepayment. Within fifteen (15) days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor's Parcel.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities applicable to the Assessor's Parcel. For Assessor's

Parcels of Final Map Property or Undeveloped Property, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities as though it was already designated as Developed Property based upon the building permit issued or to be issued for that Assessor's Parcel.

2. For each Assessor's Parcel of Developed Property, Final Map Property, or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the CFD Administrator, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the CFD Administrator.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the Future Facilities Cost.
7. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5 to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount"). Notwithstanding the foregoing, the Future Facilities Amount shall in no event be less than 0.
8. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest redemption date for the Outstanding Bonds.
9. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.
10. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
11. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
12. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
13. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption

Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to a Special Tax for Facilities obligation that is prepaid pursuant to this Section H, the City Council shall indicate in the records of CFD No. 2021-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor's Parcel and the obligation of such Assessor's Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property in each future Fiscal Year, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION I PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Final Map Property, or Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section I below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_H \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount.

P_H = the Prepayment Amount calculated according to Section H.

F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the record of CFD No. 2021-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property in each future Fiscal Year after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

SECTION J TERMINATION OF SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessor's Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent

necessary to reimburse CFD No. 2021-1 for uncollected Special Taxes for Facilities associated with the levy of such Special Taxes for Facilities, but no later than 2061-62 Fiscal Year. The Special Tax for Maintenance Services, the Special Tax for Maintenance Services (Contingent), and the Special Tax for Public Services shall be levied as long as each is needed to meet the Special Tax Requirement for Maintenance Services, the Special Tax Requirement for Maintenance Services (Contingent), and the Special Tax Requirement for Public Services, respectively, as determined at the sole discretion of the City Council.

SECTION K EXEMPTIONS

The City shall classify as Exempt Property (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a Property Owner's Association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property within a Zone if such classification would reduce the sum of the Taxable Property to less than the Minimum Acreage for that Zone, as defined in Section A above. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of the Taxable Property to less than the Minimum Acreage per Zone will continue to be classified as Taxable Property, and will continue to be subject to Special Taxes accordingly.

Tax-exempt status will be assigned by the CFD Administrator in chronological order. If an Assessor's Parcel's classification is changed after the initial status is assigned, then its tax-exempt status will be revoked.

SECTION L APPEALS

Any taxpayer may file a written appeal of the Special Taxes on his/her Assessor's Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) amend the Special Tax levy for the current Fiscal Year prior to the payment date;
- (ii) require the CFD to reimburse the taxpayer the amount of the overpayment to the extent of the available funds of CFD No. 2021-1; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer's property within CFD No. 2021-1 in the amount of the overpayment provided that the CFD Administrator can certify there are sufficient Special Taxes to pay for the Special Tax Requirements for Facilities.

SECTION M MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2021-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

SECTION N
INTERPRETATIONS

The City Council may interpret this Rate and Method of Apportionment of Special Tax by ordinance or resolution for purposes of clarifying any vagueness or ambiguity. Any decision of the City Council shall be final and binding as to all persons.

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APPENDIX B

FORM OF OPINION OF BOND COUNSEL

Bond Counsel will deliver an opinion for the Bonds substantially in the form set forth below:

January 25, 2024

City of Beaumont
Community Facilities District No. 2021-1
Beaumont, California

*Re: \$14,550,000 City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon)
2024 Special Tax Bonds*

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the City of Beaumont (the “City”) taken in connection with the authorization and issuance by the City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon) (the “District”) of its 2024 Special Tax Bonds in the aggregate principal amount of \$14,550,000 (the “Bonds”) and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the District, the City, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello -Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), Resolution No. 2023-51, adopted by the City Council of the City acting in its capacity as the legislative body of the District (the “City Council”) on December 19, 2023 (the “Resolution”), and an Indenture dated as of January 1, 2024 (the “Indenture”), by and between the District and Zions Bancorporation, National Association, as the trustee (the “Trustee”). All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

The Bonds are dated their date of delivery and mature on the dates and in the amounts set forth in the Indenture. The Bonds bear interest payable semiannually on each March 1 and September 1, commencing on September 1, 2024, at the rates per annum set forth in the Indenture. The Bonds are registered Bonds in the form set forth in the Indenture, redeemable in the amounts, at the times and in the manner provided for in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the District and are legal, valid and binding limited obligations of the District, enforceable in accordance with their terms and the terms of the Indenture, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California. The Bonds are limited obligations of the District but are not a debt of the City, the County of Riverside, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, except for the Special Taxes, neither the faith and credit nor the taxing power of the City, the County of Riverside, the State of California, or any of its political subdivisions is pledged for the payment thereof.

(2) The execution and delivery of the Indenture has been duly authorized by the District, and the Indenture is valid and binding upon the District and is enforceable in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses or as to any provisions therein relating to indemnification, penalty, waiver, choice of law or choice of forum.

(3) The Indenture creates a valid pledge of that which the Indenture purports to pledge, subject to the provisions of the Indenture, except to the extent that enforceability of the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California.

(4) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) 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; however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.

(5) Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

(6) 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 such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond.

(7) The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinions expressed herein as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds are subject to the condition that the City and the District comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City and the District have covenanted to comply with all such requirements. Except as set forth in paragraphs (4), (5), (6) and (7) above, we express no opinion as to any tax consequences related to the Bonds.

Certain requirements and procedures contained or referred to in the Indenture and Tax Certificate may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in the Indenture and Tax Certificate, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion of interest (and original issue discount) on the Bonds from gross income for federal income tax purposes on and after the date on which any such change occurs or action is taken upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth LLP.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions expressed herein are based upon an analysis of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement with respect to the Bonds terminates upon their issuance, and we disclaim any obligation to update the matters set forth herein.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to the matters contained in the Official Statement and any other offering material relating to the Bonds.

Respectfully submitted,

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APPENDIX C

DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF RIVERSIDE AND THE CITY OF BEAUMONT

The Bonds are not obligations of the City of Beaumont (the “City”) or the County of Riverside (the “County”) and do not represent a lien or charge against any funds or property of the City or the County. The following information is provided only to give prospective investors an overview of the general economic condition of the City, the County and the State of California (the “State”).

General

The City was incorporated in 1912 under the General Laws of the State. The City is located approximately 78 miles east of Los Angeles and encompasses an area of 30.9 square miles. The City has an estimated population of approximately 56,590 persons as of January 1, 2023.

Population

The following table offers population figures for the City, the County and the State as of January 1 for the years 2019 through 2023.

<i>Area</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
City of Beaumont	49,913	51,731	53,945	54,349	56,590
County of Riverside	2,419,057	2,440,719	2,418,727	2,430,976	2,439,234
State of California	39,605,361	39,648,938	39,286,510	39,078,674	38,940,231

Source: California State Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2020 with 2010 Census Benchmark for 2019-2020; E-4 Population Estimates for Cities, Counties, and the State, 2021-2023 with 2020 Census Benchmark for 2021-2023.

Building Activity

The following tables provide summaries of the building permit valuations and the number of new dwelling units authorized in the City and County from 2018 through 2022.

BUILDING PERMIT VALUATIONS City of Beaumont 2018-2022

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Valuation (\$000):					
Residential	\$183,245	\$159,847	\$73,829	\$141,171	\$159,166
Non-residential	<u>271,487</u>	<u>30,156</u>	<u>25,559</u>	<u>16,448</u>	<u>993</u>
Total*	<u>\$454,731</u>	<u>\$190,003</u>	<u>\$99,388</u>	<u>\$157,619</u>	<u>\$160,159</u>
Residential Units:					
Single family	656	528	271	494	651
Multiple family	<u>112</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	768	528	271	494	651

* May not foot due to rounding.

Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
County of Riverside
2018-2022

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Valuation (\$000):					
Residential	\$2,558,081	\$2,275,405	\$2,519,303	\$2,262,642	\$2,921,113
Non-residential	<u>1,959,680</u>	<u>1,285,856</u>	<u>1,155,968</u>	<u>1,543,998</u>	<u>1,701,618</u>
Total*	<u>\$4,517,761</u>	<u>\$3,561,261</u>	<u>\$3,675,272</u>	<u>\$3,806,640</u>	<u>\$4,622,731</u>
Residential Units:					
Single family	7,540	6,563	8,443	7,360	8,863
Multiple family	<u>1,628</u>	<u>1,798</u>	<u>723</u>	<u>1,126</u>	<u>2,861</u>
Total	9,168	8,361	9,166	8,486	11,724

* May not foot due to rounding.

Source: Construction Industry Research Board.

Employment

The following table shows the largest employers located in the County as of fiscal year 2022.

LARGEST EMPLOYERS
County of Riverside
2022

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	County of Riverside	25,366	County Government
2.	Amazon	14,317	E-Commerce
3.	March Air Reserve Base	9,600	Military Reserve Base
4.	Nestle UA	8,874	Grocery Wholesalers
5.	University of California-Riverside	8,623	University
6.	State of California	8,383	State Government
7.	Walmart	7,494	Retail Company
8.	Moreno Valley Unified School District	6,020	School District
9.	Kaiser Permanente Riverside Medical Center	5,817	Medical Center
10.	Corona-Norco Unified School District	5,478	School District

Source: County of Riverside Annual Comprehensive Financial Report for the year ending May 2023.

Employment and Industry

Employment data by industry is not separately reported on an annual basis for Beaumont but is compiled for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the “MSA”), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the MSA has large and growing commercial and service sector employment, as reflected in the table below. The following table represents the Annual Average Labor Force and Industry Employment for the MSA for the period from 2018 through 2022.

**RIVERSIDE-SAN BERNARDINO-ONTARIO MSA
INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE**

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Civilian Labor Force	2,045,200	2,075,200	2,095,800	2,125,300	2,160,600
Civilian Employment	1,957,500	1,991,200	1,888,900	1,968,700	2,071,200
Civilian Unemployment	87,700	84,000	206,900	156,600	89,400
Civilian Unemployment Rate	4.3%	4.0%	9.9%	7.4%	4.1%
 Total Farm	14,500	15,400	14,100	13,700	13,900
Total Nonfarm	1,506,600	1,552,700	1,495,800	1,575,100	1,660,300
Total Private	1,249,400	1,291,500	1,247,800	1,333,100	1,410,900
Goods Producing	206,800	209,700	202,200	207,700	216,400
Mining & Logging	1,200	1,200	1,300	1,400	1,600
Construction	105,200	107,200	104,900	110,100	115,200
Manufacturing	100,400	101,300	96,000	96,100	99,600
Service Providing	1,299,800	1,343,100	1,293,700	1,367,400	1,443,900
Trade, Transportation & Utilities	379,400	395,100	406,900	443,200	464,500
Wholesale Trade	66,100	67,700	65,600	67,400	69,700
Retail Trade	181,200	180,700	168,800	177,000	180,600
Transportation, Warehousing & Utilities	132,100	146,600	172,500	198,800	214,200
Information	11,400	11,500	9,600	9,700	10,200
Financial Activities	44,600	45,000	44,100	45,200	46,800
Professional & Business Services	151,400	157,900	154,800	169,400	179,100
Educational & Health Services	239,500	250,300	248,800	254,300	266,400
Leisure & Hospitality	170,600	175,900	141,300	160,200	179,600
Other Services	45,800	46,200	40,200	43,600	47,900
Government	<u>257,200</u>	<u>261,200</u>	<u>248,000</u>	<u>242,000</u>	<u>249,400</u>
Total, All Industries	1,521,100	1,568,100	1,509,900	1,588,800	1,674,200

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The "Total, All Industries" data is not directly comparable to the employment data found in this Appendix C.

Source: State of California, Employment Development Department, March 2022 Benchmark.

The following table summarizes the labor force, employment and unemployment figures for the years 2018 through 2022 for the City, the County, the State and the nation as a whole.

**CITY OF BEAUMONT,
COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA AND UNITED STATES
Average Annual Civilian Labor Force, Employment and Unemployment**

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment⁽¹⁾</i>	<i>Unemployment⁽²⁾</i>	<i>Unemployment Rate (%)⁽³⁾</i>
2018				
Beaumont	22,700	21,900	800	3.3%
Riverside County	1,090,100	1,041,700	48,400	4.4
State of California	19,289,500	18,468,100	821,400	4.3
United States ⁽⁴⁾	162,075,000	155,761,000	6,314,000	3.9
2019				
Beaumont	23,700	23,000	800	3.2%
Riverside County	1,108,100	1,061,500	46,600	4.2
State of California	19,409,400	18,612,600	796,800	4.1
United States ⁽⁴⁾	163,539,000	157,538,000	6,001,000	3.7
2020				
Beaumont	23,900	21,800	2,100	8.8%
Riverside County	1,121,100	1,008,000	113,000	10.1
State of California	18,931,100	16,996,700	1,934,500	10.2
United States ⁽⁴⁾	160,742,000	147,795,000	12,947,000	8.1
2021				
Beaumont	24,300	22,700	1,500	6.3%
Riverside County	1,133,000	1,050,000	83,000	7.3
State of California	18,923,200	17,541,900	1,381,200	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
Beaumont	24,700	23,900	800	3.4%
Riverside County	1,152,100	1,104,100	48,000	4.2
State of California	19,252,000	18,440,900	811,100	4.2
United States	164,287,000	158,291,000	5,996,000	3.6

(1) Includes persons involved in labor-management trade disputes.

(2) Includes all persons without jobs who are actively seeking work.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

(4) Not strictly comparable with data for prior years.

Source: California Employment Development Department, March 2021 Benchmark, California Employment Development Department, March 2022 Benchmark, and U.S. Department of Labor, Bureau of Labor Statistics.

Personal Income

Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in Riverside County increased by 71.7% between 2012 and 2022. The following tables summarize personal income for Riverside County for 2012 through 2022.

PERSONAL INCOME
Riverside County
2012-2022
(Dollars in Thousands)

<i>Year</i>	<i>Riverside County</i>	<i>Annual Percent Change</i>
2012	\$74,093,810	2.7%
2013	76,470,084	3.2
2014	80,268,670	5.0
2015	85,386,347	6.4
2016	89,644,299	5.0
2017	93,156,635	3.9
2018	97,619,217	4.8
2019	102,037,774	4.5
2020	114,090,413	11.8
2021	125,820,553	10.3
2022	127,195,983	1.1

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following table summarizes per capita personal income for Riverside County, California and the United States for 2012-2022. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
2011 through 2021
Riverside County, State of California and United States

<i>Year</i>	<i>Riverside County</i>	<i>State of California</i>	<i>United States</i>
2012	\$32,774	\$48,154	\$44,548
2013	33,450	48,549	44,798
2014	34,670	51,332	46,887
2015	36,418	54,632	48,725
2016	37,693	56,667	49,613
2017	38,605	58,942	51,550
2018	39,955	61,663	53,786
2019	41,385	64,513	56,250
2020	45,834	70,192	59,765
2021	51,180	76,614	64,143
2022	51,415	77,036	65,470

Note: Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2012-2022 reflect county population estimates available as of March 2022.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Taxable Sales

The table below presents taxable sales for the years 2018 through 2022 for the City.

TAXABLE SALES
City of Beaumont
2018-2022
(Dollars in Thousands)

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2018	1,382	\$ 455,472
2019	1,441	475,414
2020	1,543	616,039
2021	1,336	1,229,150
2022	1,475	2,484,152

Source: "Taxable Sales in California (Sales & Use Tax)" - California State Board of Equalization for 2018-2022; Taxable Sales in California, California Department of Tax and Fee Administration for 2018-2022.

The table below presents taxable sales for the years 2018 through 2022 for the County.

TAXABLE SALES
County of Riverside
2018-2022
(Dollars in Thousands)

<i>Year</i>	<i>Permits</i>	<i>Taxable Sales</i>
2018	61,433	\$38,919,498
2019	64,063	40,626,998
2020	69,284	42,313,474
2021	64,335	55,535,196
2022	66,738	62,117,153

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2018-2022

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE

The following is a summary of certain provisions of the Indenture which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of the provisions thereof.

DEFINITIONS

Unless the context otherwise requires, the following terms have the following meanings:

Account. The term “Account” means any account created pursuant to the Indenture.

Acquisition and Construction Fund. The term “Acquisition and Construction Fund” means the fund by that name established pursuant to the Indenture.

Acquisition Agreement. The term “Acquisition Agreement” means that certain Acquisition Agreement by and among the City, the District and SDC Fairway Canyon, LLC, a Delaware limited liability company, together with any amendments thereto.

Act. The term “Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Section 53311 *et seq.* of the California Government Code.

Administrative Expense Account. The term “Administrative Expense Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

Administrative Expenses. The term “Administrative Expenses” means the administrative costs with respect to the calculation and collection of the Special Taxes, including all attorneys’ fees, expenses and other costs related thereto (including those of the Trustee’s counsel), the fees and expenses of the Trustee, any fees and related costs for credit enhancement for the Bonds or any Parity Bonds which are not otherwise paid as Costs of Issuance, any costs related to the District’s compliance with state and federal laws requiring continuing disclosure of information concerning the Bonds and the District, and any other costs otherwise incurred by City staff on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District under the Indenture.

Administrative Expenses Cap. The term “Administrative Expenses Cap” means \$30,000 per year.

Alternate Penalty Account. The term “Alternate Penalty Account” means the account by that name created and established in the Rebate Fund pursuant to the Indenture.

Annual Debt Service. The term “Annual Debt Service” means the principal amount of any Outstanding Bonds or Parity Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding Bonds or Parity Bonds in such Bond Year, if the Bonds and any Parity Bonds are retired as scheduled.

Authorized Investments. The term “Authorized Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

- (1) For all purposes, including defeasance investments in refunding escrow accounts:
 - (a) cash; or
 - (b) obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S., including U.S. Treasury obligations, all direct or fully guaranteed obligations, Farmers Home Administration, General Services Administration, guaranteed Title XI financing, Government National Mortgage Association (GNMA) and State and Local Government Series; or
 - (c) obligations of government-sponsored agencies that are not backed by the full faith and credit of the U.S. Government: Federal Home Loan Mortgage Corporation (FHLMC) debt obligations, Farm Credit System (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives), Federal Home Loan Banks (FHL Banks), Federal National Mortgage Association (FNMA) debt obligations, Financing Corp. (FICO) debt obligations, Resolution Funding Corp. (REFCORP) debt obligations and U.S. Agency for International Development (U.S.A.I.D.) guaranteed notes.
- (2) For all purposes other than defeasance investments in refunding escrow accounts:
 - (a) obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America: Export-Import Bank, Rural Economic Community Development Administration, U.S. Maritime Administration, Small Business Administration, U.S. Department of Housing & Urban Development (PHAs), Federal Housing Administration and Federal Financing Bank;
 - (b) direct obligations of any of the following federal agencies, which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), obligations of the Resolution Funding Corporation (REFCORP) and senior debt obligations of the Federal Home Loan Bank System;
 - (c) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks (including those of the Trustee and its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);
 - (d) commercial paper which is rated at the time of purchase in the single highest classification “A-1+” by S&P and “P-1” by Moody’s and which matures not more than 270 days after the date of purchase;
 - (e) investments in a money market fund rated “AAm,” “AAm-G” or better by S&P, including funds for which the Trustee or its affiliates provide investment advisory or other management services;
 - (f) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America, or any agency, instrumentality or local governmental unit of any such state, which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and

(i) which are rated, based on irrevocable escrow account or fund (the “escrow”), in the highest rating category of S&P and Moody’s or any successors thereto; or

(ii) (1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (1)(b) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (2) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(g) municipal obligations rated “Aaa/AAA” or general obligations of states with a rating of at least “Aa2/AA” or higher by both Moody’s and S&P;

(h) Investment Agreements (supported by appropriate opinions of counsel); and

(i) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent that the Trustee is authorized to register such investment in its name.

The value of the above investments will be determined as follows:

(a) for the purpose of determining the amount in any fund, all Authorized Investments credited to such fund will be valued at market value. The Trustee will determine the market value based on accepted industry standards, including the Trustee’s internal systems, and from accepted industry providers. Accepted industry providers include, but are not limited to, pricing services provided by Financial Times Interactive Data Corporation, Bank of America Merrill Lynch or Salomon Smith Barney. Notwithstanding anything to the contrary in the Indenture, in making any valuation of investments thereunder, the Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system, and rely thereon;

(b) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest thereon; and

(c) as to any investment not specified above: the value thereof established by prior agreement between the City and the Trustee.

Authorized Representative of the District. The term “Authorized Representative of the District” means the Mayor, City Manager, Administrative Services Director, Finance Director or City Clerk of the City, or any other officer or employee authorized by the City Council of the City or by an Authorized Representative of the District to undertake the action referenced in the Indenture as required to be undertaken by an Authorized Representative of the District.

Bond Counsel. The term “Bond Counsel” means Stradling Yocca Carlson & Rauth, a Professional Corporation, or another attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

Bond Register. The term “Bond Register” means the books which the Trustee will keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds are recorded.

Bonds. The term “Bonds” means the District’s 2024 Special Tax Bonds issued on January 25, 2024 in the aggregate principal amount of \$14,550,000.

Bond Year. The term “Bond Year” means the twelve-month period commencing on September 2 of each year and ending on September 1 of the following year, except that the first Bond Year for the Bonds or an issue of Parity Bonds will begin on the Delivery Date and end on the first September 1 which is not more than 12 months after the Delivery Date.

Business Day. The term “Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks or trust companies in New York, New York, Wilmington, Delaware, Los Angeles, California, or the city where the Principal Office of the Trustee is located, are not required or authorized by law, regulation or executive order, to close or to remain closed.

Certificate of an Authorized Representative. The term “Certificate of an Authorized Representative” means a written certificate or warrant request executed by an Authorized Representative of the District.

City. The term “City” means the City of Beaumont, County of Riverside, State of California.

City Council. The term “City Council” means the City Council of the City.

City Facilities Account. The term “City Facilities Account” means the account by that name created and established in the Acquisition and Construction Fund pursuant to the Indenture.

Code. The term “Code” means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

Continuing Disclosure Certificate. The term “Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate dated January 25, 2024, as originally executed by the District and as it may be from time to time amended or supplemented in accordance with its terms.

Costs of Issuance. The term “Costs of Issuance” means the costs and expenses incurred in connection with the formation of the District and the issuance and sale of the Bonds or any Parity Bonds, including the acceptance and initial annual fees and expenses of the Trustee and its counsel, legal fees and expenses, costs of printing the Bonds and Parity Bonds and the preliminary and final official statements for the Bonds and Parity Bonds, fees of financial consultants, costs of the appraisal and all other related fees and expenses, including reimbursement to property owners within the District for design, engineering and legal costs, as set forth in a Certificate of an Authorized Representative of the District.

Costs of Issuance Account. The term “Costs of Issuance Account” means the account by that name created and established in the Acquisition and Construction Fund pursuant to the Indenture.

Delivery Date. The term “Delivery Date” means, with respect to the Bonds and each issue of Parity Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

Depository. The term “Depository” means The Depository Trust Company, New York, New York, and its successors and assigns as securities depository for the Bonds, or any other securities depository acting as Depository under the Indenture.

District. The term “District” means City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon) established pursuant to the Act and Resolution No. 2021-28 adopted by the City Council of the City on June 1, 2021.

Event of Default. The term “Event of Default” means an event described under the caption “EVENT OF DEFAULT; REMEDIES.”

Fiscal Year. The term “Fiscal Year” means the period beginning on July 1 of each year and ending on the next following June 30.

Funds. The term “Funds” means any funds created pursuant to the Indenture.

Gross Taxes. The term “Gross Taxes” means the amount of all Special Taxes received by the District together with the proceeds collected from the sale of property pursuant to foreclosure for the delinquency of such Special Taxes remaining after the payment of all costs related to such foreclosure actions.

Indenture. The term “Indenture” means the Bond Indenture, together with any Supplemental Indenture approved as described under the caption “AMENDMENTS TO INDENTURE.”

Independent Financial Consultant. The term “Independent Financial Consultant” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the District, who, or each of whom: (1) is in fact independent and not under the domination of the District or the City; (2) does not have any substantial interest, direct or indirect, in the District or the City; and (3) is not connected with the District or the City as a member, officer or employee of the District or the City, but who may be regularly retained to make annual or other reports to the District or the City.

Interest Account. The term “Interest Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

Interest Payment Date. The term “Interest Payment Date” means September 1, 2024 and each March 1 and September 1 thereafter; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the Business Day next succeeding such date.

Investment Agreement. The term “Investment Agreement” means one or more agreements for the investment of funds of the District complying with the criteria therefor as set forth in subsection (2)(h) of the definition of Authorized Investments in the Indenture.

Maximum Annual Debt Service. The term “Maximum Annual Debt Service” means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds and any Parity Bonds by adding the following for each Bond Year: (1) the principal amount of all Outstanding Bonds and Parity Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and (2) the interest payable on the aggregate principal amount of all Bonds and Parity Bonds Outstanding in such Bond Year if the Bonds and Parity Bonds are retired as scheduled.

Moody’s. The term “Moody’s” means Moody’s Investors Service, Inc., its successors and assigns.

Net Taxes. The term “Net Taxes” means Gross Taxes minus amounts set aside to pay Administrative Expenses.

Nominee. The term “Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time as described under the caption “GENERAL AUTHORIZATION AND BOND TERMS—Initial Depository and Nominee.”

Ordinance. The term “Ordinance” means Ordinance No. 1133 adopted by the City Council on June 15, 2021 providing for the levying of the Special Tax.

Outstanding. The terms “Outstanding” or “Outstanding Bonds and Parity Bonds” means all Bonds and Parity Bonds theretofore issued by the District, except: (i) Bonds and Parity Bonds theretofore cancelled or surrendered for cancellation as described under the caption “MISCELLANEOUS—Cancellation of Bonds and Parity Bonds;” (ii) Bonds and Parity Bonds for payment or redemption of which monies have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in the Indenture or any applicable Supplemental Indenture for Parity Bonds; and (iii) Bonds and Parity Bonds which have been surrendered to the Trustee for transfer or exchange pursuant to the Indenture or for which a replacement has been issued as described under the caption “GENERAL AUTHORIZATION AND BOND TERMS—Mutilated, Lost, Destroyed or Stolen Bonds or Parity Bonds.”

Owner. The term “Owner” means the person or persons in whose name or names any Bond or Parity Bond is registered.

Parity Bonds. The term “Parity Bonds” means all bonds, notes or other similar evidences of indebtedness issued, payable out of the Net Taxes and which, as provided in the Indenture or any Supplemental Indenture, rank on a parity with the Bonds.

Participants. The term “Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds or Parity Bonds as securities depository.

Person. The term “Person” means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

Prepayments. The term “Prepayments” means any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the RMA.

Principal Account. The term “Principal Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

Principal Office of the Trustee. The term “Principal Office of the Trustee” means the office of the Trustee located in Costa Mesa, California, or such other office or offices as the Trustee may designate from time to time by notice to the Owners and the District, or the designated office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Owners and the District), where it principally conducts and administers its corporate trust business under indentures pursuant to which municipal or governmental obligations are issued.

Project. The term “Project” means those public facilities described in the Acquisition Agreement which are to be acquired or constructed within and outside of the District, including all engineering, planning and design services and other incidental expenses related to such facilities and other facilities, if any, authorized by the qualified electors within the District from time to time.

Project Costs. The term “Project Costs” means the amounts necessary to finance the Project, to create and replenish any necessary reserve funds, to pay the initial and annual costs associated with the Bonds or any Parity Bonds, including, but not limited to, remarketing, credit enhancement, Trustee and other fees and expenses relating to the issuance of the Bonds or any Parity Bonds and the formation of the District, and to pay any other “incidental expenses” of the District, as such term is defined in the Act.

Rating Agency. The term “Rating Agency” means Moody’s or S&P, or both, as the context requires.

Rebate Account. The term “Rebate Account” means the account by that name created and established in the Rebate Fund pursuant to the Indenture.

Rebate Fund. The term “Rebate Fund” means the fund by that name established pursuant to the Indenture in which there are established the Accounts described therein.

Rebate Regulations. The term “Rebate Regulations” means any final, temporary or proposed Regulations promulgated under Section 148(f) of the Code.

Record Date. The term “Record Date” means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

Redemption Account. The term “Redemption Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

Regulations. The term “Regulations” means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

Representation Letter. The term “Representation Letter” means the Blanket Letter of Representations from the District to the Depository as described in the Indenture.

Reserve Account. The term “Reserve Account” means the account by that name created and established in the Special Tax Fund pursuant to the Indenture.

“Reserve Policy” means a letter of credit, insurance policy, surety bond or other such funding instrument issued by a municipal bond insurance company rated least “Aa3” or higher by Moody’s or “AA-” or higher by S&P, delivered to the Trustee for the purpose of providing all or a portion of the 2024 Bonds Reserve Requirement for the Bonds or all or a portion of the Reserve Requirement for a series of Parity Bonds.

Reserve Requirement. The term “Reserve Requirement” means, with respect to the Bonds, the 2024 Bonds Reserve Requirement, and with respect to a series of Parity Bonds, that amount set forth in the Supplemental Indenture executed and delivered in connection with such series of Parity Bonds.

Resolution of Formation. The term “Resolution of Formation” means Resolution No. 2021-28 adopted by the City Council on June 1, 2021, pursuant to which the City Council established the District.

RMA. The term “RMA” means the Rate and Method of Apportionment of City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon) approved by the qualified electors of the District at the June 1, 2021 election.

Sinking Fund Payment. The term “Sinking Fund Payment” means the annual payment to be deposited in the Redemption Account to redeem a portion of the Term Bonds in accordance with the schedules set forth in the Indenture and any annual sinking fund payment schedule to retire any Parity Bonds which are designated as Term Bonds.

Six-Month Period. The term “Six-Month Period” means the period of time beginning on the Delivery Date of each issue of Bonds or Parity Bonds, as applicable, and ending six consecutive months thereafter, and each six-month period thereafter until the latest maturity date of the Bonds and the Parity Bonds (and any obligations that refund an issue of the Bonds or Parity Bonds).

Special Tax Administrator. The term “Special Tax Administrator” means the individual or entity appointed by the City to administer the calculation and collection of the Special Taxes.

Special Tax Fund. The term “Special Tax Fund” means the fund by that name created and established pursuant to the Indenture.

Special Taxes. The term “Special Taxes” means the Special Tax for Facilities (as defined in the RMA) authorized to be levied by the District on property within the District in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the June 1, 2021 election in the District, including any scheduled payments and any Prepayments thereof, the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and penalties and interest thereon; provided that any delinquent Special Tax sold to an independent third-party or to the City for 100% of the delinquent amount will no longer be pledged under the Indenture to the payment of the Bonds or Parity Bonds.

S&P. The term “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, its successors and assigns.

State. The term “State” means the State of California.

Subaccount. The term “Subaccount” means any subaccount created pursuant to the Indenture.

Supplemental Indenture. The term “Supplemental Indenture” means any supplemental indenture amending or supplementing the Indenture.

Surplus Fund. The term “Surplus Fund” means the fund by that name created and established pursuant to the Indenture.

Tax Certificate. The term “Tax Certificate” means the certificate by that name to be executed by the District on a Delivery Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

Tax-Exempt. The term “Tax-Exempt” means, with reference to an Authorized Investment, an Authorized Investment the interest earnings on which are excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, other than one described in Section 57(a)(5)(C) of the Code.

Taxable Property. The term “Taxable Property” has the meaning ascribed to it in the RMA.

Term Bonds. The term “Term Bonds” means the Bonds maturing on September 1, 2039, September 1, 2044, September 1, 2049 and September 1, 2054 and any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

Treasurer. The term “Treasurer” means the Treasurer-Tax Collector of the County of Riverside, or his or her written designee.

Trustee. The term “Trustee” means Zions Bancorporation, National Association, a national banking association duly organized and existing under the laws of the United States, at its designated corporate trust office in Costa Mesa, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in the Indenture, and any successor thereto.

2024 Bonds Reserve Subaccount. The term “2024 Bonds Reserve Subaccount” means the Subaccount by that name created and established in the Reserve Account pursuant to the Indenture.

2024 Bonds Reserve Requirement. The term “2024 Bonds Reserve Requirement” means that amount as of any date of calculation equal to the lesser of: (i) 10% of the initial principal amount of the Bonds; (ii) Maximum Annual Debt Service on the then Outstanding Bonds; and (iii) 125% of average Annual Debt Service on the then Outstanding Bonds.

Underwriter. The term “Underwriter” means, with respect to the Bonds, Stifel Nicolaus & Company, Incorporated, and with respect to each issue of Parity Bonds, the institution or institutions, if any, with whom the District enters into a purchase contract for the sale of such issue.

GENERAL AUTHORIZATION AND BOND TERMS

Type and Nature of Bonds and Parity Bonds. Neither the faith and credit nor the taxing power of the City, the State of California, or any political subdivision thereof other than the District is pledged to the payment of the Bonds or any Parity Bonds. Except for the Net Taxes, no other taxes are pledged to the payment of the Bonds or any Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the City nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund (exclusive of the Administrative Expense Account), as more fully described in the Indenture. The District’s limited obligation to pay the principal of, premium, if any, and interest on the Bonds and any Parity Bonds from amounts in the Special Tax Fund (exclusive of the Administrative Expense Account) is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds or any Parity Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the City or the forfeiture of any of their property. The principal of and interest on the Bonds and any Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds and any Parity Bonds are not a legal or equitable pledge, charge, lien, or encumbrance upon any of the District’s property, or upon any of its income, receipts or revenues, except the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account) which are, under the terms of the Indenture and the Act, set aside for the payment of the Bonds, any Parity Bonds and interest thereon, and neither the members of the legislative body of the District or the members of the City Council nor any persons executing the Bonds or any Parity Bonds are liable personally on the Bonds or any Parity Bonds, by reason of their issuance.

Notwithstanding anything to the contrary contained in the Indenture, the District is not required to advance any money derived from any source of income other than the Net Taxes for the payment of the interest on or the principal of the Bonds or any Parity Bonds, or for the performance of any covenants contained in the Indenture. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

Equality of Bonds and Parity Bonds and Pledge of Net Taxes. Pursuant to the Act and the Indenture, the Bonds and any Parity Bonds will be equally payable from and secured by a first pledge of and lien on the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account), without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof, will be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund (exclusive of the Administrative Expense Account) which are set aside for the payment of the Bonds and any Parity Bonds; provided that any delinquent Special Tax sold to an independent third-party or to the City for 100% of the delinquent amount will no longer be pledged under the Indenture to the payment of the Bonds or Parity Bonds. Amounts in the Special Tax Fund (other than the Administrative Expense Account therein) constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds and, so long as any of the Bonds and any Parity Bonds or interest thereon remain Outstanding, will not be used for any other purpose, except as permitted by the Indenture or any Supplemental Indenture. Notwithstanding any provision contained in the Indenture to the contrary, Net Taxes deposited in the Rebate Fund and the Surplus Fund will no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Rebate Fund, the Surplus Fund, the Acquisition and Construction Fund or the Administrative Expense Account of the Special Tax Fund will be construed as a trust fund held for the benefit of the Owners.

Notwithstanding anything to the contrary contained in the Indenture, amounts in the 2024 Bonds Reserve Subaccount will only secure and be available to pay the principal of, redemption premium, if any, and interest on the Bonds, and amounts in the Subaccount of the Reserve Account established for a series of Parity Bonds will secure only and be available to pay the principal of, redemption premium, if any, and interest on, such series of Parity Bonds.

Nothing in the Indenture or any Supplemental Indenture precludes: (i) subject to the limitations contained under the Indenture, the redemption prior to maturity of any Bonds or Parity Bonds subject to call and redemption and payment of said Bonds or Parity Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as later amended, or under any other law of the State of California; or (ii) the issuance, subject to the limitations contained in the Indenture, of Parity Bonds which are payable from Net Taxes.

Bond Register. The Trustee will keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Bonds and any Parity Bonds which will upon reasonable prior notice be open to inspection by the District during all regular business hours, and, subject to the limitations set forth in the Indenture, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be transferred on said Bond Register, Bonds and any Parity Bonds as provided in the Indenture.

The District and the Trustee may treat the Owner of any Bond or Parity Bond whose name appears on the Bond Register as the absolute Owner of that Bond or Parity Bond for any and all purposes and the District and the Trustee will not be affected by any notice to the contrary. The District and the Trustee may rely on the address of the Owner as it appears in the Bond Register for any and all purposes. It is the duty of the Owner to give prompt written notice to the Trustee of any change in the Owner's address so that the Bond Register may be revised accordingly.

Registration of Exchange or Transfer. Subject to the limitations set forth in the following paragraph, the registration of any Bond or Parity Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond or Parity Bond for cancellation at the office of the Trustee, accompanied by delivery of written instrument of transfer in a form acceptable to the Trustee and duly executed by the Owner or his or her duly authorized attorney.

Bonds or Parity Bonds may be exchanged at the office of the Trustee for a like aggregate principal amount of Bonds or Parity Bonds for other authorized denominations of the same maturity and issue. The Trustee will not collect from the Owner any charge for any new Bond or Parity Bond issued upon any exchange or transfer, but will require the Owner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds or Parity Bonds are surrendered for registration of transfer or exchange, the District will execute and the Trustee will authenticate and deliver a new Bond or Bonds or a new Parity Bond or Parity Bonds, as applicable, of the same issue and maturity, for a like aggregate principal amount; provided that the Trustee is not required to register transfers or make exchanges of: (i) Bonds or Parity Bonds for a period of 15 days next preceding any selection of the Bonds or Parity Bonds to be redeemed; or (ii) any Bonds or Parity Bonds chosen for redemption.

The Trustee has no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer or exchange imposed under the Indenture or under applicable law with respect to any transfer of any interest in any Bond or Parity Bond other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, the Indenture, and to examine the same to determine substantial compliance as to form with the express requirements thereof.

Mutilated, Lost, Destroyed or Stolen Bonds or Parity Bonds. If any Bond or Parity Bond becomes mutilated, the District will execute, and the Trustee will authenticate and deliver, a new Bond or Parity Bond of

like tenor, date, issue and maturity in exchange and substitution for the Bond or Parity Bond so mutilated, but only upon surrender to the Trustee of the Bond or Parity Bond so mutilated. Every mutilated Bond or Parity Bond so surrendered to the Trustee will be cancelled by the Trustee as described under the caption “MISCELLANEOUS—Cancellation of Bonds and Parity Bonds.” If any Bond or Parity Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and, if any indemnity satisfactory to the Trustee is be given, the District will execute and the Trustee will authenticate and deliver a new Bond or Parity Bond, as applicable, of like tenor, maturity and issue, numbered and dated as the Trustee will determine in lieu of and in substitution for the Bond or Parity Bond so lost, destroyed or stolen. Any Bond or Parity Bond issued in lieu of any Bond or Parity Bond alleged to be mutilated, lost, destroyed or stolen will be equally and proportionately entitled to the benefits of the Indenture with all other Bonds and Parity Bonds issued under the Indenture. The Trustee will not treat both the original Bond or Parity Bond and any replacement Bond or replacement Parity Bond as being Outstanding for the purpose of determining the principal amount of Bonds or Parity Bonds which may be executed, authenticated and delivered under the Indenture or for the purpose of determining any percentage of Bonds or Parity Bonds Outstanding thereunder, but both the original and replacement Bond or Parity Bond will be treated as one and the same. Notwithstanding any other provision of the Indenture, in lieu of delivering a new Bond or Parity Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Bonds or Parity Bonds.

Validity of Bonds and Parity Bonds. The validity of the authorization and issuance of the Bonds and any Parity Bonds will not be affected in any way by any defect in any proceedings taken by the District for the financing of the Project, or by the invalidity, in whole or in part, of any contracts made by the District in connection therewith, and will not be dependent upon the completion of the financing of the Project or upon the performance by any Person of his or her obligation with respect to the Project, and the recital contained in the Bonds or any Parity Bonds that the same are issued pursuant to the Act and other applicable laws of the State is conclusive evidence of their validity and of the regularity of their issuance.

Book-Entry System. The Bonds will be initially delivered in the form of a separate single fully registered Bond (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the ownership of each such Bond will be registered in the registration books kept by the Trustee in the name of the Nominee as nominee of the Depository. Except as described under the caption “—Transfers Outside Book-Entry System” below, all of the Outstanding Bonds will be registered in the registration books kept by the Trustee in the name of the Nominee. At the election of the District, any Parity Bonds may also be issued as book-entry bonds registered in the name of the Nominee as provided in the Indenture, in which case the references under the captions “—Book-Entry System,” “—Representation Letter,” “—Transfers Outside Book-Entry System” and “—Payments to the Nominee” to “Bonds” will be applicable to such Parity Bonds.

With respect to Bonds registered in the Bond Register kept by the Trustee in the name of the Nominee, the District and the Trustee have no responsibility or obligation to any such Participant or to any Person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Trustee have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds; (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Trustee, of any notice with respect to the Bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event that the Bonds are redeemed in part; or (iv) the payment to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest due with respect to the Bonds. The District and the Trustee may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such Bond for the purpose of payment of the principal of, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond and for all other purposes whatsoever. The Trustee will pay all principal of, premium, if any, and interest due on the Bonds only to or upon the order of the respective Owner,

as shown in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments will be valid and effective to satisfy and discharge fully the District's obligations with respect to payment of the principal, premium, if any, and interest due on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the registration books kept by the Trustee, will receive a Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to the Indenture. Upon delivery by the Depository to the Trustee and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions in the Indenture with respect to Record Dates, the word Nominee in the Indenture will refer to such new nominee of the Depository.

Representation Letter. In order to qualify the Bonds and any Parity Bonds which the District elects to register in the name of the Nominee for the Depository's book-entry system, an Authorized Representative of the District is authorized to execute from time to time and deliver to such Depository the Representation Letter. The execution and delivery of the Representation Letter does not in any way limit the provisions of the Indenture described under the caption "—Book-Entry System" above or in any other way impose upon the District or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the registration books kept by the Trustee. The District agrees to take all action necessary to continuously comply with all representations made by it in the Representation Letter. In addition to the execution and delivery of the Representation Letter, the Authorized Representatives of the District are authorized to take any other actions, not inconsistent with the Indenture, to qualify the Bonds for the Depository's book-entry program.

Transfers Outside Book-Entry System. In the event that: (i) the Depository determines not to continue to act as securities depository for the Bonds; or (ii) the District determines that the Depository will no longer so act, then the District will discontinue the book-entry system with the Depository. If the District fails to identify another qualified securities depository to replace the Depository then the Bonds so designated will no longer be restricted to being registered in the registration books kept by the Trustee in the name of the Nominee, but will be registered in whatever name or names Persons transferring or exchanging Bonds designate as described under the caption "—Registration of Exchange or Transfer."

Payments to the Nominee. Notwithstanding any other provisions of the Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest due with respect to such Bond and all notices with respect to such Bond will be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

Initial Depository and Nominee. The initial Depository under the Indenture will be The Depository Trust Company, New York, New York. The initial Nominee will be Cede & Co., as Nominee of The Depository Trust Company, New York, New York.

CUSIP Numbers. The District in issuing Bonds or Parity Bonds, as applicable, may use "CUSIP" numbers, and, if so, the Trustee will use "CUSIP" numbers in notices of redemption as a convenience to Owners; provided that the Trustee will have no liability for any defect in the "CUSIP" numbers as they appear on any Bond, Parity Bond, notice or elsewhere, and, provided further that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or Parity Bonds, as applicable, or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds or Parity Bonds, as applicable, and any such redemption will not be affected by any defect in or omission of such numbers. The District will promptly notify the Trustee in writing of any change in the "CUSIP" numbers.

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

Creation of Funds; Application of Proceeds. There have been created and established and will be maintained by the Trustee the following funds and accounts:

(1) The City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon) Special Tax Fund (the “Special Tax Fund”) (in which there will be established and created an Interest Account, a Principal Account, a Redemption Account, a Reserve Account (and within the Reserve Account, the 2024 Bonds Reserve Subaccount), and an Administrative Expense Account).

(2) The City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon) Rebate Fund (the “Rebate Fund”) (in which there will be established a Rebate Account and an Alternate Penalty Account).

(3) The City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon) Acquisition and Construction Fund (the “Acquisition and Construction Fund”) (in which there will be established a City Facilities Account and a Costs of Issuance Account).

(4) The City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon) Surplus Fund (the “Surplus Fund”).

The amounts on deposit in the foregoing Funds, Accounts and Subaccounts will be held by the Trustee. The Trustee will invest and disburse the amounts in such Funds, Accounts and Subaccounts as described in the Indenture and will disburse investment earnings thereon as described under the caption “—Investments” below.

In connection with the issuance of any Parity Bonds as described under the caption “DEFEASANCE AND PARITY BONDS—Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness,” the Trustee, at the written direction of an Authorized Representative of the District, may create new Funds, Accounts and Subaccounts, or may create additional Accounts and Subaccounts within any of the foregoing Funds and Accounts for the purpose of separately accounting for the proceeds of the Bonds and any Parity Bonds.

Deposits to and Disbursements from Special Tax Fund.

(a) Except for Prepayments, which will be deposited to the Redemption Account of the Special Tax Fund, the Trustee will, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee will transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Indenture, in the following order of priority, to:

(1) the Administrative Expense Account of the Special Tax Fund up to the Administrative Expenses Cap;

(2) the Interest Account of the Special Tax Fund;

(3) the Principal Account of the Special Tax Fund;

(4) the Redemption Account of the Special Tax Fund;

(5) the Subaccounts of the Reserve Account of the Special Tax Fund, on a proportionate basis based on the outstanding principal amount of the Bonds and any Parity Bonds;

(6) the Administrative Expense Account of the Special Tax Fund to the extent that Administrative Expenses exceed or are expected to exceed the Administrative Expense Cap;

(7) the Rebate Fund; and

(8) the Surplus Fund.

(b) At maturity of all of the Bonds and Parity Bonds and, after all principal and interest then due on the Bonds and Parity Bonds then Outstanding have been paid or provided for and any amounts owed to the Trustee have been paid in full, moneys in the Special Tax Fund and any accounts therein may be used by the District for any lawful purpose.

Administrative Expense Account of the Special Tax Fund. The Trustee will transfer from the Special Tax Fund and deposit in the Administrative Expense Account of the Special Tax Fund from time to time amounts necessary to make timely payment of Administrative Expenses as set forth in a Certificate of an Authorized Representative of the District; provided, however, that, except as set forth in the following sentence, the total amount transferred with respect to a Bond Year may not exceed the Administrative Expenses Cap until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit therein, that is sufficient to pay the interest and principal on all Bonds and Parity Bonds due in such Bond Year and to restore the 2024 Bonds Reserve Subaccount to the 2024 Bonds Reserve Requirement and any other Subaccount of the Reserve Account to the applicable Reserve Requirement. Notwithstanding the foregoing, amounts in excess of the Administrative Expenses Cap may be transferred to the Administrative Expense Account to the extent necessary to collect delinquent Special Taxes. Subject to the Indenture, as described under the caption “—Investments” below, moneys in the Administrative Expense Account of the Special Tax Fund may be invested in any Authorized Investments as directed in writing by an Authorized Representative of the District and will be disbursed as directed in a Certificate of an Authorized Representative.

Interest Account and Principal Account of the Special Tax Fund. The principal of and interest due on the Bonds and any Parity Bonds until maturity, other than principal due upon redemption, will be paid by the Trustee from the Principal Account and the Interest Account of the Special Tax Fund, respectively.

For the purpose of assuring that the payment of principal of and interest on the Bonds and any Parity Bonds will be made when due, after making the transfer required by the Indenture, as described under the caption “—Administrative Expense Account of the Special Tax Fund,” at least one Business Day prior to each March 1 and September 1, the Trustee will make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds or any Parity Bonds, or otherwise, the transfer from the Special Tax Fund need not be made; and provided, further, that, if amounts in the Special Tax Fund (exclusive of the Reserve Account and the Administrative Expense Account) are inadequate to make the foregoing transfers, then any deficiency will be made up by transfers from the Subaccounts of the Reserve Account:

(a) To the Interest Account, an amount such that the balance in the Interest Account one Business Day prior to each Interest Payment Date is equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date which remains unpaid. Moneys in the Interest Account will be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.

(b) To the Principal Account, an amount such that the balance in the Principal Account one Business Day prior to September 1 of each year, commencing September 1, 2024, equals the principal payment due on the Bonds and any Parity Bonds maturing on such September 1 and any principal payment due on a previous September 1 which remains unpaid. Moneys in the Principal Account will be used for the payment of the principal of such Bonds and any Parity Bonds as the same become due at maturity.

Redemption Account of the Special Tax Fund.

(a) With respect to each September 1 on which a Sinking Fund Payment is due, after the deposits have been made to the Administrative Expense Account, the Interest Account and the Principal Account of the Special Tax Fund as required by the Indenture, as described under the captions “—Administrative Expense

Account of the Special Tax Fund” and “Interest Account and Principal Account of the Special Tax Fund” above, the Trustee will next transfer into the Redemption Account of the Special Tax Fund from the Special Tax Fund the amount needed to make the balance in the Redemption Account one Business Day prior to each September 1 on which a Sinking Fund Payment is due equal to the Sinking Fund Payment due on any Outstanding Bonds and Parity Bonds on such September 1; provided, however, that, if amounts in the Special Tax Fund are inadequate to make the foregoing transfers, then any deficiency with respect to the Bonds will be made up by an immediate transfer from the 2024 Bonds Reserve Subaccount and any deficiency with respect to a series of Parity Bonds will be made up by an immediate transfer from the Subaccount of the Reserve Account for such series of Parity Bonds, if funded, as described under the caption “—Reserve Account of the Special Tax Fund” below. Moneys so deposited in the Redemption Account will be used and applied by the Trustee to call and redeem Term Bonds in accordance with the Sinking Fund Payment schedules set forth in the Indenture, and to redeem Parity Bonds in accordance with any Sinking Fund Payment schedule in the Supplemental Indenture for such Parity Bonds.

(b) After making the deposits to the Administrative Expense Account, the Interest Account and the Principal Account of the Special Tax Fund as described under the captions “—Administrative Expense Account of the Special Tax Fund” and “Interest Account and Principal Account of the Special Tax Fund” above, and to the Redemption Account for Sinking Fund Payments then due pursuant to paragraph (a) above, and in accordance with the District’s election to call Bonds for optional redemption as set forth in the Indenture, or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Trustee will transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund (other than the Administrative Expense Account therein) may be applied to optionally redeem Bonds and Parity Bonds only if immediately following such redemption the amount in the 2024 Bonds Reserve Subaccount will equal the 2024 Bonds Reserve Requirement and the amount in each other Subaccount of the Reserve Account will equal the related Reserve Requirement.

(c) Prepayments deposited to the Redemption Account will be applied on the redemption date established pursuant to the Indenture to the payment of the principal of, premium, if any, and interest on the Bonds and Parity Bonds to be redeemed with such Prepayments.

(d) Moneys set aside in the Redemption Account will be used solely for the purpose of redeeming Bonds and Parity Bonds and will be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds or Parity Bonds to be redeemed upon presentation and surrender of such Bonds or Parity Bonds, and, in the case of an optional redemption or an extraordinary redemption from Prepayments, to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account may be used to purchase Outstanding Bonds or Parity Bonds in the manner provided in the Indenture. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption or an extraordinary redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to the Indenture, as applicable, or in the case of Parity Bonds the premium established in any Supplemental Indenture. Any accrued interest payable upon the purchase of Bonds or Parity Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Reserve Account of the Special Tax Fund. There will be maintained in the 2024 Bonds Reserve Subaccount an amount equal to the 2024 Bonds Reserve Requirement and in each other Subaccount of the Reserve Account established for a series of Parity Bonds, an amount equal to the Reserve Requirement for such series of Parity Bonds. The 2024 Bonds Reserve Requirement and the Reserve Requirement established for a series of Parity Bonds may be satisfied in whole or in part by cash, a Reserve Policy, or a combination thereof. The amounts in a Subaccount of the Reserve Account will be applied as follows:

(a) Moneys in the 2024 Bonds Reserve Subaccount will be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor or moneys in the Redemption Account of the Special Tax Fund are insufficient to make a Sinking Fund Payment when due and for the purpose of making any required transfer to the Rebate Fund with respect to the Bonds as described under the caption “—Rebate Fund” below, upon written direction from the District. Moneys in any other Subaccount of the Reserve Account established for a series of Parity Bonds will be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on such series of Parity Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor or moneys in the Redemption Account of the Special Tax Fund are insufficient to make a Sinking Fund Payment when due and for the purpose of making any required transfer to the Rebate Fund with respect to such series of Parity Bonds as described under the caption “—Rebate Fund” below, upon written direction from the District.

If the amounts in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on any Bonds or Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee will withdraw from the applicable Subaccount of the Reserve Account, first from the cash on deposit therein, and second from a draw on the Reserve Policy, if any, for deposit in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund or the Rebate Fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from a Subaccount of the Reserve Account, after making the required transfers referred to under the captions “—Administrative Expense Account of the Special Tax Fund,” “Interest Account and Principal Account of the Special Tax Fund,” and “—Redemption Account of the Special Tax Fund” above, the Trustee will transfer to each Subaccount of the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the District elects to apply to such purpose, on a proportionate basis based on the outstanding principal amount of the Bonds and any Parity Bonds, the amount needed to restore the amount of each Subaccount of the Reserve Account to, with respect to the Bonds, the 2024 Bonds Reserve Requirement and, with respect to each series of Parity Bonds, the applicable Reserve Requirement for such series, by first, repaying any amounts due under each Reserve Policy, and second, to fund each Subaccount of the Reserve Account to, with respect to the Bonds, the 2024 Bonds Reserve Requirement and, with respect to each series of Parity Bonds, the applicable Reserve Requirement for such series. Moneys in the Special Tax Fund will be deemed available for transfer to the Subaccounts of the Reserve Account only if the District certifies to the Trustee that such amounts will not be needed to make the deposits required to be made to the Administrative Expense Account, the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund on or before the next September 1. If amounts in the Special Tax Fund together with any other amounts transferred to replenish the Subaccounts of the Reserve Account are inadequate to restore the Subaccounts of the Reserve Account to, with respect to the Bonds, the 2024 Bonds Reserve Requirement and, with respect to each series of Parity Bonds, the applicable Reserve Requirement for such series, including any amounts necessary to pay costs related to each Reserve Policy, if any, then the District will include the amount necessary to restore the Subaccounts of the Reserve Account to, with respect to the Bonds, the 2024 Bonds Reserve Requirement and, with respect to each series of Parity Bonds, the applicable Reserve Requirement for such series, in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates.

(c) In connection with a redemption of Bonds pursuant to the Indenture, or a partial defeasance of Bonds as described under the caption “DEFEASANCE AND PARITY BONDS—Defeasance,” amounts in the 2024 Bonds Reserve Subaccount may be applied to such redemption or partial defeasance so long as the amount on deposit in the 2024 Bonds Reserve Subaccount following such redemption or partial defeasance equals the 2024 Bonds Reserve Requirement. The District will set forth in a Certificate of an Authorized Representative the amount in the 2024 Bonds Reserve Subaccount to be transferred to the Redemption Account on a redemption

date or to be transferred pursuant to the Indenture to partially defease Bonds, and the Trustee will make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

In connection with a redemption of a series of Parity Bonds in accordance with any Supplemental Indenture, or a partial defeasance of such series of Parity Bonds as described under the caption “DEFEASANCE AND PARITY BONDS—Defeasance,” amounts in the related Subaccount of the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in such Subaccount of the Reserve Account following such redemption or partial defeasance equals the Reserve Requirement for such series of Parity Bonds. The District will set forth in a Certificate of an Authorized Representative the amount in the Subaccount of the Reserve Account to be transferred to the Redemption Account on a redemption date or to be transferred pursuant to the Indenture to partially defease such Parity Bonds, and the Trustee will make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

(d) To the extent that the 2024 Bonds Reserve Subaccount is at the 2024 Bonds Reserve Requirement as of the first day of the final Bond Year for the Bonds, amounts in the 2024 Bonds Reserve Subaccount may be applied to pay the principal of and interest due on the Bonds in the final Bond Year for the Bonds. Moneys in the 2024 Bonds Reserve Subaccount in excess of the 2024 Bonds Reserve Requirement not transferred in accordance with the preceding provisions described above will be withdrawn from the 2024 Bonds Reserve Subaccount on the Business Day before each March 1 and September 1 and will be transferred to the Acquisition and Construction Fund or an Account therein, as directed by a Certificate of an Authorized Representative, until all amounts have been disbursed from the Acquisition and Construction Fund (or such fund is closed) and thereafter to the Interest Account of the Special Tax Fund.

(e) To the extent that the Subaccount of the Reserve Account for a series of Parity Bonds is at the Reserve Requirement for such series as of the first day of the final Bond Year for such series of Parity Bonds, amounts in such Subaccount of the Reserve Account may be applied to pay the principal of and interest due on such series of Parity Bonds in the final Bond Year for such issue. Moneys in the Subaccount of the Reserve Account for a series of Parity Bonds in excess of the Reserve Requirement for such series not transferred in accordance with the paragraphs above will be withdrawn from such Subaccount of the Reserve Account on the Business Day before each March 1 and September 1 and will be transferred to the Acquisition and Construction Fund or an Account therein, as directed by a Certificate of an Authorized Representative, until all amounts have been disbursed from the Acquisition and Construction Fund (or such fund is closed) and thereafter to the Interest Account of the Special Tax Fund.

Rebate Fund.

(a) The Trustee will establish and maintain a fund separate from any other fund established and maintained under the Indenture designated as the Rebate Fund and will establish a separate Rebate Account and Alternate Penalty Account therein. All money at any time deposited in the Rebate Account or the Alternate Penalty Account of the Rebate Fund will be held by the Trustee in trust, for payment to the United States Treasury. A separate subaccount of the Rebate Account and the Alternate Penalty Account will be established for the Bonds and each issue of Parity Bonds the interest on which is excluded from gross income for federal income tax purposes. All amounts on deposit in the Rebate Fund with respect to the Bonds or an issue of Parity Bonds will be governed by the Rebate Fund provisions of the Indenture described below and the Tax Certificate for such issue, unless the District obtains an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest payments on the Bonds and Parity Bonds will not be adversely affected if such requirements are not satisfied.

(1) Rebate Account. The following requirements will be satisfied with respect to each subaccount of the Rebate Account:

(i) Annual Computation. Within 55 days of the end of each Bond Year, the District will calculate or cause to be calculated the amount of rebatable arbitrage for the Bonds and each issue

of Parity Bonds to which the Rebate Fund provisions of the Indenture are applicable, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage described in the Tax Certificate for each issue (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “1½% Penalty”) has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the “Rebatable Arbitrage”). The District will obtain expert advice as to the amount of the Rebatable Arbitrage to comply with the foregoing requirements.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year for which Rebatable Arbitrage must be calculated as required by the Tax Certificate for each issue, upon the written direction of an Authorized Representative of the District, an amount will be deposited to each subaccount of the Rebate Account by the Trustee from any funds so designated by the District if and to the extent required, so that the balance in the Rebate Account equals the amount of Rebatable Arbitrage so calculated by or on behalf of the District in accordance paragraph (i) above with respect to the Bonds and each issue of Parity Bonds to which the Rebate Fund provisions of the Indenture are applicable. In the event that immediately following any transfer required by the previous sentence, or the date on which the District determines that no transfer is required for such Bond Year, the amount then on deposit to the credit of the applicable subaccount of the Rebate Account exceeds the amount required to be on deposit therein, upon written instructions from an Authorized Representative of the District, the Trustee will withdraw the excess from the appropriate subaccount of the Rebate Account and then credit the excess to the Special Tax Fund.

(iii) Payment to the Treasury. The Trustee will pay, as directed in writing by an Authorized Representative of the District, to the United States Treasury, out of amounts in each subaccount of the Rebate Account:

(X) not later than 60 days after the end of: (A) the fifth Bond Year for the Bonds and each issue of Parity Bonds to which the Rebate Fund provisions of the Indenture are applicable; and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year for the Bonds and each issue of Parity Bonds, as applicable; and

(Y) not later than 60 days after the payment or redemption of all of the Bonds or an issue of Parity Bonds, as applicable, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Account, the amount in the Rebate Account is not sufficient to make such payment when such payment is due, the District will calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this paragraph will be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and will be accompanied by Internal Revenue Service Form 8038-T, or will be made in such other manner as provided under the Code.

(2) Alternate Penalty Account.

(i) Six-Month Computation. If the 1½% Penalty has been elected for the Bonds or an issue of Parity Bonds, within 85 days of each particular Six-Month Period, the District will determine or cause to be determined whether the 1½% Penalty is payable (and the amount of such penalty) as of the close of the applicable Six-Month Period. The District will obtain expert advice in making such determinations.

(ii) Six-Month Transfer. Within 85 days of the close of each Six-Month Period, the Trustee, at the written direction of an Authorized Representative of the District, will deposit an amount in

the appropriate subaccounts of the Alternate Penalty Account from any source of funds held by the Trustee pursuant to the Indenture and designated by the District in such written directions or provided to it by the District, if and to the extent required, so that the balance in each subaccount of the Alternate Penalty Account equals the amount of 1½% Penalty due and payable to the United States Treasury determined as provided in subsection (a)(2)(i) above. In the event that immediately following any transfer provided for in the previous sentence, or the date on which the District determines that no transfer is required for such Bond Year, the amount then on deposit in a subaccount of the Alternate Penalty Account exceeds the amount required to be on deposit therein to make the payments required by subsection (iii) below, the Trustee, at the written direction of an Authorized Representative of the District, may withdraw the excess from the applicable subaccount of the Alternate Penalty Account and credit the excess to the Special Tax Fund.

(iii) Payment to the Treasury. The Trustee will pay, as directed in writing by an Authorized Representative of the District, to the United States Treasury, out of amounts in a subaccount of the Alternate Penalty Account, not later than 90 days after the close of each Six-Month Period the 1½% Penalty, if applicable and payable, computed with respect to the Bonds and any issue of Parity Bonds in accordance with Section 148(f)(4) of the Code. In the event that, prior to the time of any payment required to be made from a subaccount of the Alternate Penalty Account, the amount in such subaccount is not sufficient to make such payment when such payment is due, the District will calculate the amount of such deficiency and direct the Trustee, in writing, to deposit an amount equal to such deficiency into such subaccount of the Alternate Penalty Account from any funds held by the Trustee pursuant to the Indenture and designated by the District in such written directions prior to the time such payment is due. Each payment required to be made pursuant to this paragraph will be made to the Internal Revenue Service, Ogden, Utah 84201 on or before the date on which such payment is due, and will be accompanied by Internal Revenue Service Form 8038-T or will be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Accounts of the Rebate Fund with respect to the Bonds or an issue of Parity Bonds after redemption and payment of such issue and after making the payments described in paragraphs (a)(1)(iii) or (a)(2)(iii) (whichever is applicable) above, may be withdrawn by the Trustee at the written direction of the District and utilized in any manner by the District.

(c) Survival of Defeasance and Final Payment. Notwithstanding anything described in this paragraph or the Indenture to the contrary, the obligation to comply with the requirements of the Indenture will survive the defeasance and final payment of the Bonds and any Parity Bonds with respect to which an Account has been created in the Rebate Fund.

(d) Amendment Without Consent of Owners. The Rebate Fund provisions of the Indenture may be deleted or amended in any manner without the consent of the Owners, provided that prior to such event there is delivered to the District an opinion of Bond Counsel to the effect that such deletion or amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any issue of Parity Bonds issued on a tax-exempt basis.

(e) Trustee. The Trustee has no responsibility to monitor or calculate any amounts payable to the U.S. Treasury pursuant to the Rebate Fund requirements of the Indenture and will be deemed constructively to have complied with its obligations thereunder if it follows the written instructions of the District given pursuant to the Rebate Fund provisions of the Indenture. The Trustee is not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report. The Trustee is be deemed conclusively to have complied with the provisions of the Indenture and any other agreement relating to the Bonds or Parity Bonds regarding calculation and payment of rebate if it follows the directions of the District, and it will have no independent duty to review or enforce the District's compliance with such rebate requirements. The Trustee may rely conclusively upon and will be fully protected from all liability in relying upon the District's opinions, calculations, determinations, directions, and certifications required by the foregoing paragraphs. Except to the extent expressly in the Indenture provided, the Trustee will in no instance be responsible or liable for the tax treatment

of the Bonds or the Parity Bonds, the District's compliance with the Code, or any other tax consequences in connection with the Bonds or the Parity Bonds.

Surplus Fund. After making the transfers described under the captions “—Administrative Expense Account of the Special Tax Fund,” “Interest Account and Principal Account of the Special Tax Fund,” “Redemption Account of the Special Tax Fund,” “Reserve Account of the Special Tax Fund” and “Rebate Fund” above, as soon as practicable after each September 1, the Trustee will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to the Indenture. Moneys deposited in the Surplus Fund will be transferred by the Trustee pursuant to a Certificate of an Authorized Representative: (i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Subaccounts of the Reserve Account of the Special Tax Fund are insufficient therefor; (ii) to each Subaccount of the Reserve Account, on a proportionate basis based on the outstanding principal amount of the Bonds and any Parity Bonds, to replenish the 2024 Bonds Reserve Subaccount to the 2024 Bonds Reserve Requirement, and to each other Subaccount of the Reserve Account to the applicable Reserve Requirement; (iii) to the Administrative Expense Account of the Special Tax Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Account of the Special Tax Fund are insufficient to pay Administrative Expenses; (iv) to the Acquisition and Construction Fund to pay Project Costs; or (v) after all Project Costs have been paid, to the District, for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or the Parity Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds or Parity Bonds, the District will notify the Trustee in a Certificate of an Authorized Representative and the Trustee will segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund will be invested at the written direction of the District in Authorized Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes. Such amounts will be disbursed as directed by an Authorized Representative of the District.

Acquisition and Construction Fund.

(a) The moneys in the Costs of Issuance Account will be disbursed by the Trustee pursuant to a Certificate of an Authorized Representative, and any balance remaining therein after 180 days will be transferred by the Trustee to the City Facilities Account within the Acquisition and Construction Fund as directed in writing by an Authorized Representative of the District. Following such transfer to the Acquisition and Construction Fund, the Costs of Issuance Account will be closed.

(b) The moneys in the Acquisition and Construction Fund and the Accounts therein (other than the Costs of Issuance Account) will be applied exclusively to pay the Project Costs. Amounts for Project Costs will be disbursed by the Trustee from the Acquisition and Construction Fund or the Accounts therein (other than the Costs of Issuance Account), as specified in a Requisition for Disbursement of Project Costs, substantially in the form attached to the Indenture. A properly executed Requisition for Disbursement of Project Costs must be submitted in connection with each requested disbursement, and the Trustee may rely thereon without investigating the accuracy thereof. Amounts in an Account of the Acquisition and Construction Fund may be

transferred to another Account or Accounts therein pursuant to a Certificate of an Authorized Representative of the District. For purposes of complying with the requirements described under the caption “—Acquisition and Construction Fund,” the Trustee may conclusively rely and will be protected in acting or refraining from acting upon the Requisition signed by the authorized officer of the District. The Trustee will not be bound to make an investigation into the facts or matters stated in any Requisition of the District. The Trustee will not be responsible for determining whether the funds on hand in the Acquisition and Construction Fund are sufficient to complete the Project. The Trustee will not be responsible to collect lien waivers.

(c) Upon receipt of a Certificate of an Authorized Representative of the District stating that all or a specified portion of the amount remaining in the Acquisition and Construction Fund or the Accounts therein (other than the Costs of Issuance Account) is no longer needed to pay Project Costs, the Trustee will: (i) transfer all or such specified portion, as applicable, of the moneys remaining on deposit in the Acquisition and Construction Fund or the Accounts in the Indenture (other than the Costs of Issuance Account) to the Interest Account, the Principal Account or Redemption Account of the Special Tax Fund, to the Costs of Issuance Account or to the Surplus Fund, as directed in such certificate, provided that in connection with any direction to transfer amounts to the Surplus Fund there will be delivered to the Trustee with such certificate an opinion of Bond Counsel to the effect that such transfer to the Surplus Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes; and (ii) thereafter, close the Acquisition and Construction Fund.

Investments. Moneys held in any of the Funds, Accounts and Subaccounts under the Indenture will be invested at the written direction (which may include a facsimile transmission) of the District upon at least two (2) Business Days’ notice in accordance with the limitations set forth below and to the extent permitted by law only in Authorized Investments (such direction to specify the particular Authorized Investment to be made) which will be deemed at all times to be a part of such Funds, Accounts and Subaccounts. Any loss resulting from such Authorized Investments will be credited or charged to the Fund, Account or Subaccount from which such investment was made, and any investment earnings on a Fund, Account or Subaccount will be applied as follows: (i) investment earnings on all amounts deposited in the Acquisition and Construction Fund (including the Accounts therein), the Special Tax Fund, the Surplus Fund and the Rebate Fund and each Account therein (other than the Subaccounts of the Reserve Account of the Special Tax Fund) will be deposited in those respective Funds, Accounts and Subaccounts; and (ii) investment earnings on all amounts deposited in the Subaccounts of the Reserve Account will be deposited therein to be applied as described under the caption “—Reserve Account of the Special Tax Fund” above. Moneys in the Funds, Accounts and Subaccounts held under the Indenture may be invested by the Trustee as directed in writing (which may include a facsimile transmission) by the District, from time to time, in Authorized Investments (such direction to specify the particular Authorized Investment to be made) subject to the following restrictions (provided that the Trustee is not required to verify compliance with such restrictions and may rely on the District’s written instructions as evidence of such compliance):

(a) Moneys in the Acquisition and Construction Fund and the Accounts therein will be invested in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available without penalty, as close as practicable to the date the District estimates the moneys represented by the particular investment will be needed for withdrawal from the Acquisition and Construction Fund or the Accounts therein. Notwithstanding anything in the Indenture to the contrary, amounts in the Acquisition and Construction Fund or the Accounts therein three years after the Delivery Date for the Bonds and the proceeds of each issue of Parity Bonds issued on a tax-exempt basis which are remaining on deposit in the Acquisition and Construction Fund on the date which is three years following the date of issuance of such issue of Parity Bonds will be invested by the District only in Authorized Investments the interest on which is excluded from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds from which such proceeds were derived, unless in the opinion of Bond Counsel such restriction is not necessary to prevent interest on the Bonds or any Parity Bonds which

were issued on a tax-exempt basis for federal income tax purposes from being included in gross income for federal income tax purposes.

(b) Moneys in the Interest Account, the Principal Account, and the Redemption Account of the Special Tax Fund will be invested only in Authorized Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same become due.

(c) Moneys in the 2024 Bonds Reserve Subaccount may be invested only in Authorized Investments (other than the Authorized Investment described in clause (2)(i) of the definition thereof) which, taken together, have a weighted average maturity not in excess of five years; provided that such amounts may be invested in an Investment Agreement to the later of the final maturity of the Bonds so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with the requirements described under the caption “—Reserve Account of the Special Tax Fund” above; and provided that no such Authorized Investment of amounts in the 2024 Bonds Reserve Subaccount will mature later than the final maturity date of the Bonds.

Moneys in a Subaccount of the Reserve Account established for a series of Parity Bonds may be invested only in Authorized Investments (other than the Authorized Investment described in clause (2)(i) of the definition thereof) which, taken together, have a weighted average maturity not in excess of five years; provided that such amounts may be invested in an Investment Agreement to the later of the final maturity of such series of Parity Bonds so long as such amounts may be withdrawn at any time, without penalty, for application in accordance with the requirements described under the caption “—Reserve Account of the Special Tax Fund” above; and provided that no such Authorized Investment of amounts in such Subaccount of the Reserve Account will mature later than the respective final maturity date of such Parity Bonds.

(d) Moneys in the Rebate Fund will be invested only in Authorized Investments of the type described in clause (1) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government as described under the caption “—Rebate Fund” above or in Authorized Investments of the type described in clause (2)(e) of the definition thereof.

(e) In the absence of written investment directions from the District, the Trustee will hold such funds will be uninvested as cash.

The Trustee will sell, or present for redemption, any Authorized Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such funds and accounts or from such funds and accounts. Notwithstanding anything in the Indenture to the contrary, the Trustee will not be responsible or liable for any loss, fee, tax or other charge from investments, reinvestments, liquidations, sales or transfers undertaken in accordance with the provisions of the Indenture. In the event of a loss on the sale of such investments (after giving effect to any interest or other income thereon except to the extent theretofore paid to the District), the Trustee will have no responsibility or liability in respect of such loss except that the Trustee will notify the District of the amount of such loss and the District will promptly pay such amount to the Trustee to be credited as part of the moneys originally invested.

The Trustee may act as principal or agent in the making or disposing of any investment and will be entitled to its customary fee for making such investment. The Trustee may sell at the best market price obtainable, or present for redemption, any Authorized Investment so purchased whenever it will be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Authorized Investment is credited, and subject to requirements described under the caption “TRUSTEE—Liability of Trustee,” the Trustee will not be liable or responsible for any loss resulting from such investment. For investment purposes, the Trustee may commingle the funds and accounts established under the Indenture, but will account for each separately. The Trustee is authorized, in making or disposing of any

investment permitted by the Indenture, to deal with itself (in its individual capacity) or which any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account. The parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

The District acknowledges that, to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements which include detail for all investment transactions made by the Trustee.

COVENANTS AND WARRANTY

Warranty. The District warrants that it will preserve and protect the security pledged under the Indenture to the Bonds and any Parity Bonds against all claims and demands of all persons.

Covenants. So long as any of the Bonds or Parity Bonds issued under the Indenture are Outstanding and unpaid, the District makes the following covenants with the Owners under the provisions of the Act and the Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and Parity Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

(a) Punctual Payment; Against Encumbrances. The District covenants that it will receive all Special Taxes in trust for the Owners and will direct the Treasurer to deposit all Special Taxes with the Trustee as soon as reasonably practicable following their apportionment to the District, and the District has no beneficial right or interest in the amounts so deposited except as provided by the Indenture. All such Special Taxes will be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and will be accounted for separately and apart from all other money, funds, accounts or other resources of the District. Notwithstanding anything to the contrary in the Indenture, the Trustee has no duty to prepare or file any Federal or state tax report or return with respect to any funds held pursuant to the Indenture or any income earned thereon, except for the delivery and filing of tax information reporting forms required to be delivered and filed with the Internal Revenue Service.

The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond and Parity Bond issued under the Indenture, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and the Parity Bonds and in accordance with the Indenture to the extent that Net Taxes and other amounts pledged under the Indenture are available therefor, and that the payments into the Funds and Accounts created under the Indenture will be made, all in strict conformity with the terms of the Bonds, any Parity Bonds, and the Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all Supplemental Indentures and of the Bonds and any Parity Bonds issued thereunder.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Taxes except as provided in the Indenture, and will not issue any obligation or security having a lien or charge upon the Net Taxes superior to or on a parity with the Bonds, other than Parity Bonds. Nothing in the Indenture prevents the District from issuing or incurring indebtedness which is payable from a pledge of Net Taxes which is subordinate in all respects to the pledge of Net Taxes to repay the Bonds and the Parity Bonds, subject to compliance with the District's bonded indebtedness limit.

(b) Levy of Special Tax. Beginning in Fiscal Year 2024-25 and so long as any Bonds or Parity Bonds issued under the Indenture are Outstanding, subject to the limitations set forth in the Act and the RMA, the legislative body of the District covenants to levy the Special Tax in an amount sufficient, together with other

amounts on deposit in the Special Tax Fund, to pay: (1) the principal of and interest on the Bonds and any Parity Bonds when due; (2) the Administrative Expenses; and (3) any amounts required to replenish the 2024 Bonds Reserve Subaccount to the 2024 Bonds Reserve Requirement and any other Subaccount of the Reserve Account to the applicable Reserve Requirement, including any amounts to pay costs related to a Reserve Policy, if any. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

(c) Commence Foreclosure Proceedings. The District covenants for the benefit of the Owners of the Bonds and any Parity Bonds that it will: (i) commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$2,500 by the December 1 following the close of each Fiscal Year in which such Special Taxes were due; (ii) commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the December 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied; and (iii) diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided that, notwithstanding the foregoing, the District may elect to defer foreclosure proceedings on any parcel so long as the amount in the 2024 Bonds Reserve Subaccount is at least equal to the 2024 Bonds Reserve Requirement and the amount in all other Subaccounts of the Reserve Account is at least equal to the applicable Reserve Requirements. The District may, but is not be obligated to, advance funds from any source of legally available funds in order to maintain the Subaccounts of the Reserve Account. The District may treat any delinquent Special Tax sold to an independent third-party or to the City for at least 100% of the delinquent amount as having been paid. Proceeds of any such sale up to 100% of the delinquent amount will be deposited in the Special Tax Fund.

The District covenants that it will deposit the net proceeds of any foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the 2024 Bonds Reserve Subaccount up to the 2024 Bonds Reserve Requirement and the amount on deposit in any other Subaccount of the Reserve Account to the applicable Reserve Requirement, and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

(d) Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Taxes or other funds in the Special Tax Fund (other than the Administrative Expense Account therein), or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided, however, that nothing in the Indenture requires the District to make any such payments so long as the District in good faith contests the validity of any such claims.

(e) Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries are be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts will at all times during business hours be subject to the inspection of the Trustee or of the Owners or the Owners of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

(f) Federal Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis for federal income tax purposes will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or any Parity Bonds or of any other monies or property which would

cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “private activity bonds” within the meaning of Section 141 of the Code.

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or any Parity Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or any Parity Bonds or take or omit to take any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(4) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

(5) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and any applicable Parity Bonds.

(6) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed on the Delivery Date by the District in connection with the Bonds and any issue of Parity Bonds and will comply with the covenants and requirements stated therein and incorporated by reference in the Indenture.

(7) Other Tax-Exempt Issues. The District will not use proceeds of other tax-exempt securities to redeem any Bonds or Parity Bonds without first obtaining the written opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis.

(8) Subsequent Opinions. If the District obtains a subsequent opinion of Bond Counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation, where such opinion is required in connection with a change or amendment to the Indenture or the procedures set forth in the Tax Certificate, it will obtain an opinion substantially to the effect originally delivered by Stradling Yocca Carlson & Rauth, a Professional Corporation, that interest on the Bonds is excluded from gross income for federal income tax purposes.

(g) Reduction of Maximum Special Taxes. In the Indenture, the District finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in California have from time to time been at levels requiring the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, in the Indenture, the District determines that a reduction in the maximum Special Tax rates authorized to be levied on parcels in the District below the levels described in this paragraph would interfere with the timely retirement of the Bonds and Parity Bonds. The District determines it to be necessary in order to preserve the security for the Bonds and Parity Bonds to covenant, and, to the maximum extent that the law permits it to do so, the District covenants in the Indenture, that it will not initiate proceedings to reduce the maximum Special Tax rates for the District, unless, in connection therewith, the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that: (i) such changes do not reduce the maximum Special Taxes that may be levied in each year on

property within the District to an amount which is less than the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such proposed reduction; and (ii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds.

(h) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the maximum Special Tax below the levels specified in the caption “—Reduction of Maximum Special Taxes” above or to limit the power of the District to levy the Special Taxes for the purposes described under the caption “—Levy of Special Tax,” it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

(i) Limitation on Right to Tender Bonds. The District covenants in the Indenture that it will not adopt any policy pursuant to Section 53344.1 of the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District has first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Net Taxes to pay the principal of and interest on the Bonds and Parity Bonds when due.

(j) Continuing Disclosure. The District covenants to comply with the terms of the Continuing Disclosure Certificate and with the terms of any agreement executed by the District with respect to any Parity Bonds to assist the Underwriter in complying with Rule 15c2-12 adopted by the Securities and Exchange Commission; provided, however, that a failure to comply will not be considered an event of default under the Indenture and the Owners will be limited to enforcing the terms thereof in accordance with the terms of the Continuing Disclosure Certificate.

(k) Further Assurances. The District will make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the Bonds and any Parity Bonds of the rights and benefits provided in the Indenture.

AMENDMENTS TO INDENTURE

Supplemental Indentures or Orders Not Requiring Owner Consent. The District may from time to time, and at any time, without notice to or consent of any of the Owners, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions in the Indenture which may be inconsistent with any other provision therein, or to make any other provision with respect to matters or questions arising under the Indenture or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Owners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in the Indenture other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Indenture as theretofore in effect or which further secure Bond or Parity Bond payments;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of the Indenture;

(d) to modify, amend or supplement the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute in effect, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which do not materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding;

(e) to modify, alter or amend the RMA in any manner, so long as the Trustee receives a certificate of an Independent Financial Consultant stating that: (i) such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment and (ii) based on the current development plan for parcels within the District, do not reduce the maximum Special Taxes which could be levied upon Taxable Property within the District to an amount which is less than the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment;

(f) to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Owners; or

(g) to modify, alter, amend or supplement the Indenture in any other respect, as may be required to fund all or a portion of the 2024 Bonds Reserve Requirement or any other Reserve Requirement with respect to Parity Bonds with a Reserve Policy.

Supplemental Indentures or Orders Requiring Owner Consent. Exclusive of the Supplemental Indentures described above, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding have the right to consent to and approve the adoption by the District of such Supplemental Indentures as deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing in the Indenture permits, or will be construed as permitting: (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond or Parity Bond; (b) a reduction in the principal amount of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon; (c) a preference or priority of any Bond or Parity Bond over any other Bond or Parity Bond; or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds and Parity Bonds then Outstanding.

If at any time the District desires to adopt a Supplemental Indenture, which requires the consent of the Owners, the District will so notify the Trustee and will deliver to the Trustee a copy of the proposed Supplemental Indenture. The Trustee will, at the expense of the District, cause notice prepared by counsel of the District of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Owners at their addresses as they appear in the Bond Register. Such notice will briefly set forth the nature of the proposed Supplemental Indenture and state that a copy thereof is on file at the Principal Office of the Trustee for inspection by all Owners. The failure of any Owners to receive such notice will not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding as required by the Indenture. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee receives an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments refer to the proposed Supplemental Indenture described in such notice, and specifically consents to and approves the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Trustee, such proposed Supplemental Indenture, when duly adopted by the District, will thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity Bonds have consented to the adoption of any Supplemental Indenture, Bonds or Parity Bonds which are owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, will be disregarded and will be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds

and Parity Bonds in instances where such consent is required pursuant to the provisions described in this caption, the Indenture will be, and will be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the District and all Owners of Outstanding Bonds and Parity Bonds will thereafter be determined, exercised and enforced thereunder, subject in all respects to such modifications and amendments.

Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity Bonds. After the effective date of any action taken as provided in the amendment provisions of the Indenture, the District may determine that the Bonds or any Parity Bonds may bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date and presentation of such Owner's Bond or Parity Bond for the purpose at the Principal Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action will be made on such Bonds or Parity Bonds at the District's expense. If the District so determines, new Bonds or Parity Bonds so modified as, in the opinion of the District, are necessary to conform to such action will be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date such new Bonds or Parity Bonds will be exchanged, at the sole cost of the District, at the Principal Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner of Outstanding Bonds or Parity Bonds, upon surrender of such Outstanding Bonds or Parity Bonds.

The Trustee has the right to require such opinions of counsel as it deems necessary concerning: (i) the lack of material adverse effect of the amendment on Owners; and (ii) the fact that the amendment will not affect the tax status of interest with respect to the Bonds. In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by the Indenture or the modification thereby of the trusts created by the Indenture, the Trustee will receive, and will be fully protected in relying upon, a Certificate of an Authorized Representative and an opinion of counsel to the District stating that the execution of such Supplemental Indenture is authorized or permitted by the Indenture and that such Supplemental Indenture is the legal, valid and binding obligation of the District, enforceable against the District in accordance with its terms. The Trustee may, but will not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

TRUSTEE

Trustee. Zions Bancorporation, National Association, is the Trustee for the Bonds and any Parity Bonds unless and until another Trustee is appointed by the District under the Indenture. The Trustee represents that it has a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000. The District may, at any time, appoint a successor Trustee satisfying the requirements described under the caption "—Removal of Trustee" below for the purpose of receiving all money which the District is required to deposit with the Trustee under the Indenture and to allocate, use and apply the same as provided in the Indenture.

The Trustee is authorized to and will mail by first class mail, postage prepaid, or wire transfer in accordance with the Indenture, interest payments to the Bondowners, to select Bonds and Parity Bonds that are not held in the name of the Nominee for redemption, and to maintain the Bond Register. The Trustee is authorized to pay the principal of and premium, if any, on the Bonds and Parity Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds and Parity Bonds presented to it for such purposes, to provide for the cancellation of Bonds and Parity Bonds all as provided in the Indenture, and to provide for the authentication of Bonds and Parity Bonds, and will perform all other duties assigned to or imposed on it as provided in the Indenture. The Trustee will keep accurate records of all funds administered by it and all Bonds and Parity Bonds paid, discharged and cancelled by it.

The Trustee is authorized to redeem the Bonds and Parity Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Trustee will cancel all Bonds and Parity Bonds upon payment

thereof in accordance with the provisions of the Indenture, as described under the caption “MISCELLANEOUS—Cancellation of Bond and Parity Bonds.”

The District will indemnify and save the Trustee, its officers, directors, employees and agents (collectively, the “Trustee Indemnified Parties”), harmless against costs, claims, expenses and liabilities, of any character or nature, including, without limitation, fees and expenses of its attorneys, not arising from its own negligence or willful misconduct, which any of the Trustee Indemnified Parties may incur in the exercise and performance of its powers and duties under the Indenture. The foregoing obligation of the District to indemnify the Trustee Indemnified Parties will survive the removal or resignation of the Trustee, the discharge of the Bonds or termination of the Indenture. Upon an Event of Default, and only upon an Event of Default, the Trustee will have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the trust estate for the foregoing fees, charges and expenses incurred by it. The Trustee is under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of the District pursuant to the provisions of the indenture, unless such party has offered to the Trustee security or indemnity (satisfactory to the Trustee in its sole and absolute discretion) against the costs, expenses and liabilities which may be incurred by it in compliance with such request or direction.

The Trustee will receive reasonable compensation for its services under the Indenture and the Trustee will be entitled to be reimbursed by the District for its other reasonable expenses thereunder, including the reasonable compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Trustee may employ in connection with the exercise and performance of its rights and its duties under the Indenture. All such fees and reimbursements will be paid solely from amounts held in the Administrative Expense Fund, unless otherwise directed.

Except during the continuance of an Event of Default, the Trustee undertakes to perform only such duties as are specifically and expressly set forth in the Indenture. These duties are deemed purely ministerial in nature, and the Trustee is not liable except for the performance of such duties, and no implied covenants, duties or obligations will be read into the Indenture against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would use or exercise in the circumstances in the conduct of such prudent person’s own affairs.

Removal of Trustee. The District may at any time at its sole discretion remove the Trustee initially appointed, and any successor thereto, by delivering to the Trustee a written notice of its decision to remove the Trustee and may appoint a successor or successors thereto; provided that any such successor will be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. Any removal will become effective only upon acceptance of appointment by the successor Trustee. If any bank or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee and notice being sent by the successor Trustee to the Bondowners of the successor Trustee’s identity and address.

Resignation of Trustee. The Trustee may at any time resign and be discharged from its duties and obligations under the Indenture by giving written notice to the District and by giving to the Owners notice of such resignation, which notice will be mailed to the Owners at their addresses appearing in the registration books in the office of the Trustee. Upon receiving such notice of resignation, the District will promptly appoint a successor Trustee satisfying the criteria described under the caption “—Removal of Trustee” above by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee. In the event the District for any reason whatsoever fails to appoint a successor Trustee within thirty (30) calendar days following the receipt

of notice by the District, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of described under the caption “—Removal of Trustee” above. Any such successor Trustee appointed by such court will become the successor Trustee under the Indenture notwithstanding any action by the District purporting to appoint a successor Trustee following the expiration of such 90-day period.

Liability of Trustee. The recitals of fact and all promises, covenants and agreements contained in the Indenture and in the Bonds and any Parity Bonds will be taken as statements, promises, covenants and agreements of the District, and the Trustee assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of the Indenture, the Bonds or any Parity Bonds, and will incur no responsibility in respect thereof, other than in connection with its duties or obligations specifically set forth therein, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Trustee. The Trustee is under no responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. The Trustee is not liable in connection with the performance of its duties under the Indenture, or for any action taken, or errors in judgment made in good faith by it or any of its officers, employees or agents, except for its own negligence or willful misconduct. The permissive rights of the Trustee to do things enumerated in the Indenture will not be construed as a duty and, with respect to such permissive rights, the Trustee is not answerable for other than its negligence or willful misconduct. In no event will the Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties by or through its attorneys, agents or receivers and is not answerable for the conduct of the same if appointed with due care under the Indenture. The Trustee is not accountable for the use or application by the District of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of the Indenture or for the use and application of money received by any paying agent. The Trustee will be protected in acting upon any notice, resolution, request, consent, order, judgment, decree, certificate, report, Bond, Parity Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein. The Trustee is entitled to rely on and is not liable for any action taken or omitted to be taken by the Trustee in accordance with the advice of counsel or other professionals retained or consulted by the Trustee. The Trustee may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered under the Indenture in good faith and in accordance therewith.

The Trustee will not be bound to recognize any person as the Owner of a Bond or Parity Bond unless and until such Bond or Parity Bond is submitted for inspection, if required, and his or her title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under the Indenture the Trustee will deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may, be deemed to be conclusively proved and established by a written certificate of the District, and such certificate will be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Neither the Trustee nor any of its directors, officers, employees, agents, or affiliates are responsible for nor have any duty to monitor the performance or any action of the District or any of its directors, members, officers, agents, affiliates or employees, nor will it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such Persons of their respective

obligations. The Trustee has no enforcement or notification obligations relating to breaches of representations or warranties of any other Person. The Trustee has no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it under the Indenture, or as to the correctness of any amounts received, but its liability is limited to the proper accounting for such funds as it actually receives. No provision in the Indenture requires the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties thereunder, or in the exercise of its rights or powers.

The Trustee will not be deemed to have knowledge of any default or Event of Default until an officer at the Trustee's Principal Office of the Trustee responsible for the administration of its duties under the Indenture has actual knowledge thereof or the Trustee has received written notice thereof at the Principal Office of the Trustee.

The Trustee is under no responsibility or duty with respect to (i) the issuance of the Bonds for value, (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or (iii) the application of any moneys paid to the District or others in accordance with the Indenture except as to the application of any moneys paid to it in its capacity as Trustee. The Trustee is not liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct. The Trustee is not liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture. The Trustee and its officers and employees may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or not such committee represents the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

The Trustee is not liable for any error of judgment made in good faith by a responsible officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee is not liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

The Trustee will not be considered in breach of or in default in its obligations under the Indenture and will not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility under the Indenture, or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control, including, but not limited to, natural catastrophes, epidemics, quarantine restrictions, civil or military disturbances, loss or malfunctions of utilities, computer (hardware or software) or communications service, accidents, labor disputes, any act of God or war, terrorism or the unavailability of the Federal Reserve Bank or other wire or communication facility, or any similar event and/or occurrences beyond the control of the Trustee; provided, that in the event of any such unavoidable delay, the Trustee will notify the District in writing within five (5) Business Days after (i) the occurrence of the event giving rise to such unavoidable delay, (ii) the Trustee's actual knowledge of the impending unavoidable delay, or (iii) the Trustee's knowledge of sufficient facts under which a reasonable person would conclude the unavoidable delay will occur.

Electronic Instructions. The Trustee is entitled to request and receive written direction under the Indenture and has no responsibility or liability for accepting, acting upon, not acting any such direction, or for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with such written direction, including, without limitation, funds transfer instructions ("Instructions") given pursuant to the Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system

specified by the Trustee as available for use in connection with its services under the Indenture); provided, however, that the District will provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate will be amended by the District, whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions will be deemed controlling. The District understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee will conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The District is responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Trustee is not liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it is a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, will be the successor to the Trustee without the execution or filing of any paper or further act, anything in the Indenture to the contrary notwithstanding; provided, however, such successor will provide the District with a notice of merger or conversion as soon as practicable.

EVENTS OF DEFAULT; REMEDIES

Events of Default. Any one or more of the following events constitute an “Event of Default”:

(a) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond or Parity Bond when and as the same becomes due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) default in the due and punctual payment of the interest on any Bond or Parity Bond when and as the same becomes due and payable; or

(c) except as described in subsections (a) or (b), default by the District in the observance of any of the agreements, conditions or covenants on its part contained in the Indenture, the Bonds or any Parity Bonds, which default continues for a period of 30 days after the District has been given notice in writing of such default by the Trustee or the Owners of twenty-five percent (25%) in aggregate principal amount of the Outstanding Bonds and Parity Bonds.

The Trustee agrees to give notice, to the Owners as soon as practicable upon the occurrence of an Event of Default under subsections (a) or (b) above and within 10 days of the Trustee’s actual knowledge of an Event of Default under subsection (c) above.

Remedies of Owners. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and Parity Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture, including:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his or her rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in the Indenture;

(b) by suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) by a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

If an Event of Default occurs and is continuing and if requested and directed so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds and Parity Bonds and if indemnified to its satisfaction, the Trustee will be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, deems most expedient in the interests of the Owners of the Bonds and Parity Bonds. In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Owners of the Bonds or Parity Bonds, each representing less than a majority in aggregate principal amount of the Bonds or Parity Bonds outstanding, the Trustee, in its sole discretion, may, and will be fully indemnified for refraining from acting in the absence of such written direction, determine what action, if any will be taken and the Trustee may, in its sole discretion, take other actions.

No remedy conferred upon or reserved to the Owners in the Indenture is intended to be exclusive of any other remedy. Every such remedy is cumulative and in addition to every other remedy given under the Indenture or now or later existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture relating to the Bonds and Parity Bonds will be applied by the Trustee in the following order upon presentation of the several Bonds and Parity Bonds:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of the Indenture described under the caption "EVENTS OF DEFAULT; REMEDIES," including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds and Parity Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Parity Bonds; provided, however, that in the event that such amounts are insufficient to pay the full amount of such interest and principal, then such amounts will be applied in the following order of priority:

(a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing;

(b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing; and

(c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, has taken any action, by judicial proceedings or otherwise, pursuant to its obligations under the Indenture, whether upon its own discretion or upon the request of the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds and Parity Bonds then Outstanding, it will have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds and Parity Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee will not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding which any Owner of Bonds or Parity Bonds will have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds and Parity Bonds similarly situated and the Trustee is appointed (and the successive respective Owners of the Bonds and Parity Bonds issued thereunder, by taking and holding the same, will be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds and Parity Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds and Parity Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Appointment of Receivers. Upon the occurrence of an Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights and of the Owners of the Bonds and Parity Bonds under the Indenture, the Trustee will be entitled, as a matter of right to which the District expressly agrees, to the appointment of a receiver or receivers of the Net Taxes and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment confers.

Non-Waiver. Nothing in the Indenture, or in the Bonds or the Parity Bonds, affects or impairs the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners of the Bonds and Parity Bonds at the respective dates of maturity, as described under the caption “—Application of Revenues and Other Funds After Default” above, or to pay the Trustee its fees and expenses as provided therein, out of the Net Taxes and other moneys therein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Owners will not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds or Parity Bonds to exercise any right or power accruing upon any default will impair any such right or power or be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or the Owners by the Act or by the Indenture may be enforced and exercised from time to time and as often as will be deemed expedient by the Trustee or the Owners, as the case may be.

Limitations on Rights and Remedies of Owners. No Owner of any Bond or Parity Bond issued under the Indenture has the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless: (a) such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds and Parity Bonds then Outstanding have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (c) said Owners have tendered to the Trustee indemnity and security acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee has refused or omitted to comply with such request for a

period of sixty (60) days after such written request has received by, and said tender of indemnity and security has been made to, the Trustee.

Such notification, request, tender of indemnity and security and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds and Parity Bonds of any remedy under the Indenture; it being understood and intended that no one or more Owners of Bonds and Parity Bonds will have any right in any manner whatever by his or her or their action to enforce any right under the Indenture, except in the manner therein provided, and that all proceedings at law or in equity to enforce any provision of the Indenture will be instituted, had and maintained in the manner provided therein and for the equal benefit of all Owners of the Outstanding Bonds and Parity Bonds.

The right of any Owner of any Bond and Parity Bond to receive payment of the principal of and interest and premium (if any) on such Bond and Parity Bond as provided in the Indenture or to institute suit for the enforcement of any such payment, will not be impaired or affected without the written consent of such Owner, notwithstanding any provision in the Indenture.

Termination of Proceedings. In case any Trustee has proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings will have been discontinued or abandoned for any reason, or have been determined adversely, then and in every such case, the District, the Trustee and the Owners will be restored to their former positions and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee will continue as if no such proceedings had been taken.

DEFEASANCE AND PARITY BONDS

Defeasance. If the District pays or causes to be paid, or there is otherwise be paid, to the Owner of an Outstanding Bond or Parity Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in the Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond will cease to be entitled to the pledge of Net Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond or Parity Bond under the Indenture and any Supplemental Indenture relating to such Parity Bond will thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds pursuant to the Indenture, the Trustee will execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee will pay over or deliver to the District all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds and Parity Bonds.

Any Outstanding Bond or Parity Bond will be deemed to have been paid within the meaning expressed in the first paragraph above if such Bond or Parity Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, cash which, together with the amounts then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account) and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same will become due and payable; or

(c) by depositing with the Trustee or another escrow bank appointed by the District, in trust, federal securities described in subparagraph (1) of the definition of Authorized Investments, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Account) and

available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same will become due and payable.

If paid as provided above, then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds have not have been surrendered for payment, all obligations of the District under the Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond will cease and terminate, except for the obligation of the Trustee to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid all sums due thereon, and except for the federal tax covenants of the District contained in the Indenture or any covenants in a Supplemental Indenture relating to compliance with the Code. Notice of such election will be filed with the Trustee not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Trustee. In connection with a defeasance under paragraph (c) above, there will be provided to the District a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Trustee or the escrow bank to pay and discharge the principal of, premium, if any, and interest on all Outstanding Bonds and Parity Bonds to be defeased as described above, as and when the same will become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds or Parity Bonds being defeased have been legally defeased in accordance with the Indenture and any applicable Supplemental Indenture.

Upon a defeasance, the Trustee, upon request of the District, will release the rights of the Owners of such Bonds and Parity Bonds which have been defeased under the Indenture and any Supplemental Indenture and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance under the Indenture of all Outstanding Bonds and Parity Bonds, the Trustee will pay over or deliver to the District any funds held by the Trustee at the time of a defeasance, which are not required for the purpose of paying and discharging the principal of or interest on the Bonds and Parity Bonds when due. The Trustee will, at the written direction and sole expense of the District, mail, first class, postage prepaid, a notice to the Owners whose Bonds or Parity Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness. The District may at any time after the issuance and delivery of the Bonds under the Indenture issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expense Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued under the Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding. Parity Bonds may be issued subject to the following additional specific conditions, which are made conditions precedent to the issuance of any such Parity Bonds by the Indenture:

(a) The District is in compliance with all covenants set forth in the Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect have been filed with the Trustee; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds has been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds will have been provided for by a Supplemental Indenture duly authorized, executed and delivered by the District which specifies the following:

(1) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited;

(2) the authorized principal amount of such Parity Bonds;

(3) the date and the maturity date or dates of such Parity Bonds; provided that: (i) each maturity date falls on a September 1; (ii) all such Parity Bonds of like maturity are identical in all respects, except as to number; (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, are established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates; and (iv) the maturity of the Parity Bonds to be issued does not exceed the maturity of the Bonds and Parity being refunded;

(4) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(5) the denominations and method of numbering of such Parity Bonds;

(6) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(7) the amount, if any, to be deposited from the proceeds of such Parity Bonds in the Subaccount of the Reserve Account established for such Parity Bonds to fund the applicable Reserve Requirement;

(8) the form of such Parity Bonds; and

(9) such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The District has received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Trustee (unless the Trustee is directed by the District to accept any of such documents bearing a prior date):

(1) a certified resolution of the City Council, acting as the legislative body of the District, authorizing the issuance of such Parity Bonds;

(2) a written request of the District as to the delivery of such Parity Bonds;

(3) an opinion of Bond Counsel and/or general counsel to the District to the effect that: (i) the District has the right and power under the Act to execute and deliver the Supplemental Indenture relating to such Parity Bonds, and such Supplemental Indenture has been duly and lawfully executed by the District, and the Indenture and such Supplemental Indenture are in full force and effect and are valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (ii) the Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of the Indenture and the Supplemental Indenture executed and delivered in connection with such Parity Bonds and are entitled to the benefits of the Indenture and such Supplemental Indenture, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Indenture and such Supplemental Indenture;

(4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture;

(5) a certificate of an Independent Financial Consultant certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the

Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds; and

(6) such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

MISCELLANEOUS

Cancellation of Bonds and Parity Bonds. All Bonds and Parity Bonds surrendered to the Trustee for payment upon maturity or for redemption will be upon payment therefor, and any Bond or Parity Bond purchased by the District as authorized in the Indenture and delivered to the Trustee for such purpose will be, cancelled forthwith and will not be reissued. The Trustee will dispose of such Bonds and Parity Bonds in accordance with its then-customary procedures, as provided by law, and, upon request of the District, furnish to the District a certificate of such destruction.

Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds, and, except as in the Indenture otherwise expressly provided, such action will become effective when such instrument or instruments are delivered to the Trustee and, where it is expressly required, to the District. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds or Parity Bonds will be sufficient for the purposes of the Indenture (except as otherwise therein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument, and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee will also constitute sufficient proof of his or her authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(b) As to any Bond or Parity Bond, the person in whose name the same is registered in the Bond Register will be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond or Parity Bond, and the interest thereon, will be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments will be valid and effectual to satisfy and discharge the liability upon such Bond or Parity Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the District nor the Trustee will be affected by any notice to the contrary.

Nothing contained in the Indenture will be construed as limiting the Trustee or the District to such proof, it being intended that the Trustee or the District may accept any other evidence of the matters therein stated which the Trustee or the District may deem sufficient. Any request or consent of the Owner of any Bond or Parity Bond will bind every future Owner of the same Bond or Parity Bond in respect of anything done or suffered to be done by the Trustee or the District in pursuance of such request or consent.

Unclaimed Moneys. Anything in the Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds which remain unclaimed for two years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Outstanding Bonds or Parity Bonds become due and payable, will be repaid by the Trustee to the District, as its absolute property and free from trust, and the

Trustee will thereupon be released and discharged with respect thereto and the Owners will look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Trustee, at the sole expense of the District, will cause to be mailed by first class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date will not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

Provisions Constitute Contract; Governing Law; Venue. The provisions of the Indenture constitute a contract between the District and the Owners and the provisions thereof will be governed by and construed in accordance with the laws of the State of California. In the Indenture, the parties have (i) irrevocably submitted to the exclusive jurisdiction of any federal or state court sitting in the State of California, (ii) waived any objection to laying of venue in any such action or proceeding in such courts, and (iii) waived any objection that such courts are in inconvenient forum or do not have jurisdiction over any party.

In case any suit, action or proceeding to enforce any right or exercise any remedy will be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Owners or the Trustee, then the District, the Trustee and the Owners will be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds, the Indenture will be irrevocable, but will be subject to modifications to the extent and in the manner provided in the Indenture, but to no greater extent and in no other manner.

Future Contracts. Nothing contained in the Indenture will be deemed to restrict or prohibit the District from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Taxes which is subordinate to the pledge thereunder, or which is payable from the general fund of the District or from taxes or any source other than the Net Taxes and other amounts pledged thereunder.

Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds or any Parity Bonds the rights and benefits provided in the Indenture.

Entire Agreement; Severability. The Indenture and the exhibits thereto set forth the entire agreement and understanding if the parties related to the transaction and supersedes all prior agreements and understandings, oral or written. If any covenant, agreement or provision, or any portion thereof, contained in the Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of the Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, will be deemed severable and will not be affected thereby, and the Indenture, the Bonds and any Parity Bonds issued pursuant thereto will remain valid and the Owners will retain all valid rights and benefits accorded to them under the laws of the State of California.

U.S.A. Patriot Act. The parties to the Indenture acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to the Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

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APPENDIX E

FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated January 25, 2024 (the “Disclosure Certificate”) is executed and delivered by City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon) (the “District”) in connection with the issuance and delivery by the District of its \$14,550,000 2024 Special Tax Bonds (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted on December 19, 2023, by the City Council of the City of Beaumont, acting as the legislative body of the District, and the Bond Indenture dated as of January 1, 2024, by and between the District and Zions Bancorporation, National Association, as trustee. The District covenants as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, 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, Section 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 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

“City” means the City of Beaumont.

“Disclosure Representative” shall mean the City Manager, or his or her designee, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean, initially, Spicer Consulting Group, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the then current Dissemination Agent a written acceptance of such designation.

“District” shall mean City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon).

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

“Official Statement” shall mean that certain Official Statement for the Bonds dated January 9, 2024.

“Owners” shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Rule” shall mean Rule 15c2-12(b)(5) 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.

“Trustee” means Zions Bancorporation, National Association or such other entity appointed by the District pursuant to the Indenture to act as the trustee under the Indenture.

“Underwriter” shall mean any underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Section 3. Provision of Annual Reports.

(a) The District shall, or, if the Dissemination Agent is other than the District, upon written direction shall cause the Dissemination Agent to, not later than February 10 after the end of the District’s Fiscal Year (June 30) commencing with the report due by February 10, 2024, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City, if any exist, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, the District shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(b) In the event that the Dissemination Agent is an entity other than the District, then the provisions of this Section 3(b) shall apply. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report, the District shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to the due date for an Annual Report the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District will be filing the Annual Report in compliance with subsection (a). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to EMMA by the date required in subsection (a), the Dissemination Agent shall send, in a timely manner, a notice to EMMA, in the form required by EMMA.

(d) If the Dissemination Agent is other than the District, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the repository if other than the MSRB through EMMA; and

(ii) promptly after receipt of the Annual Report, file a report with the District certifying that the Annual Report has been provided to EMMA and the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Certificate, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

Section 4. Content of Annual Reports. The first Annual Report due on February 10, 2024 shall consist of the Official Statement and the audited financial statements of the City for the prior fiscal year. Thereafter, the Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the City for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board; provided, however, that the City may, from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the City shall modify the basis upon which its financial statements are prepared, the District shall provide the information referenced in Section 8 below regarding such modification. If the City is preparing audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following:

(i) the principal amount of the Bonds outstanding as of the September 2 preceding the filing of the Annual Report;

(ii) the balance in each fund under the Indenture and the Reserve Requirement as of the September 30 preceding the filing of the Annual Report;

(iii) any changes to the Rate and Method of Apportionment of the Special Taxes approved or submitted to the qualified electors of the District for approval prior to the filing of the Annual Report;

(iv) an update of the value-to-lien ratio for the District substantially in the form of Table 2 in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current fiscal year; provided that such update need not include overlapping special tax, assessment or general obligation indebtedness;

(v) the status of any foreclosure actions being pursued by the District with respect to delinquent Special Taxes;

(vi) a statement whether the District has been included in the County of Riverside's Teeter Plan;

(vii) a description of the collection and delinquency rate of Special Taxes in the District for the Fiscal Year then ended; and

(viii) any information not already included under (i) through (vii) above that the District is required to file in its annual report pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, with the California Debt and Investment Advisory Commission.

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 have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB through EMMA. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause the Dissemination Agent to give, notice filed with the Repository of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) 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 Bonds, if material:

1. unless described in paragraph 5(a)(5) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

3. appointment of a successor or additional paying agent or the change of the name of a paying agent;
4. nonpayment related defaults;
5. modifications to the rights of Owners of the Bonds;
6. bond calls
7. release, substitution or sale of property securing repayment of the Bonds; and
8. incurrence of a financial obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders.

(c) Upon the occurrence of a Listed Event under Section 5(b) above, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with the Repository in a timely manner not more than 10 business days after the event.

(e) The District hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the District and that the Dissemination Agent, if other than the District, shall not be responsible for determining whether the District's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

(f) For purposes of the events identified in subparagraphs (a)(10) and (b)(8) under this Section 5, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule and a continuing disclosure undertaking has been entered into.

Section 6. Termination of Reporting 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 Bonds.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Spicer Consulting Group, LLC. The Dissemination Agent, if other than the District, shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the District. The Dissemination Agent may resign by providing thirty (30) days written notice to the District and the Trustee.

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 the following conditions are satisfied:

(a) If the amendment or waiver is related to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in

law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking hereunder, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment related to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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 Annual Report or 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 Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Agreement to update such information or include it in any future Annual Report or 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, the Trustee at the written direction of any Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, or any Owner or Beneficial Owner of the Bonds 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, but only to the extent funds have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges of the Trustee whatsoever, including, without limitation, fees and expenses of its attorney. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. Where an entity other than the District is acting as the Dissemination Agent, the Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

District: City of Beaumont
Community Facilities District No. 2021-1
55 East Sixth Street
Beaumont, CA 92223
Attn: City Manager

Underwriter: Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2150
Los Angeles, CA 90067
Attn: Thomas Jacob

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notice or communications should be sent.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Trustee, the Dissemination Agent, the Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

This Disclosure Certificate is executed as of the date and year first set forth above.

CITY OF BEAUMONT COMMUNITY FACILITIES
DISTRICT NO. 2021-1 (FAIRWAY CANYON)

By: _____
Disclosure Representative

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as prepayments, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

THE PAYING AGENT, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

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APPENDIX G
SECURITIES AND EXCHANGE COMMISSION ORDER

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UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10406 / August 23, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-18132

In the Matter of

**BEAUMONT FINANCING
AUTHORITY,**

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 8A OF THE SECURITIES ACT
OF 1933, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS
AND A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), against the Beaumont Financing Authority (“BFA” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds¹ that:

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Summary

1. This matter involves material misstatements and omissions by the BFA in the sale of municipal securities. Between 2003 and 2013, the BFA issued approximately \$260 million in municipal bonds in 24 separate offerings. In connection with each of those offerings, a community facilities district established by the City of Beaumont, California (“the District”), in its capacity as an obligated person with respect to the bonds, entered into a continuing disclosure agreement (“CDA”) for the benefit of investors in the BFA’s municipal securities, including annual reports containing financial information and operating data relating to the bonds being offered. From the period of at least 2004 through April 2013, the District regularly failed to comply with its CDAs.

2. In 2012 and 2013, the BFA issued approximately \$32.26 million of revenue bonds in five separate offerings. In each of those offerings, the BFA falsely stated in its official statements that, except in one instance several years earlier, the District had complied with its CDAs.

3. As a result of the conduct described herein, the BFA violated Sections 17(a)(2) and (a)(3) of the Securities Act.

Respondent

4. **Beaumont Financing Authority** is a joint exercise of powers authority formed by the City of Beaumont, California (“Beaumont”) under the California Joint Exercise of Powers Act. Among other things, the BFA issues bonds to public investors to provide funds for the acquisition of local obligations issued by the District. The District receives the proceeds from the BFA bond sales for the acquisition and construction of public facilities permitted under state law. The BFA bonds that are sold to public investors are secured by the revenues from the repayment of the District local obligations and certain other specified sources of repayment. The Mayor of Beaumont serves, *ex officio*, as Chairperson of the BFA and the City Manager of Beaumont also is the BFA’s Executive Director. Beaumont performs general administrative and support functions for the BFA.

Other Relevant Entities

5. **Beaumont** is a city in Riverside County, California. It has a population of approximately 40,000 residents and is managed by an elected five-member City Council. The City Council also serves as the governing board (“Board”) of the BFA. Beaumont governs and administers the District.

6. **Beaumont Community Facilities District 93-1** is a community facilities district formed by Beaumont for the purpose of financing and refinancing the acquisition or construction of public facilities, which includes the public infrastructure of real estate developments. The District issues local obligations secured and paid by special taxes levied on homes within the boundaries of the district. From approximately 1995 to 2015, the Beaumont City Manager

managed the operations of the District. Among other things, this involved reviewing, signing, and filing documents on behalf of the District, including CDAs and continuing disclosure reports.

7. **Alan Charles Kapanicas**, age 65, is a resident of Palm Desert, California. From approximately 1995 to 2015, Kapanicas was both the Executive Director of the BFA and City Manager of Beaumont. As such, Kapanicas was involved in nearly every aspect of the management of the BFA and the District.

The District Agreements to Provide Annual Disclosures in Connection with BFA Municipal Bond Offerings

8. Between 2003 and 2013, the BFA issued approximately \$260 million in municipal bonds in 24 separate offerings. In connection with each of those offerings, the District, in its capacity as an obligated person with respect to the bonds, executed a CDA pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (“Exchange Act”), in which it agreed to publicly file annual reports containing specified financial information and operating data, as well as notices of certain enumerated events pertaining to the bonds at issue. Among other things, the CDAs required that such annual reports contain special tax delinquency data, the status of facilities being constructed with bond proceeds, the balances of various funds that could be drawn upon to pay bondholders in the event of insufficient special tax collections, and Beaumont’s audited financial statements. The CDAs also identified the filing deadlines for the annual reports and notices, as well as the repositories where the required information was required to be posted.

9. In his capacity as City Manager, Kapanicas approved and signed all 24 CDAs on behalf of the District. He also was responsible for drafting, signing off on, and filing the District’s annual reports and notices that were required by the CDAs.

10. In December of 2011, while reviewing a preliminary official statement for a 2011 bond offering by the BFA, a credit analyst at a large institutional investor requested that the District revise the terms of a draft CDA for those bonds. The revisions included changing the due date for the District’s required annual reports and including information about various fund balances in the District’s annual reports that served as sources of potential repayment of, and security for, the BFA’s bonds. Kapanicas and the BFA knew about and approved the specific changes. The District also included the revised due date and additional fund balances in the CDAs that it entered into in connection with the BFA’s 2012 and 2013 offerings.

The District Repeatedly Failed to Comply with its Continuing Disclosure Agreements

11. From the period of at least 2004 through April 2013, the District regularly failed to comply with its CDAs. It filed its annual reports late virtually every year during this period, including by as many as 117 days. Moreover, the annual reports that it filed consistently omitted information required by its CDAs. Two required components of the annual reports were a description of the status of facilities being constructed with bond proceeds and Beaumont’s audited financial statements. The District, however, never included these items in its annual reports. It also failed to include complete special tax delinquency data and reserve fund balances for several

years. Other required disclosures missing in certain annual reports included cash flow management fund balances, rate stabilization fund balances, residual fund balances, and special escrow fund balances. The cash flow management, rate stabilization, and residual funds served as additional sources of repayment and security for the BFA's bonds.

The BFA Falsely Stated in Five Official Statements that the District had Complied with its Prior Continuing Disclosure Agreements

12. In 2012 and 2013, the BFA issued approximately \$32.26 million of revenue bonds in five separate offerings. The official statements for each of these five offerings included a section titled "Continuing Disclosure," which represented that an annual report due November 1, 2002 was filed on December 21, 2002, but the District had not otherwise failed to meet its continuing disclosure requirement under Rule 15c2-12. These representations were false. As noted above, the District repeatedly failed to comply with its prior CDAs. It regularly filed annual reports late, and those reports did not contain several pieces of financial information and operating data required by those prior CDAs.

13. For each of these five offerings, the BFA delegated to its Executive Director responsibility for carrying out the bond issuances, and for reviewing and approving the content of all draft and final official statements. Kapanicas also signed the final official statements on behalf of the BFA after the BFA's Board approved the documents for dissemination to the investing public.

14. The reality of the District's history of compliance with its prior CDAs was very different from this representation to investors. Reasonable investors would have wanted to know about the District's many disclosure failures from 2004 through 2013 and would have viewed the omitted information as significantly altering the total mix of information made available in making a trading decision. The BFA's failure to disclose the District's true record of compliance with its past CDAs made the BFA's bonds appear more attractive to investors than they actually were. The BFA also misled these investors regarding the likelihood that the District would timely comply with its CDAs in the future.

15. The BFA failed to exercise reasonable care. Its Executive Director repeatedly reviewed, approved, and signed materially misleading official statements. As City Manager, Kapanicas had previously reviewed and signed all of the District's prior CDAs and he also subsequently prepared and filed the deficient and late annual reports. He repeatedly either failed to read and understand the District's CDAs or disregarded their requirements. He also repeatedly failed to read and confirm that the statements in the BFA's 2012 and 2013 official statements concerning the District's compliance with past CDAs were accurate and complete, or ignored the fact that the statements were false.

16. Despite seeking and receiving hundreds of millions of dollars in financing from municipal securities investors between 2003 and 2013, the BFA and the District did not have any formal written policies or procedures for the preparation of accurate, complete and timely official statements or post-issuance continuing disclosures. The BFA and the District also did not clearly delineate the responsibilities of officers, staff, professional services providers, and contractors.

Instead, each relied almost exclusively on Kapanicas to manage their bond issuances and to make post-issuance disclosures without any significant governance, oversight or supervision. The BFA and the District also failed to properly account for the spending of bond proceeds and to maintain appropriate records of bond transactions, which hindered the BFA's and the District's ability to make and ensure timely, accurate and complete pre- and post-issuance disclosures.

Legal Discussion

17. Section 17(a)(2) of the Securities Act makes it unlawful “in the offer or sale of any securities ... directly or indirectly ... to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.” 15 U.S.C. § 77q(a)(2). Section 17(a)(3) of the Securities Act makes it unlawful “in the offer or sale of any securities ... directly or indirectly ... to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.” 15 U.S.C. § 77q(a)(3). Negligence is sufficient to establish violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act. *See Aaron v. SEC*, 446 U.S. 680, 696-97 (1980). A misrepresentation or omission is material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision. *See Basic Inc. v. Levinson*, 485 U.S. 224, 231-32 (1988).

18. Exchange Act Rule 15c2-12 was adopted in an effort to improve the quality and timeliness of disclosures to investors in municipal securities. In recognition of the fact that the disclosure of sound financial information is critical to the integrity of not just the primary market, but also the secondary markets for municipal securities, Rule 15c2-12 requires an underwriter to obtain a written agreement, for the benefit of the holders of the securities, in which the issuer or obligated person undertakes, among other things, to annually provide certain financial information and event notices to the Municipal Securities Rulemaking Board. *See* 17 C.F.R. § 240.15c2-12(b)(5)(i); Municipal Securities Disclosure, Exchange Act Release No. 34961, 59 Fed. Reg. 59590, 59592 (Nov. 17, 1994) (“1994 Amendments Adopting Release”); and Amendment to Municipal Securities Disclosure, Exchange Act Release No. 59062, 73 Fed. Reg. 76103 (Dec. 15, 2008).

19. In addition, it is important for investors and the market to know the scope of any ongoing disclosure undertakings, and the type of information provided. *See* 1994 Amendments Adopting Release, at 59594. Rule 15c2-12 therefore requires that undertakings provided pursuant to Rule 15c2-12 be described in the final official statement. Moreover, critical to any evaluation of an undertaking to make disclosures is the likelihood that the issuer or obligated person will abide by the undertaking. *See id.* Therefore, Rule 15c2-12(f)(3) requires that a final official statement set forth any instances in the previous five years in which an issuer of municipal securities, or obligated person, failed to comply in all material respects with any previous continuing disclosure undertakings. The requirements of Rule 15c2-12 allow underwriters, investors, and others to assess the reliability of the disclosure representations. *See id.* at 59595.

20. As a result of the conduct described above, the BFA violated Sections 17(a)(2) and (3) of the Securities Act.

Undertakings

Respondent undertakes to:

21. Within 180 days of this Order, establish appropriate and comprehensive written policies and procedures and periodic training regarding all aspects of the BFA's municipal securities disclosures, including formal policies and procedures to be followed for the preparation, review and approval of official statements and continuing disclosures, and the designation of an individual officer of Respondent responsible for ensuring compliance by Respondent with such policies and procedures and responsible for implementing and maintaining a record (including attendance) of such training.

22. Within 180 days of this Order, establish appropriate and comprehensive written policies and procedures and periodic training regarding the accounting of bond proceeds and recordkeeping, and the designation of an individual officer of Respondent responsible for ensuring compliance by Respondent with such policies and procedures and responsible for implementing and maintaining a record (including attendance) of such training.

23. Within 180 days of this Order, ensure that the District complies with all existing continuing disclosure undertakings, including updating past delinquent filings if the District is not currently in compliance with its CDAs.

24. Retain an independent consultant (the "Independent Consultant"), not unacceptable to the Commission staff, to conduct a review of BFA's policies and procedures as they relate to all aspects of the BFA's municipal securities disclosures, the accounting of bond proceeds and recordkeeping. The Independent Consultant shall not have provided consulting, legal, auditing or other professional services to, nor had any affiliation with, the BFA during the two years prior to the institution of these proceedings.

25. Require the Independent Consultant to enter into an agreement that provides that for the period of engagement and for a period of two years from completion of the engagement, the Independent Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with the BFA, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity. The agreement will also provide that the Independent Consultant will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the Independent Consultant in performance of his/her duties under this Order shall not, without prior written consent of the Division of Enforcement, enter into any employment, consultant, attorney-client, auditing or other professional relationship with the BFA, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement. The agreement will also provide that, within 180 days of the institution of these proceedings, the Independent Consultant shall submit a written report of its findings to the BFA, which shall include the Independent Consultant's recommendations for changes in or improvements to the BFA's policies and procedures.

26. Adopt all recommendations contained in the Independent Consultant's report within 90 days of the date of that report, provided, however, that within 30 days of the report, the BFA shall advise in writing the Independent Consultant and the Commission staff of any recommendations that the BFA considers to be unduly burdensome, impractical or inappropriate. With respect to any such recommendation, the BFA need not adopt that recommendation at that time but shall propose in writing an alternative policy, procedures or system designed to achieve the same objective or purpose. As to any recommendation on which the BFA and the Independent Consultant do not agree, the BFA and the Independent Consultant shall attempt in good faith to reach an agreement within 60 days after the date of the Report. Within 15 days after the conclusion of the discussion and evaluation by the BFA and the Independent Consultant, the BFA shall require the Independent Consultant inform the BFA and the Commission staff in writing of the Independent Consultant's final determination concerning any recommendation that the BFA considers to be unduly burdensome, impractical, or inappropriate. Within 10 days of this written communication from the Independent Consultant, the BFA may seek approval from the Commission staff to not adopt recommendations that the BFA can demonstrate to be unduly burdensome, impractical, or inappropriate. Should the Commission staff agree that any proposed recommendations are unduly burdensome, impractical, or inappropriate, the BFA shall not be required to abide by, adopt, or implement those recommendations.

27. Disclose in a clear and conspicuous fashion the terms of this settlement in any final official statement for an offering by Respondent within five years of the institution of these proceedings.

28. Certify, in writing, compliance with the undertakings set forth above in paragraphs 21-27. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and the BFA agrees to provide such evidence. The certification and supporting material shall be submitted to LeeAnn G. Gaunt, Chief, Public Finance Abuse Unit, with a copy to the Office of Chief Counsel of the Division of Enforcement, no later than sixty (60) days from the date of the completion of the undertakings.

29. For good cause shown, the Commission staff may extend any of the procedural dates relating to these undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered the last day.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent BFA's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondent BFA cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act.

B. Respondent BFA shall comply with the undertakings enumerated in paragraphs 21 – 29 of Section III, above.

By the Commission.

Brent J. Fields
Secretary

APPENDIX H
APPRAISAL REPORT

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Appraisal of Real Property

Fairway Canyon (Phase 4)
Residential Subdivision
Tukwet Canyon Pky.
Beaumont, Riverside County, California 92223

Prepared For:
City of Beaumont

Date of the Report:
December 1, 2023

Report Format:
Appraisal Report

IRR - Los Angeles
File Number: 193-2023-0477



Subject Photographs



Fairway Canyon (Phase 4)
Tukwet Canyon Pky.
Beaumont, California

Aerial Photograph





December 1, 2023

Ms. Elizabeth Gibbs
City Manager
City of Beaumont
550 E. 6th St.
Beaumont, CA 92223

SUBJECT: Market Value Appraisal
 Fairway Canyon (Phase 4)
 Tukwet Canyon Pky.
 Beaumont, Riverside County, California 92223
 IRR - Los Angeles File No. 193-2023-0477

Dear Ms. Gibbs:

Integra Realty Resources – Los Angeles is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value by ownership, and cumulative, or aggregate, value, pertaining to the fee simple interest in the property. The client for the assignment is the City of Beaumont and the intended use of the report is for bond underwriting purposes.

City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon) ("CFD No. 2021-1") includes 529 residential lots comprising a portion (Planning Areas 25 and 26) of the Fairway Canyon master planned community located west of Interstate 10, north of Oak Valley Parkway, within the City of Beaumont, Riverside County, California. The Fairway Canyon master planned community surrounds the Morongo Golf Club at Tukwet Canyon golf course, which meanders throughout the community. CFD No. 2021-1 comprises three neighborhoods (in two planning areas) developed by three merchant builders: DR Horton, Woodside Homes and Richmond American. Of the 529 Assessor's parcels within the boundaries of CFD No. 2021-1, 413 parcels are improved with a completed single-family home, of which 296 have transferred to individual homeowners, or represent model homes, and have a complete assessed value for both land and improvements and are not the subject of this Appraisal.

The appraised properties consist of 9 finished residential lots, 91 homes under construction, and 133 completed single-family homes within the boundaries of CFD No. 2021-1 not currently assessed for an improvement value by the Riverside County Assessor. As such, a not-less-than estimate of market value for the smallest floor plan constructed within each subdivision was appraised and assigned to each respective Assessor's parcel. Along with the aforementioned, there are also 296 existing single-family homes with a complete assessed value for both land and improvements that are not appraised herein. The aggregate assessed value is combined with the aggregate value of the appraised properties to provide a total aggregate value of the CFD.

We have been requested to provide a market value of the appraised properties by ownership, as well as the cumulative, or aggregate, value of the appraised properties, as of the date of value, November 1, 2023. The estimate of market value accounts for the impact of the lien of the Special Taxes securing the Bonds.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and applicable state appraisal regulations. The Appraisal Report is also prepared in accordance with the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (CDIAC) (2004).

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value, as of November 1, 2023, are as follows:

Value Conclusions		
Value Premise	No. of Parcels	Aggregate Value
Aggregate Value of Appraised Properties	233	\$84,530,000
Aggregate Value of Existing Homes based on Assessed Value	296	<u>\$156,232,396</u>
Total Aggregate Value of Appraised and Assessed Properties in the District	529	\$240,762,396

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

None

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. It is a hypothetical condition of this Appraisal Report that certain proceeds from the Bonds will be available to reimburse for certain public infrastructure already completed. The estimates of market value account for the impact of the Lien of the Special Taxes securing the Bonds.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Los Angeles



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Executive Summary

Property Name	Fairway Canyon (Phase 4)
Address	Tukwet Canyon Pky. Beaumont, Riverside County, California 92223
Property Type	Land - Finished SFR Lots
Owner of Record	Richmond American Homes of California Inc., DR Horton Los Angeles Holding Co Inc., Woodside 05s, LP., and individual Homeowners
Tax ID	See Value by APN list in Addenda
Land Area	105.50 acres; 4,595,580 SF
Zoning Designation	SPA, Specific Plan Area
Highest and Best Use	Single-family residential
Exposure Time; Marketing Period	12 months; 12 months
Effective Date of the Appraisal	November 1, 2023
Date of the Report	December 1, 2023
Property Interest Appraised	Fee Simple

Value Conclusion

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Aggregate Value of Appraised Properties	Fee Simple	November 1, 2023	\$84,530,000
Aggregate Value of Existing Homes based on Assessed Value	Fee Simple	November 1, 2023	<u>\$156,232,396</u>
Total Aggregate Value of Appraised and Assessed Properties	Fee Simple	November 1, 2023	\$240,762,396

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of Beaumont and its associated finance team may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

None

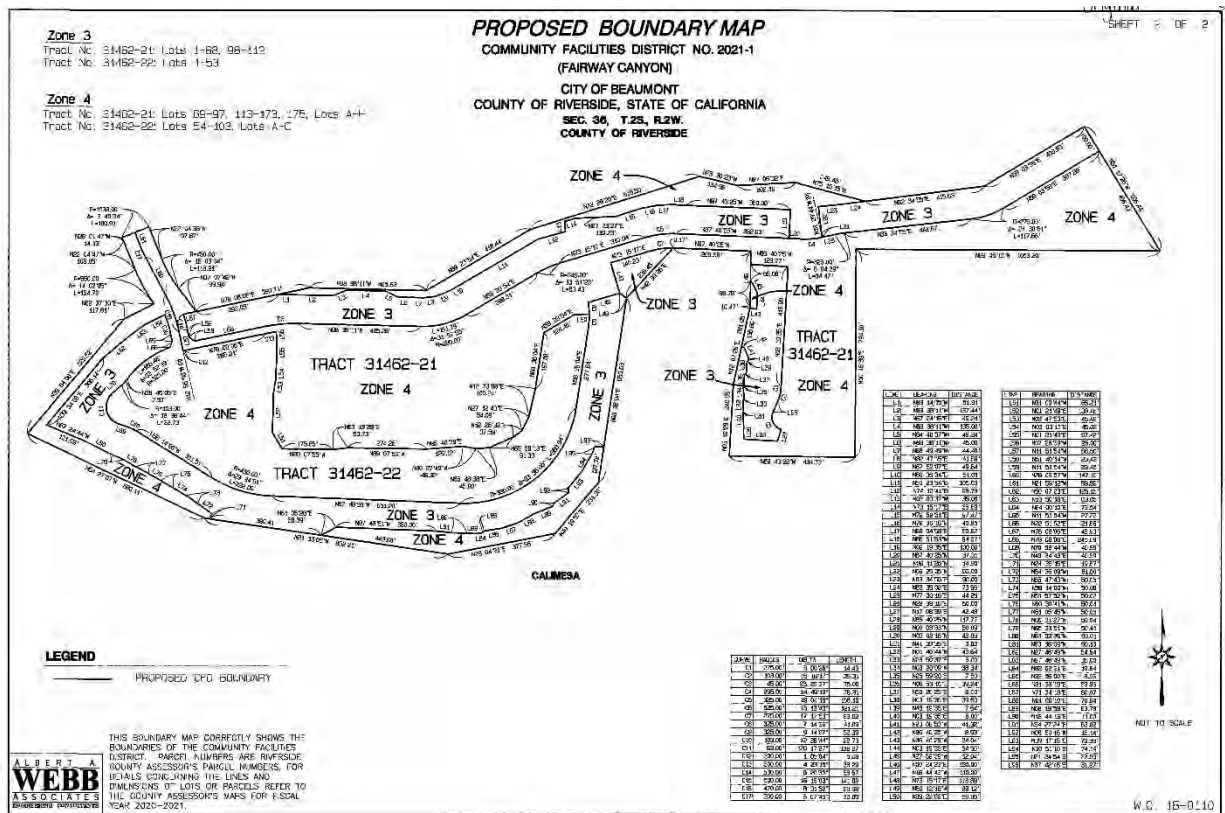
The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. It is a hypothetical condition of this Appraisal Report that certain proceeds from the Bonds will be available to reimburse for certain public infrastructure already completed. The estimates of market value account for the impact of the Lien of the Special Taxes securing the Bonds.

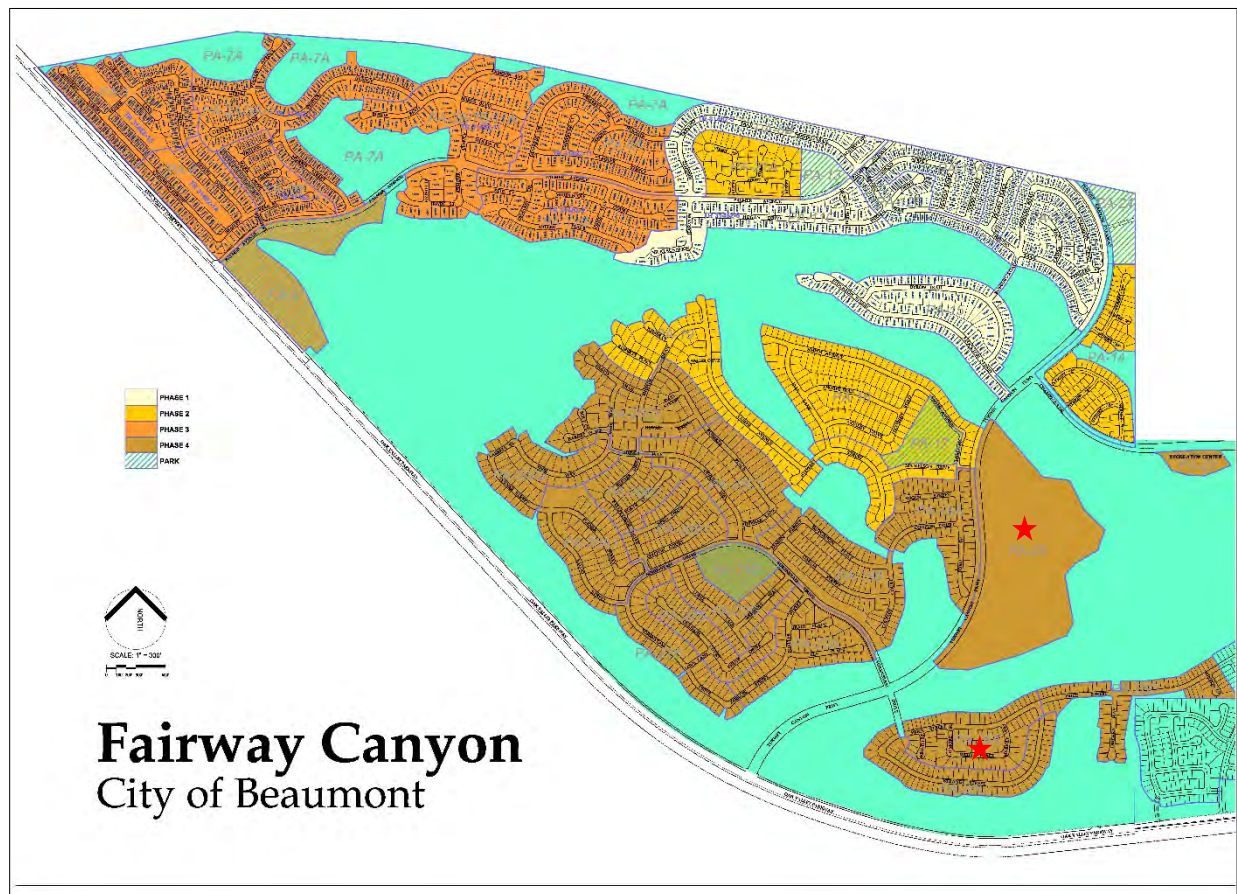
The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The estimates of value above represent a "not-less-than" value due to the fact we were requested to provide a market value of the smallest floor plan (by project) on each single-family residential lot improved with a completed home without a complete assessed improvement value assigned.

Please note the aggregate of the appraised values noted above ***is not*** the market value of the appraised properties in bulk. As defined by The Dictionary of Real Estate Appraisal, an aggregate value is the "total of multiple market value conclusions." For purposes of this Appraisal Report, market value is estimated by ownership.



The subject properties represent Planning Areas 25 and 26, shown in the following map.



Property Identification

Property Name	Fairway Canyon (Phase 4)
Address	Tukwet Canyon Pky. Beaumont, California 92223
Tax ID	See Value by APN list in Addenda
Owner of Record	Richmond American Homes of California Inc., DR Horton Los Angeles Holding Co Inc., Woodside 05s, LP., and individual Homeowners

Sale History

The Appraisal Report has been conducted in accordance with appraisal standards and guidelines found in the Uniform Standards of Professional Appraisal Practice (USPAP). The properties comprising the subject of this Appraisal Report have been the subject of previous and recent transactions. Based on the scope of work for this assignment, a detailed sales history was not performed on a parcel-by-parcel basis, as many parcels were, and continue to be, involved in transactions as completed single-family homes from the merchant builder to individual home buyers.

As discussed later in this Appraisal Report, three merchant builders are actively marketing new homes for sale throughout the subject property. An analysis of each pending home sale is beyond the scope of work for this analysis.

Appraisal Purpose

The purpose of this Appraisal Report is to estimate the market value (*fee simple estate*) of the appraised properties comprising CFD No. 2021-1, subject to the hypothetical condition certain proceeds from the Bonds will be available to reimburse for certain public improvements, as of the effective date of the appraisal, November 1, 2023. The date of the report is December 1, 2023. The appraisal is valid only as of the stated effective date or dates.

Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.²

Client and Intended User(s)

The client is the City of Beaumont. The intended users are the City of Beaumont and its associated finance team. No party or parties beyond the clients associated finance team may use or rely on the

¹ Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

information, opinions, and conclusions contained in this report; however, this appraisal report may be included in the offering document provided in connection with the issuance and sale of the Bonds.

Intended Use

The intended use of the appraisal is for bond underwriting purposes. The appraisal is not intended for any other use.

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
- Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (CDIAC) (2004).

Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

Scope of Work

Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Subject Property Data Sources

The legal and physical features of the subject property, including size of the site, flood plain data, seismic zone designation, property zoning, existing easements and encumbrances, access and exposure, and condition of the improvements (as applicable) were confirmed and analyzed.

Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

Property Inspection		
Party	Inspection Type	Inspection Date
Eric Segal, MAI	On-site	October 21, 2023
Kevin Ziegenmeyer, MAI	None	N/A
Kari Tatton	None	N/A

Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

The valuation began by employing the sales comparison approach to estimate the not-less-than market value for the completed single-family homes, based on the smallest floor plan being marketed within the projects.

Next, due to the limited amount of transactions of similarly zoned single-family residential land throughout the subject's market area, the land residual analysis is relied upon. The land residual analysis is a discounted cash flow analysis that considers home prices and costs, leading to an estimate of residual land value. Then, to support the reasonableness of the land residual analysis conclusion, we arrayed recent transactions of similar bulk lot sales that we were able to confirm. The lot values indicated by each approach were then reconciled into an opinion of market value, subject to the hypothetical condition noted. Next, adjustments were applied to determine values for each residential planning area, based upon lot size differences that exist from the benchmark lot size.

Our analysis excluded a typical cost approach since the subject property represents land. However, costs associated with home construction were taken into consideration as part of the land residual analysis and determination of financial feasibility. Similarly, given the limited income producing potential of the land, an income capitalization approach was not utilized; though, the land residual analysis is the subdivision equivalent of the income approach.

Please note, this appraisal will utilize the term **"improved lot"** to denote a residential lot which has all off-sites and on-sites in place, and which includes any permits and impact fees due up until building permit. Building permits and fees due at building permit are excluded. Terminology for this type of improved lot can vary by market area, and is sometimes referred to as a "finished lot" or "loaded lot."

The market values estimated herein are based on a **hypothetical condition**. USPAP defines a hypothetical condition as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis." It is a hypothetical condition of the Appraisal that certain of the proceeds from the Bonds are available to reimburse for certain infrastructure improvements completed. The estimate of market value accounts for the impact of the Lien of the Special Taxes securing the Bonds.

Economic Analysis

Area Analysis – Riverside County

Introduction

Riverside County is part of a region known as the Inland Empire of southern California, southeast of Los Angeles. The county is bordered by San Bernardino County to the north, Orange County to the west, San Diego and Imperial counties to the south, and the state of Arizona to the east. Major cities in the county include Riverside, Moreno Valley, Corona, Murrieta and Temecula. In general, Riverside County is one of California's fastest growing metropolitan areas. Many new residents locate here from the more expensive metropolitan areas of Los Angeles and San Diego.

Population

The county has a population of 2.44 million and has grown at an average rate of 0.5% per year for the past five years. The following table illustrates recent population trends for Riverside County.

Population Trends							
City	2018	2019	2020	2021	2022	2023	%/Yr (5-year)
Banning	31,014	31,068	30,621	30,592	30,856	31,250	0.2%
Beaumont	48,013	49,913	53,318	53,945	54,349	56,590	3.6%
Blythe	19,772	19,530	18,586	17,376	17,417	17,265	-2.5%
Calimesa	8,959	9,015	10,028	10,588	10,950	10,962	4.5%
Canyon Lake	10,990	11,021	11,069	11,082	11,003	10,949	-0.1%
Cathedral City	53,148	53,308	51,356	51,599	51,621	51,433	-0.6%
Coachella	46,697	47,318	41,900	41,931	41,935	42,462	-1.8%
Corona	166,299	166,937	156,637	157,182	157,139	157,005	-1.1%
Desert Hot Springs	29,823	30,019	32,415	32,351	32,389	32,608	1.9%
Eastvale	65,509	65,735	69,742	70,457	69,978	69,514	1.2%
Hemet	84,126	84,354	89,325	89,302	89,170	89,918	1.4%
Indian Wells	5,314	5,351	4,759	4,791	4,785	4,774	-2.0%
Indio	88,984	90,112	88,795	89,422	89,789	90,837	0.4%
Jurupa Valley	104,645	106,056	104,828	105,131	105,154	104,983	0.1%
Lake Elsinore	62,622	63,270	70,572	71,225	71,989	71,973	3.0%
La Quinta	40,563	40,663	37,504	37,727	37,562	37,979	-1.3%
Menifee	92,110	94,710	102,466	104,323	107,411	110,034	3.9%
Moreno Valley	205,450	207,190	208,237	208,387	208,302	208,289	0.3%
Murrieta	112,352	113,207	110,702	111,024	110,592	109,998	-0.4%
Norco	26,593	26,473	26,659	24,680	25,035	25,037	-1.2%
Palm Desert	53,554	53,695	50,696	50,683	50,626	50,615	-1.1%
Palm Springs	47,253	47,410	44,206	44,312	44,165	44,092	-1.3%
Perris	77,649	78,095	78,614	78,867	78,474	78,948	0.3%
Rancho Mirage	18,257	18,397	16,588	16,692	16,854	17,012	-1.4%
Riverside	325,916	327,076	316,307	309,598	314,818	313,676	-0.8%
San Jacinto	48,536	49,655	53,835	54,186	54,303	54,103	2.3%
Temecula	112,243	112,561	109,820	109,881	109,468	108,899	-0.6%
Wildomar	36,436	36,878	36,720	36,713	36,438	36,336	-0.1%
Unincorporated	374,835	380,040	391,880	394,680	398,404	401,693	1.4%
Total	2,397,662	2,419,057	2,418,185	2,418,727	2,430,976	2,439,234	0.3%

Source: California Department of Finance

Riverside is the fourth most populous county in California, following Los Angeles, San Diego and Orange Counties. The majority of residents live within incorporated areas, the largest of which is the city of Riverside, with a population of just over 313,000.

Employment & Economy

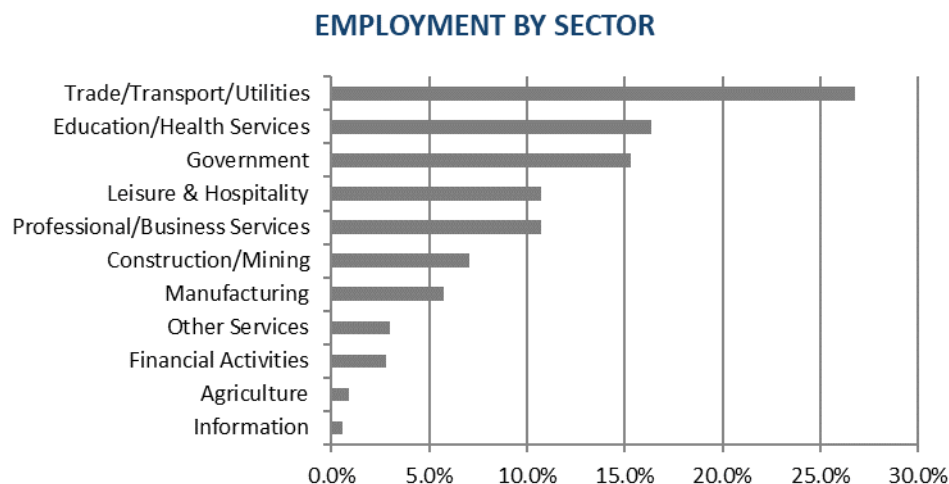
The California Employment Development Department (EDD) has reported the following employment data for Riverside County over the past five years.

Employment Trends						
	2017	2018	2019	2020	2021	2022
Labor Force	1,070,900	1,090,100	1,108,100	1,121,100	1,133,000	1,152,100
Employment	1,014,200	1,041,700	1,061,500	1,008,000	1,050,000	1,104,100
Annual Employment Change	27,000	27,500	19,800	-53,500	42,000	54,100
Unemployment Rate	5.3%	4.4%	4.2%	10.1%	7.3%	4.2%

Source: California Employment Development Department

Riverside County saw declining unemployment rates in 2004-2006, increases from 2007 to 2010, declines between 2011 and 2019, a significant increase in 2020 due to the pandemic and improvement in 2021 and 2022. The California Employment Development Department reported an unemployment rate of 4.4% in Riverside County in May 2023, up from 3.4% a year ago and compared to 4.5% for California and 3.4% for the nation.

As of May 2023, it was reported 16,600 non-farm jobs were gained in the Riverside-San Bernardino-Ontario MSA year-over-year. Annual job growth has slowed in recent quarters. The greatest job growth was in the Educational/Health Services sector with 12,400 jobs gained, followed by the Government sector with 7,700 jobs gained. The following chart indicates the percentage of total employment for each sector in the metro as of May 2023.



Source: California Employment Development Department

The region's largest employment sector, accounting for roughly 26% of total employment, is Trade/Transportation/Utilities, which includes wholesale and retail trade; followed by Education/Health Services and Government.

The region's largest employers are listed in the following table.

Top Employers - Riverside County			
Employer	Location	Description	No. of Employees
County of Riverside	Countywide	County Government	23,772
Amazon	Countywide	E-Commerce	14,500
March Air Reserve Base	March ARB	Military Reserve Base	9,600
University of California, Riverside	Riverside	University	8,593
Moreno Valley Unified School District	Moreno Valley	School District	6,020
Kaiser Permanente Riverside Medical Center	Riverside	Hospital	5,817
Corona-Norco Unified School District	Corona	School District	5,478
Riverside Unified School District	Riverside	School District	5,431
Stater Bros	Countywide	Retail Grocery	4,699
Mt. San Jacinto College	San Jacinto	Community College District	4,638
Marie Callender Wholesalers, Inc.	Corona	Wholesale Trade	4,454
313 Acquisitions LLC	Riverside	Other Services	4,208
Temecula Valley Unified School District	Temecula	School District	4,022
Eisenhower Medical Center	Rancho Mirage	Hospital	4,001
Pechanga Resort & Casino	Temecula	Resort/Casino	4,000
Hemet Unified School District	Hemet	School District	3,960
Home Depot	Countywide	Retail	3,576
Murrieta Valley Unified School District	Murrieta	School District	3,552
Starcrest of California	Perris	E-Commerce	3,450
McDonalds	Countywide	Restaurant	3,375
Palm Springs Unified School District	Palm Springs	School District	3,328
Lake Elsinore Unified School District	Lake Elsinore	School District	3,267
Jurupa Unified School District	Jurupa Valley	School District	2,749
City of Riverside	Riverside	City Government	2,700
Target	Countywide	Retail	2,631
Coachella Valley Unified School District	Thermal	School District	2,581
Walmart	Countywide	Retail	1,561
Albertsons/Sav-On	Countywide	Retail Grocery	2,231
Riverside Community College District	Riverside	Community College District	2,228
Hemet Valley Medical Center	Hemet	Hospital	2,214
Desert Regional Medical Center	Palm Springs	Hospital	2,200
Agua Caliente Band of Cahuilla Indians	Rancho Mirage	Tribal Government / Casinos	2,200
Spa Resort & Casino	Palm Springs	Resort & Spa	2,120
Beaumont Unified School District	Beaumont	School District	2,053
Kroger (Ralphs & Vons)	Countywide	Retail Grocery	2,035
Abbott Vascular, Inc.	Temecula	Medical Device Manufacturing	2,008
Alvord Unified School District	Corona	School District	1,936
Lowe's Home Improvement	Countywide	Retail	1,928
United Parcel Service	Countywide	Delivery Services	1,678
MSR Desert Resort, LP	La Quinta	Resort / Restaurant	1,500

Source: Riverside County Economic Development Agency, with source cited as "Employers Listed, Websites, and Public Records, 2022"

Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. According to Claritas Spotlight data reporting service, the

median household income estimated for Riverside County in 2023 is \$81,520, which is lower than the state of California's median income of \$89,113.

Transportation

Access to and through Riverside County is provided by several major routes, including Interstates 10, 15 and 215, as well as State Routes 60, 62, 74, 79, 86, 91, 111 and 243. Interstate 10 is the primary east-west connector while Interstates 15 and 215 are the primary north-south highways. The 91 Freeway provides travel from the Inland Empire to Orange County via the 55 Freeway.

Interstate 10 is a major east-west route in Southern California, connecting the Pacific coast (Santa Monica) with the Arizona state line before traveling further east through the southern portion of Arizona, New Mexico, Texas, Louisiana, Mississippi, Alabama, and terminating in Jacksonville, Florida. Interstate 10 links the major California cities of Santa Monica, Los Angeles, Ontario, Beaumont, Palm Springs, Indio and Blythe.

As a primary east-west connector, Interstate 15 connects the counties of San Bernardino, Riverside and San Diego. The route extends north through Nevada, Arizona, Utah, Idaho and Montana to the Canadian border. Interstate 15 is a major thoroughfare for traffic between San Diego and the Inland Empire, as well as between Southern California and Las Vegas, Nevada. Interstate 215 comprises approximately 55 miles of interstate highway in the Inland Empire. The southern terminus of Interstate 215 is at the junction of Interstate 15 in Murrieta in south Riverside County and travels through Perris before joining the 60 Freeway in Moreno Valley. This interstate provides an alternative to Interstate 15 for travel between Phoenix, Las Vegas, San Bernardino and the San Diego area.

Public transportation is provided by various agencies. Riverside Transit Agency serves the western third of Riverside County, SunLine Transit Agency serves Palm Springs and the Coachella Valley area, Palo Verde Valley Transit Agency serves Blythe near the Arizona border, Pass Transit serves the San Geronio Pass communities, and Corona Cruiser serves the community of Corona. In addition, Riverside County is also served by Greyhound buses and Amtrak passenger trains.

The county's main airport is the Palm Springs International Airport. This two-runway airport is located about two miles east of downtown Palm Springs and is highly seasonal, with most flights operating during the winter.

Recreation & Culture

Riverside County offers innumerable recreational and cultural opportunities, including many public parks, schools, golf courses, museums and performing arts venues. Popular attractions include the Botanical Gardens at the University of California, Riverside; the historic Mission Inn in downtown Riverside; March Field Air Museum, an aviation museum near Moreno Valley and Riverside, adjacent to the March Air Reserve Base; Temecula Valley, a tourist destination in the southern part of the county with numerous wineries, wine tasting rooms, bed and breakfast inns and wedding venues; and Castle Park, an amusement park. Annual events in the county include the Festival of Lights in Riverside, known for its display of nearly three million Christmas lights; Ghost Walk Riverside; Temecula Valley Balloon and Wine Festival; and Harvest Wine Celebration.

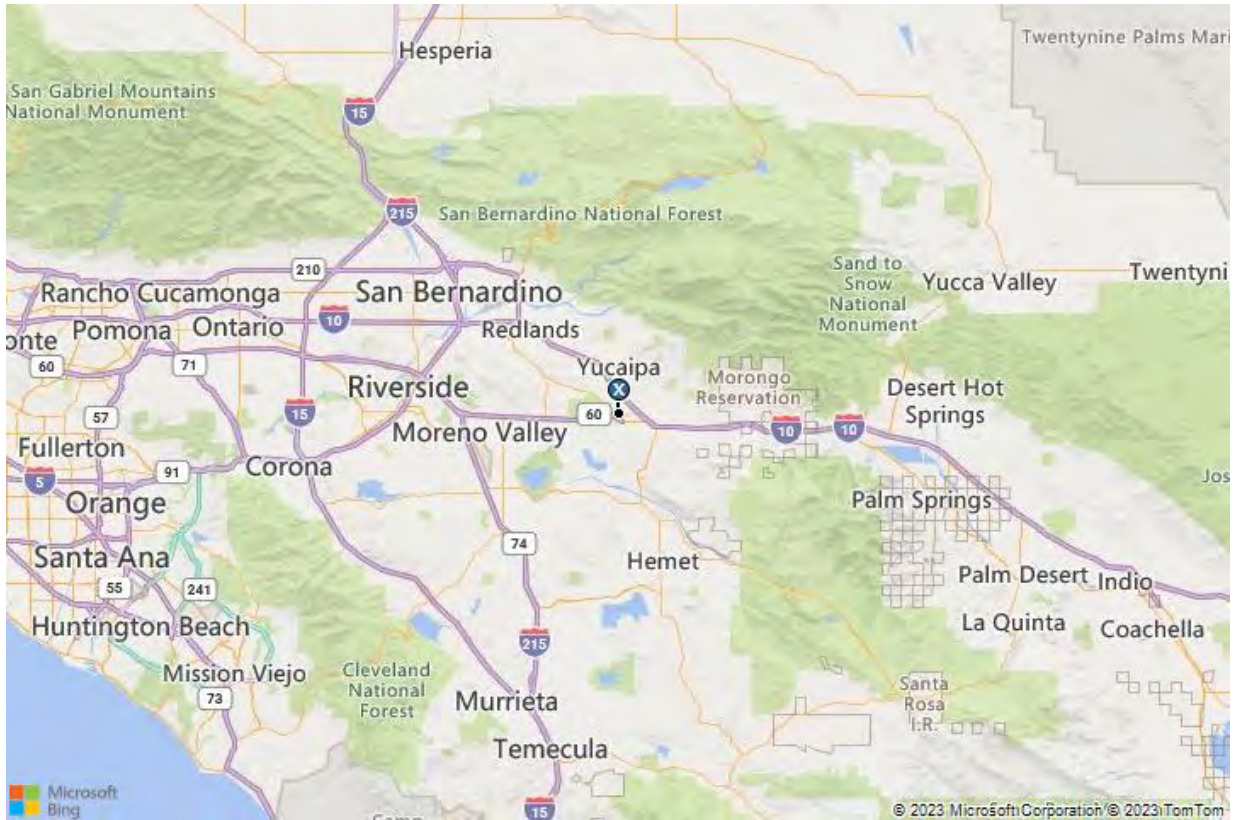
Riverside County is home to multiple higher education institutions including, but not limited to, the University of California Riverside, California Baptist University, California Southern Law School, California State University San Bernardino and Mt. San Jacinto College.

Conclusion

In general, Riverside County is one of the fastest growing areas in the state. Many new residents are relocating here from the more expensive metropolitan areas of Los Angeles and San Diego. The region offers diverse employment opportunities, numerous colleges and universities, extensive transportation routes, shopping centers, public services and recreational activities.

In recent years, market and economic conditions were strong, with unemployment rates falling to historical lows. Employment conditions declined sharply in 2020 after the onset of the pandemic and though market and economic conditions have since improved, current macroeconomic factors, specifically high inflation and rising interest rates, have reintroduced uncertainty in the market. Recovery in the market is expected to be gradual and the long-term outlook for the region is good.

Area Map



Surrounding Area Analysis

This section of the Appraisal Report provides an analysis of the observable data that indicate patterns of growth, structure and/or change that may enhance or detract from property values. For the purpose of this analysis, a neighborhood is defined as “a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.”

Boundaries

The boundaries of a neighborhood identify the physical area that influences the value of the subject property. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of development, street patterns, terrain, vegetation and parcel size tend to identify neighborhoods. Roadways, waterways and changing elevations can also create neighborhood boundaries.

The subject property is located within the city of Beaumont, which is located in Riverside County, within the Inland Empire region of Southern California. It is bordered on the north by the unincorporated community of Cherry Valley, on the east by the City of Banning, on the south by the City of San Jacinto and on the west by the City of Calimesa. It has a land area of 30.9 square miles and an elevation of 2,500-3,000 feet above sea level. It is situated at the peak of the San Gorgonio Pass between the cities of San Bernardino and Palm Springs.

Access and Linkages

Since the San Gorgonio Pass was discovered in 1853, it has been at the center of transportation in the region, beginning with early trails, then railroads, highways and interstates. Today, Beaumont is still a transportation hub with major routes extending in every direction. Three major interstates/highways intersect at what is known as the Beaumont Avenue interchange: Interstate 10, State Route 60 and State Route 79.

Interstate 10 is the primary transportation corridor through the city, with access to Santa Monica and the Pacific Ocean to the west and eastward to the low desert cities of Palm Springs and Indio, to the Southwest regions in Arizona and New Mexico, terminating in Jacksonville Florida on the east coast. The 60 Freeway is a major east/west transportation route linking Interstate 5 in downtown Los Angeles with Interstate 10 in Beaumont. The 60 Freeway provides direct access to most of the north/south freeways in the greater Los Angeles area, including the 215, 15, 91, 57, 605, 710 and 5 freeways. State Route 79 provides access to Hemet, Winchester and Temecula to the south. To the north, State Route 79 is Beaumont Avenue and provides access to the neighboring community of Cherry Glen and on to the scenic apple country of Oak Glen.

CFD No. 2016-1 is located north of Oak Valley Parkway, east of Tukwet Canyon Parkway, which connects the CFD with Interstate 10 less than one mile to the east. Interstate 10 links the subject neighborhood with the 60 Freeway, less than one mile to the south, and Beaumont Avenue (Highway 79). Highway 79 is a primary connector route to the cities of San Jacinto, Hemet and the unincorporated community of Winchester and the French Valley area of south Riverside County.

Public transit is available through the City of Beaumont Transit System, which also operates the Pass Transit System in collaboration with the City of Banning Transit. The system offers eight fixed routes and a commuter link to Calimesa, the San Bernardino Metrolink and the Loma Linda Veteran's Hospital. Additional services include Dial-A-Ride and curb-to-curb service for ADA certified and seniors 65 years and older within Beaumont and parts of Cherry Valley.

In terms of air travel, there are several proximate airports available to residents of Beaumont. Palm Springs International Airport is the nearest major airport, located approximately 30 miles to the east and the LA/Ontario International Airport is located approximately 40 miles west in Ontario. Six additional airports offering commercial international and/or domestic flights are located within 100 miles. Local airports include the Banning Municipal Airport located less than 10 miles to the east; the Redlands Municipal Airport approximately 18 miles northwest; the Hemet-Ryan Airport 18 miles to the south; and several others in San Bernardino, Riverside and Colton, all within approximately 30 miles of Beaumont.

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics					
2023 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	92223 (Beaumont, CA)	Riverside County, CA
Population 2020	6,203	22,712	74,971	58,896	2,418,185
Population 2023	6,555	23,932	78,403	62,495	2,488,669
Population 2028	7,086	25,747	83,514	67,820	2,586,031
Compound % Change 2020-2023	1.9%	1.8%	1.5%	2.0%	1.0%
Compound % Change 2023-2028	1.6%	1.5%	1.3%	1.6%	0.8%
Households 2020	2,009	7,604	25,538	19,394	763,283
Households 2023	2,107	7,948	26,686	20,523	786,429
Households 2028	2,268	8,486	28,369	22,188	818,630
Compound % Change 2020-2023	1.6%	1.5%	1.5%	1.9%	1.0%
Compound % Change 2023-2028	1.5%	1.3%	1.2%	1.6%	0.8%
Median Household Income 2023	\$123,919	\$111,308	\$86,821	\$94,688	\$81,520
Average Household Size	3.1	3.0	2.9	3.0	3.1
College Graduate %	30%	29%	23%	24%	23%
Median Age	40	41	39	39	37
Owner Occupied %	92%	89%	78%	79%	67%
Renter Occupied %	8%	11%	22%	21%	33%
Median Owner Occupied Housing Value	\$473,900	\$468,510	\$452,182	\$447,767	\$511,440
Median Year Structure Built	2004	2004	1988	2003	1989
Average Travel Time to Work in Minutes	38	40	36	38	37

Source: Claritas

As shown above, the current population within a 1-mile radius of the subject is 6,555, and the average household size is 3.1. Population in the area has grown slightly since the 2020 census, and this trend is projected to continue over the next five years. Compared to the subject's 92223 zip code overall, the population within a 1-mile radius is projected to grow at a similar rate.

Median household income is \$123,919, which is higher than the household income for the 92223 zip code. Residents within a 1-mile radius have a higher level of educational attainment than those of the 92223 zip code, while median owner occupied home values are also higher.

Recreation & Community Facilities

The City of Beaumont offers adequate recreational opportunities and community facilities, with additional services accessible within 20-30 miles (30-40-minute driving time) in the larger cities of San Bernardino, Riverside and Moreno Valley. Beaumont hosts a number of family-oriented events throughout the year. The largest event is the Cherry Festival, which celebrated its 100th anniversary in May/June 2018. It is a four-day community festival with food and drinks, games, music, entertainment, rides and booths.

Beaumont offers two championship golf courses: Oak Valley Golf Club and Morongo Golf Club at Tukwet Canyon, which was formerly owned and operated by the PGA. Antique shops along 6th Street have long been a well-known attraction in Beaumont, providing a unique shopping experience. The nearby Cabazon Outlet Mall provides additional shopping, featuring 65,000 square feet of shops, representing 18 specialty retailers. Adjacent to this project, is the Desert Hills Premium Outlet Center, an upscale outdoor shopping center which includes over 900,000 square feet and features 180 retailers; this center represents the largest premium outlet center in California.

The nearest hospital is the San Geronio Memorial Hospital located just outside the Beaumont city limits, in Banning. The Beaver Medical Group, with offices throughout the Inland Empire, offers primary care, urgent care and laboratory services at its Beaumont location.

The city is served by seven elementary schools, two middle schools, two high schools and an adult school. Secondary education is accessible within approximately five to 20 miles in nearby communities, including Mt. Jacinto Community College with the San Geronio Pass Campus located in Banning and the main campus located in San Jacinto; Crafton Hills College in Yucaipa; Moreno Valley College in Moreno Valley; and University of Redlands in Redlands.

The Beaumont Civic Center houses two memorials. The Veteran's Memorial honors local veterans who served from World War I through present-day operations. The Public Safety Memorial honors police officers and firefighters who died in the line of duty or served in the community during their lifetime. In addition, the Centennial Memorial Bridge, located off Oak Valley Parkway, honors individuals who made significant contributions to the community within its first 100 years.

Land Uses

Land uses in the immediate area include primarily residential, with supporting commercial services located proximate to Interstate 10.

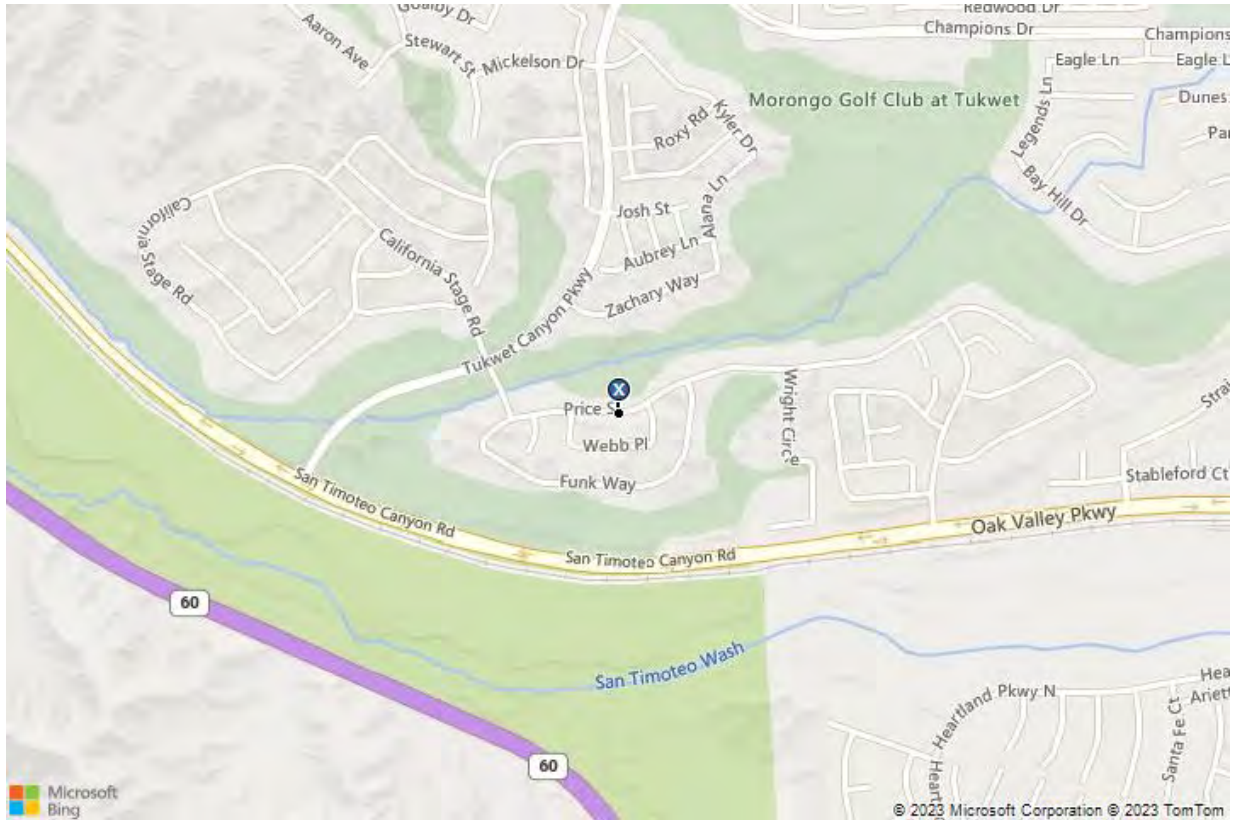
A neighborhood retail center anchored by Stater Bros. Market is located at the northeast corner of Oak valley Parkway and Beaumont Avenue. A Food 4 Less anchored retail center is located at the southeast corner of North Highland Springs Avenue and East 6th Street. Just south of Interstate 10 at North Highland Springs Avenue is a high concentration of retail development, including Best Buy, Ross Dress for Less, Bed Bath & Beyond, The Home Depot and Wal-Mart, among other retailers. Just east of

Best Buy, in the city of Banning, is Sun Lakes Village Shopping Center, which is anchored by Hobby Lobby, Rite Aid and Albertsons.

Outlook and Conclusions

In conclusion, the subject's immediate neighborhood is growing in residential uses. The area is considered to be a middle-income neighborhood with adequate support facilities in proximity. The overall condition and quality of the neighborhood is rated as average. The subject property is considered to have average transportation characteristics, including proximity to major neighborhood thoroughfares and freeway access. Overall, the subject is expected to perform reasonably well over the long term.

Surrounding Area Map



Residential Market Analysis

Given prevailing land use patterns and the subject's zoning, a likely use of the property is for residential development. In the following paragraphs, we examine supply and demand indicators for residential development in the subject's area.

Submarket Overview

The subject is located in the City of Beaumont. The subject is adjacent to newer home construction and planned future development and is considered to have good transportation linkages. The neighborhood is characterized as a suburban area that appeals to both local workers and commuters. Based on existing surrounding homes and new projects under development, the subject characteristics best support a project designed for a combination of move-up home buyers and buyers looking to downsize.

Single-Family Building Permits

Single-family building permits for the city of Beaumont as well as Riverside County totals are shown in the following table.

Single-Family Building Permits				
Year	City of Beaumont	% Change	County of Riverside	% Change
2013	500	--	4,328	--
2014	454	-9.20%	5,058	16.87%
2015	466	2.64%	4,325	-14.49%
2016	450	-3.43%	5,136	18.75%
2017	741	64.67%	5,827	13.45%
2018	684	-7.69%	7,327	25.74%
2019	535	-21.78%	6,267	-14.47%
2020	271	-49.35%	8,344	33.14%
2021	442	63.10%	7,428	-10.98%
2022	790	78.73%	8,211	10.54%

Source: SOCDs Building Permits Monthly Request

Single-Family Building Permits: 2023 Preliminary Data

Month	City of Beaumont	County of Riverside
January	30	380
February	13	560
March	20	734
April	80	711
May	108	1,083
June	225	1,234
July	18	450
August	40	671
Total	534	5,823

Source: SOCDs Building Permits Monthly Request

Active New Home Projects Pricing and Absorption

The city of Beaumont is located within the North Central Riverside submarket of the Inland Empire. The Ryness Report provides a comparison of sales activity between various regions and markets, including year-to-date totals from the same week of the previous year. Their surveys and reports include sales, traffic and financing rates on activity in major residential developments throughout California, Arizona and Nevada. The report for the Inland Empire for the week ending October 22, 2023, is included as follows.

THE RYNESS REPORT

A New Home Sales, Marketing & Research Company

Sponsored by:



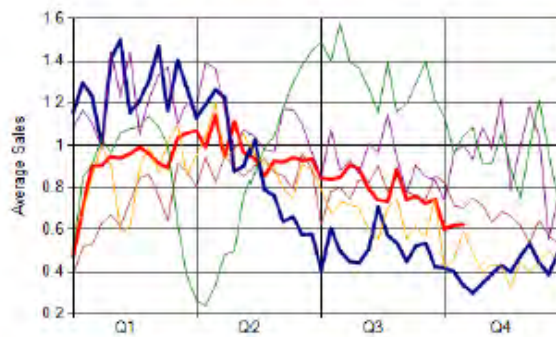
Inland Empire

Week 42

Ending: Sunday, October 22, 2023







Counties / Groups	Projects	Traffic	Sales	Cancel	Net Sales	Avg. Sales	Year to Date Avg.	Year to Date Diff.	Prev. 13 Wks. Avg.	Prev. 13 Wks. Diff.
Central-North Central Riverside	51	534	46	7	39	0.76	0.91	-16%	0.83	-8%
Desert Riverside	25	335	19	1	18	0.72	0.74	-2%	0.58	25%
Murrieta - Temecula	15	449	9	2	7	0.47	0.81	-43%	0.70	-33%
Northwest Riverside	25	472	12	4	8	0.32	0.85	-62%	0.81	-60%
South Riverside	51	705	36	8	28	0.55	0.92	-40%	0.81	-32%
Central-East San Bernardino	34	531	18	3	15	0.44	0.89	-50%	0.76	-42%
Desert San Bernardino	17	160	13	1	12	0.71	0.75	-6%	0.75	-6%
NW-SW San Bernardino	31	666	30	2	28	0.90	0.94	-4%	0.77	17%
Current Week Totals	Traffic : Sales 21 : 1		249	3852	183	28	155	0.62	0.87	-29%
Per Project Average			15	0.73	0.11	0.62				
Year Ago - 10/23/2022	Traffic : Sales 26 : 1		223	3519	135	60	75	0.34	0.83	-59%
% Change			12%	9%	36%	-53%	107%	85%	5%	55%

52 Weeks Comparison



Year to Date Averages Through Week 42

Annual

Graph Legend	Year	Avg. Weekly Projects	Avg. Weekly Traffic	Avg. Weekly Sales	Avg. Weekly Cancels	Avg. Project Sales	Year End Avg. Proj. Sales
	2018	148	35	0.95	0.18	0.78	0.69
	2019	216	31	0.93	0.14	0.79	0.76
	2020	243	25	1.19	0.17	1.02	1.01
	2021	196	26	1.20	0.12	1.07	1.05
	2022	199	22	1.05	0.22	0.83	0.74
	2023	247	22	1.00	0.13	0.87	0.87
% Change:		24%	0%	-4%	-41%	5%	18%

* Averages rounded for presentation. Change % calculated on actual numbers.



WEEKLY FINANCIAL NEWS

Financing			Market Commentary
CONV	RATE	APR	Sales of new homes trended higher since late 2022. Limited inventory in the existing home market has bolstered demand for new construction, and builders have capitalized on the opportunity by offering incentives. Building permits for new single-family homes have also increased for the past eight months, suggesting that builders still have confidence in underlying homebuyer demand. The strength in new home demand is poised to weaken in the months ahead, however. The conventional 30-year fixed mortgage rate's ascent toward 8% has priced out many prospective home buyers. Sales sank 9% to a 675K-unit annual pace in August, and the National Association of Home Builders' latest Housing market index points to a deteriorating sales outlook. On a sequential basis, we look for new home sales to inch up 1% to a 683K-unit pace in September. Further out, we expect the leg higher in mortgage rates to weigh on sales in the coming quarters. Source: Wells Fargo Bank Weekly Economic & Financial Commentary
FHA	6.99%	7.35%	
	6.88%	6.99%	
10 Yr Yield	4.86%		

The Ryness Report has identified 26 active projects in the North Central Riverside submarket, with 14 of those within the city of Beaumont. These projects are summarized as follows:

Development Name	Developer	City Code	Notes	Type	Projects Participating: 26									
North Central Riverside					Units	New Rel.	Ref'd Rem'g	Traffic	WK's Sales	WK's Cons.	Sold to Date	Sold YTD	Avg. Sls /Week	Avg. Sls /YTD
Canterbury	Crestwood	BA		DTMU	19	0	2	31	0	0	5	5	1.13	1.13
Augusta at The Fairways	DR Horton	BE		DTMU	268	3	3	6	2	0	263	85	2.05	2.02
Auburn	KB Home	MV		DTMU	78	0	17	16	1	0	51	41	1.05	0.98
Brisa at Nuevo Meadows	KB Home	NJ		DTMU	118	0	27	16	0	0	79	68	1.63	1.62
Cielo at Nuevo Meadows	KB Home	NJ		DTMU	153	0	20	15	1	0	67	65	1.38	1.55
Aspen Hills	Lennar	MV		ATMU	118	0	7	2	1	0	77	44	0.95	1.05
Fairways Azalea	Meritage	BE		DTMU	111	0	8	7	0	0	7	7	0.28	0.28
Fairways Holly	Meritage	BE		DTMU	65	0	4	7	1	1	14	14	0.46	0.46
Fairways Magnolia	Meritage	BE		DTMU	111	0	5	7	1	1	13	13	0.43	0.43
Seasons at The Fairways	Richmond American	BE		DTMU	62	0	2	10	2	0	25	20	0.41	0.48
Olivewood Classic	Taylor Morrison	BE		DTMU	236	3	3	21	1	0	163	53	1.06	1.26
Olivewood Premier	Taylor Morrison	BE		DTMU	275	3	3	21	1	0	212	44	1.37	1.05
Olivewood Signature	Taylor Morrison	BE		DTMU	171	3	3	21	1	0	142	47	1.08	1.12
Arroyo at Atwell	TRI Pointe TSO	BA		DTST	198	0	TSO	8	0	0	195	5	1.06	0.12
Centerstone at Atwell	TRI Pointe TSO	BA		DTMU	152	0	TSO	8	0	0	143	19	0.85	0.45
Crown at Tournament Hills	TRI Pointe	BE		DTMU	144	4	6	2	1	0	69	53	0.84	1.26
Horizon at Atwell	TRI Pointe TSO	BA		DTMU	158	0	TSO	8	0	0	155	10	0.94	0.24
Landmark at Atwell	TRI Pointe TSO	BA		DTMU	133	0	TSO	8	0	0	130	13	0.80	0.31
Lina at Altis	TRI Pointe	BE		AASF	130	0	5	4	0	0	35	20	0.44	0.48
Linwood at Atwell	TRI Pointe TSO	BA		DTMU	177	0	TSO	8	0	0	47	47	1.85	1.85
Rosa at Altis	TRI Pointe	BE		AASF	133	0	7	5	1	0	61	42	0.76	1.00
Rosetta at Atwell	TRI Pointe	BA		DTMU	278	0	2	8	6	1	56	56	2.12	2.12
Southcreek at Atwell	TRI Pointe	BA		DTMU	178	0	2	8	0	0	103	103	2.61	2.61
Virtue at Tournament Hills	TRI Pointe	BE		DTMU	124	0	2	3	0	0	87	53	1.06	1.26
Vita at Altis	TRI Pointe TSO	BE		AASF	267	0	TSO	5	0	0	223	10	0.84	0.24
Ridge View at The Fairways	Woodside	BE		DTMU	126	0	2	5	0	0	96	29	0.80	0.69
TOTALS: No. Reporting: 26		Avg. Sales: 0.65		Traffic to Sales: 13 : 1				130	260	20	3	2518	966	Net: 17
City Codes: BA = Banning, BE = Beaumont, MV = Moreno Valley, NJ = Nuevo														

Projects considered most similar to the subject are further detailed in the following table.

Active Projects (as of 3Q 2023)										
Project Name	Community	Developer	Average Price	Avg. Home Size (SF)	Average Price/SF	Units Planned	Units Sold	Avg. Sales/Week	Avg. Sales/Month	
Augusta at The Fairways*	Beaumont	DR Horton	\$509,833	2,016	\$252.84	268	263	2.05	8.20	
Seasons at The Fairways*	Beaumont	Richmond American	\$611,498	2,705	\$226.06	62	25	0.41	1.64	
Azalea at The Fairways	Beaumont	Meritage	\$559,900	2,288	\$244.71	111	7	0.28	1.12	
Holly at The Fairways	Beaumont	Meritage	\$619,648	2,887	\$214.63	65	14	0.46	1.84	
Magnolia at The Fairways	Beaumont	Meritage	\$585,500	2,665	\$219.74	111	13	0.43	1.72	
Olivewood Classic	Beaumont	Taylor Morrison	\$588,913	2,494	\$236.13	682	517	1.17	4.68	
Lina at Altis†	Beaumont	Tri Pointe Homes	\$480,796	2,060	\$233.40	130	35	0.44	1.76	
Rosa at Altis†	Beaumont	Tri Pointe Homes	\$369,910	1,591	\$232.50	133	61	0.76	3.04	
Vita at Altis†	Beaumont	Tri Pointe Homes	\$325,000	1,578	\$206.02	267	223	0.84	3.36	
Crown at Tournament Hills	Beaumont	Tri Pointe Homes	\$475,000	1,750	\$271.43	144	69	0.84	3.36	
Virtue at Tournament Hills	Beaumont	Tri Pointe Homes	\$472,500	1,968	\$240.09	124	87	1.06	4.24	
Ridge View at The Fairways*	Beaumont	Woodside	\$543,957	2,193	\$248.04	126	96	0.80	3.20	
		Minimum	\$325,000	1,578	\$206.02					1.12
		Maximum	\$619,648	2,887	\$271.43					8.20
		Average	\$511,871	2,183	\$235.47					3.18
Source: The Gregory Group										
†Age-restricted project										

Resale Pricing

The following table shows historical resale data for more recently built homes (2015 and newer) in the city of Beaumont.

Resales									
Address	Sale Date	Living Area (SF)	Sale Price	Last List Price	Sales Price/SF	Sale/List	Year Built	Days on Market	Lot Size (SF)
355 Scarlett Runner	10/23/2023	1,592	\$425,000	\$425,000	\$267	100.00%	2018	14	4,356
877 Bluebell Way	10/19/2023	1,750	\$460,000	\$455,000	\$263	101.10%	2019	2	2,579
36690 Sevilla Way	10/16/2023	1,806	\$530,000	\$525,000	\$293	100.95%	2020	71	8,712
1541 SKYSTONE Way	10/13/2023	1,929	\$405,000	\$409,900	\$210	98.80%	2020	136	5,596
1558 Rio Grande	10/10/2023	2,700	\$655,000	\$645,000	\$243	101.55%	2018	130	6,970
1745 Bowles Ct	10/10/2023	3,031	\$662,000	\$667,000	\$218	99.25%	2018	118	9,148
1531 Amethyst Ln	10/8/2023	1,868	\$500,000	\$475,000	\$268	105.26%	2018	4	4,356
35123 Funk Way	10/2/2023	1,898	\$545,000	\$550,000	\$287	99.09%	2021	13	5,066
1626 Alissa Flowers	9/29/2023	1,592	\$415,000	\$407,000	\$261	101.97%	2019	110	4,792
1648 Milford Way	9/29/2023	1,764	\$505,000	\$499,900	\$286	101.02%	2016	48	6,534
1551 Village Green Way	9/27/2023	1,522	\$409,990	\$409,990	\$269	100.00%	2019	151	3,959
1782 Starlight Ave	9/27/2023	2,380	\$648,000	\$638,900	\$272	101.42%	2019	7	9,583
1529 Williamson	9/18/2023	1,600	\$460,000	\$455,000	\$288	101.10%	2017	85	4,792
14163 Ottavio Ct	9/18/2023	2,114	\$520,000	\$525,000	\$246	99.05%	2021	31	7,405
1340 Black Diamond Dr	9/16/2023	1,975	\$505,000	\$529,995	\$256	95.28%	2018	26	5,663
1661 Croton St	9/15/2023	2,747	\$620,000	\$619,900	\$226	100.02%	2015	11	8,276
14253 Capezzana Cir	9/8/2023	1,967	\$544,000	\$549,900	\$277	98.93%	2018	10	9,148
1532 Skystone Way	9/8/2023	2,420	\$580,000	\$584,995	\$240	99.15%	2019	42	6,669
1526 Edgebrook	9/7/2023	2,482	\$514,500	\$535,000	\$207	96.17%	2015	144	7,841
1579 Milky Way	9/7/2023	3,155	\$605,000	\$604,000	\$192	100.17%	2018	13	6,098
1664 Capri Way	9/6/2023	1,522	\$380,000	\$399,900	\$250	95.02%	2020	28	3,899
1308 Big Dipper Dr	9/5/2023	1,868	\$530,000	\$513,800	\$284	103.15%	2018	15	6,970
1387 Groveland St	8/29/2023	1,757	\$515,000	\$515,000	\$293	100.00%	2019	36	6,534
346 Irvine	8/23/2023	2,017	\$575,000	\$575,000	\$285	100.00%	2018	4	6,534
1583 Planet Pl	8/19/2023	2,380	\$560,000	\$569,000	\$235	98.42%	2018	57	7,841
1684 Tielo St	8/14/2023	1,971	\$550,000	\$545,000	\$279	100.92%	2020	7	9,714
11439 Trevor Way	8/11/2023	1,557	\$460,000	\$460,000	\$295	100.00%	2017	5	5,227
36714 Sevilla Way	8/1/2023	1,806	\$525,000	\$525,000	\$291	100.00%	2019	18	7,841
1475 Galaxy Dr	7/31/2023	1,662	\$480,000	\$475,000	\$289	101.05%	2018	9	5,663
1485 Begonia Way	7/31/2023	3,258	\$614,000	\$610,000	\$188	100.66%	2015	46	6,970
338 Linnea	7/28/2023	1,592	\$428,000	\$443,000	\$269	96.61%	2018	61	6,534
Total Sales	31	2,054	\$520,177	\$520,715	\$259	99.87%	2018	47	6,493
		(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)

Source: Local Multiple Listing Service (MLS)

Ability to Pay

Of the three active projects within the subject boundaries, new home price points are generally between \$492,000 and \$660,000. In this section, we will examine the ability to pay among prospective buyers for a representative price point of \$545,000, based on the indicators from the competing projects. First, we will estimate the required annual household income based on typical mortgage parameters in the subject's market area. Specifically, we will employ a loan-to-value ratio of 80% (down payment of 20%), mortgage interest rate of 7.50%, 360 monthly payments, and a 40% ratio for the housing costs as a percent of monthly income (inclusive of principal, interest, all taxes and insurance). Property tax payments are accounted for in the analysis as well as homeowner's insurance. The following table shows the estimate of the annual household income that would be required to afford homes priced at the representative price point.

Income Required

Home Price	\$545,000	
Loan % of Price (Loan to Value)	80%	
Loan Amount	\$436,000	
Interest Rate	7.50%	
Mortgage Payment	\$3,049	
Property Taxes	\$684	Based on 1.327970% and direct charges of \$966
City of Beaumont CFD No. 2021-1	\$166	
Homeowner's Association Fee	\$155	
Property Insurance	\$114	
Total Monthly Obligation	\$4,167	
Mortgage Payment % of Income	40%	
Monthly Income	\$10,416	
Annual Income	\$124,998	

We have obtained income data from Esri Business Analyst Online (Esri), formerly STDB Online, for a 10-mile radius surrounding the subject property, which is considered representative of typical buyers for the subject property. In the following table we show the income brackets within the noted area, along with estimates of the percentage of households able to afford homes priced at the representative price point within each income bracket.

Household Ability

Household Income	Households	Percent of Households	Percent Able to Pay	Households	Households Able to Pay
< \$15,000	5,408	6.6%	0.0%	0	0.0%
\$15,000 - \$24,999	4,607	5.6%	0.0%	0	0.0%
\$25,000 - \$34,999	5,419	6.6%	0.0%	0	0.0%
\$35,000 - \$49,999	7,843	9.6%	0.0%	0	0.0%
\$50,000 - \$74,999	11,984	14.7%	0.0%	0	0.0%
\$75,000 - \$99,999	10,994	13.4%	0.0%	0	0.0%
\$100,000 - \$124,999	9,209	11.3%	0.0%	1	0.0%
\$125,000 - \$149,999	7,687	9.4%	100.0%	7,688	9.4%
\$150,000 - \$199,999	8,713	10.7%	100.0%	8,713	10.7%
\$200,000 - \$249,999	4,644	5.7%	100.0%	4,644	5.7%
\$250,000 - \$499,999	3,668	4.5%	100.0%	3,668	4.5%
\$500,000+	<u>1,583</u>	<u>1.9%</u>	100.0%	<u>1,583</u>	<u>1.9%</u>
	81,759	100.0%		26,296	32.2%

Generally, interest rates have an inverse relationship on the affordability of a home. In short, all else being equal higher interest rates lower the price point for buyers based on income. Over the past several years, interest rates have remained historically low, often at or below 3.0%. Rates are still low, from a historical perspective, but have risen above 7.00%; though, rates have begun to decrease slightly. Conversations with sales agents in multiple new home projects noted there has recently been a slowing in demand for new residential homes. The combination of historically high new home prices and rising interest rates have reportedly begun to price some buyers out of entry-level (lower priced) homes. While some projects seem to be affected more than others, predominately due to inventory

levels. Coastal locations and limited supply submarkets appear to be faring better than emerging submarkets with a concentration of competing projects. Given the continued high inflation numbers, interest rates are expected to remain historically higher in the near term to try and temper inflation. Continued high inflation will force prospective homeowners to account for other costs like groceries, gas, etc. over buying a new home at a higher interest rate.

Information from homebuilders note they continue offering concessions in the form of buying down interest rates and discounted options, instead of decreasing their base prices. In some markets, there was enough downward pressure on the market for homebuilders to offer concessions as well as drop their base prices; though, that appears to have been short lived, as home prices resumed increasing since the First Quarter 2023.

Conclusions

Demand for homes in the subject's market area remains active as indicated by the overall trend of building permit activity, new home sales prices and activity in recent quarters as well as the absorption rate within new home projects in the subject's area.

Property Analysis

Land Description and Analysis

Land Description	
Land Area	105.50 acres; 4,595,580 SF
Source of Land Area	Public Records
Primary Street Frontage	Tukwet Canyon
Shape	Irregular
Corner	No
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	06065C0785G
Date	August 28, 2008
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No
Zoning; Other Regulations	
Zoning Jurisdiction	City of Beaumont
Zoning Designation	SPA
Description	Specific Plan Area
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	<p>The Specific Plan zoning designation applies to those areas of the City that have an adopted Specific Plan as well as those areas where a Specific Plan will be required at which time a development concept is proposed. Those Specific Plans that were adopted prior to the adoption of this Zoning Ordinance or the currently adopted General Plan have been incorporated herein by reference. Any future Specific Plan or Specific Plan Amendment must be consistent with the adopted General Plan.</p> <p>The appraised properties are located within the Fairway Canyon master planned community, in the western portion of the city of Beaumont. In total, Fairway Canyon comprises approximately 1,556 acres of land of which 678 acres are zoned for 3,300 residential units, with 46.4 acres of commercial/industrial land uses and the balance set aside for public/quasi-public uses. Fairway Canyon surrounds the Tukwet Canyon 18-hole golf course.</p>
Other Land Use Regulations	None reported or observed
Utilities	
Service	Provider
Water	Beaumont-Cherry Valley Water District
Sewer	City of Beaumont
Electricity	Southern California Edison
Natural Gas	SoCal Gas Company
Local Phone	Various providers

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.

Entitlements

A summary of the current legal (entitlements) and physical status of the appraised properties (233 Assessor's parcels) is shown in the following table.

Entitlement Status	
Description	No. Homes/Lots
Completed Single Family Homes without Assessed Improvement Value	133
Partially Complete Single-Family Homes (Under Construction)	91
Finished Single Family Lots	9
Total	233

The balance of CFD No. 2021-1, 296 single-family residential homes, are reflected on the County of Riverside Assessor's Tax Roll with a complete assessment for both land and improvements and are not a part of this Appraisal Report.

Remaining Site Development Costs

Site development for the subject project appears to be complete.

Permits and Fees

Permits and fees represent all fees payable upon obtaining building permit for the construction of the proposed units and include school fees and impact fees. Based on information provided by the homebuilder, impact fees (DIF) are captured in the site development costs cited above.

It is important to again note which fees the local market includes in the definition of an improved lot. Though all of the fees above and on the previous page are due at or near building permit, the local market recognizes water fees, school fees, and impact fees as part of an improved lot value. Building permits are excluded from the improved lot value.

In the upcoming extraction analysis, only building permits (estimated at \$3,000 per unit) will be deducted, as the remaining impact fees are included in the definition of an improved lot. These estimates of building permits and fees are consistent with our experience with other new home projects throughout Southern California. Any DIF or impact fees not yet paid will be deducted from the improved lot value conclusion to derive an estimate of market value for the subject lots.

Environmental Hazards

An environmental assessment report was not provided for review, and during our inspection, we did not observe any obvious signs of contamination on or near the subject. However, environmental issues are beyond our scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.

Easements, Encroachments and Restrictions

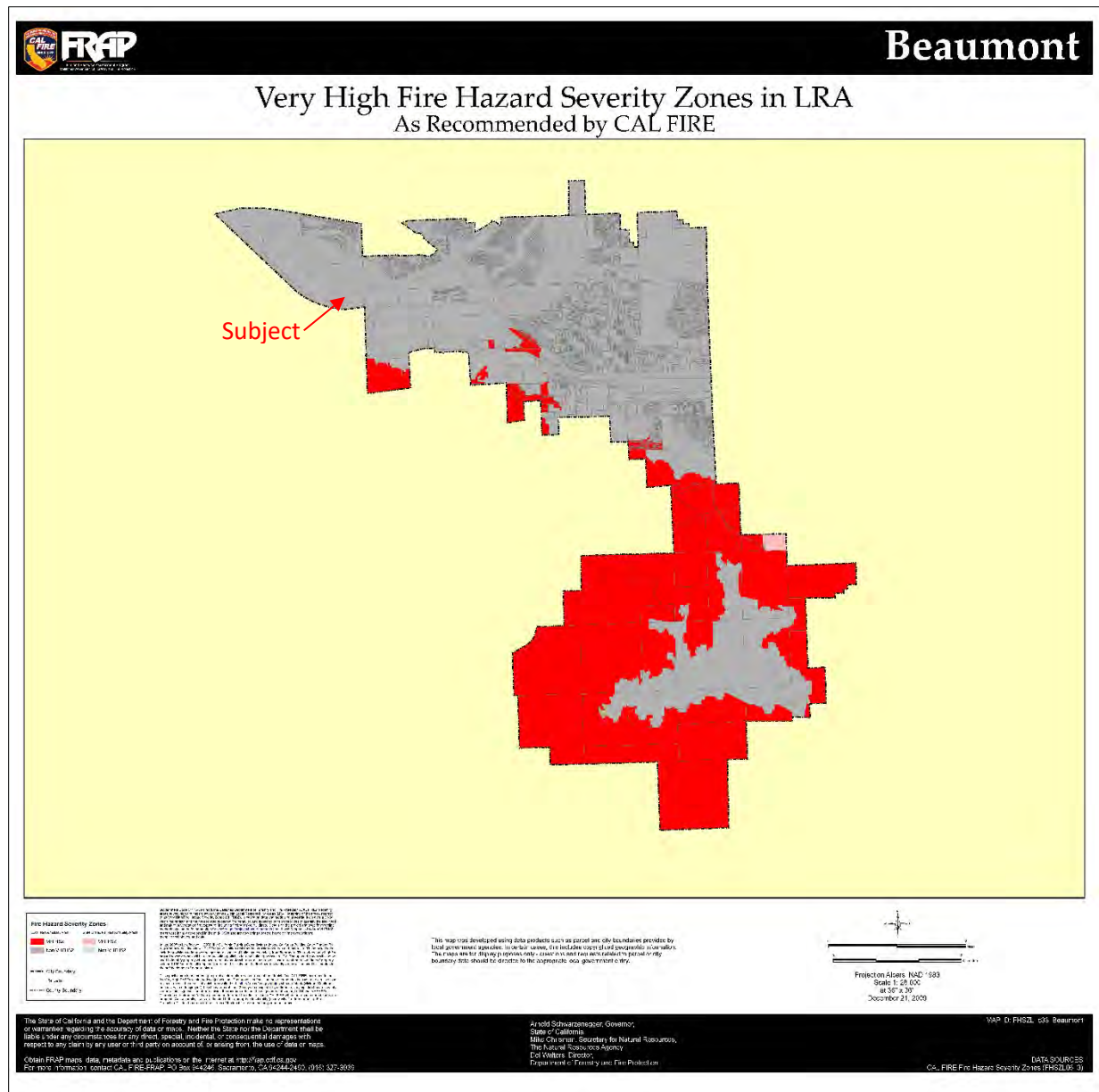
We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Seismic Hazards

According to the Seismic Safety Commission, the subject site is located within Zone 4, which is considered to be the highest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of more moderate seismic activity. In addition, the subject is located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology. In general, a number of faults are located in the Southern California and throughout California; thus, the area is subject to severe ground shaking during earthquakes. Competitive sites face similar seismic risk.

Fire Hazard Risk

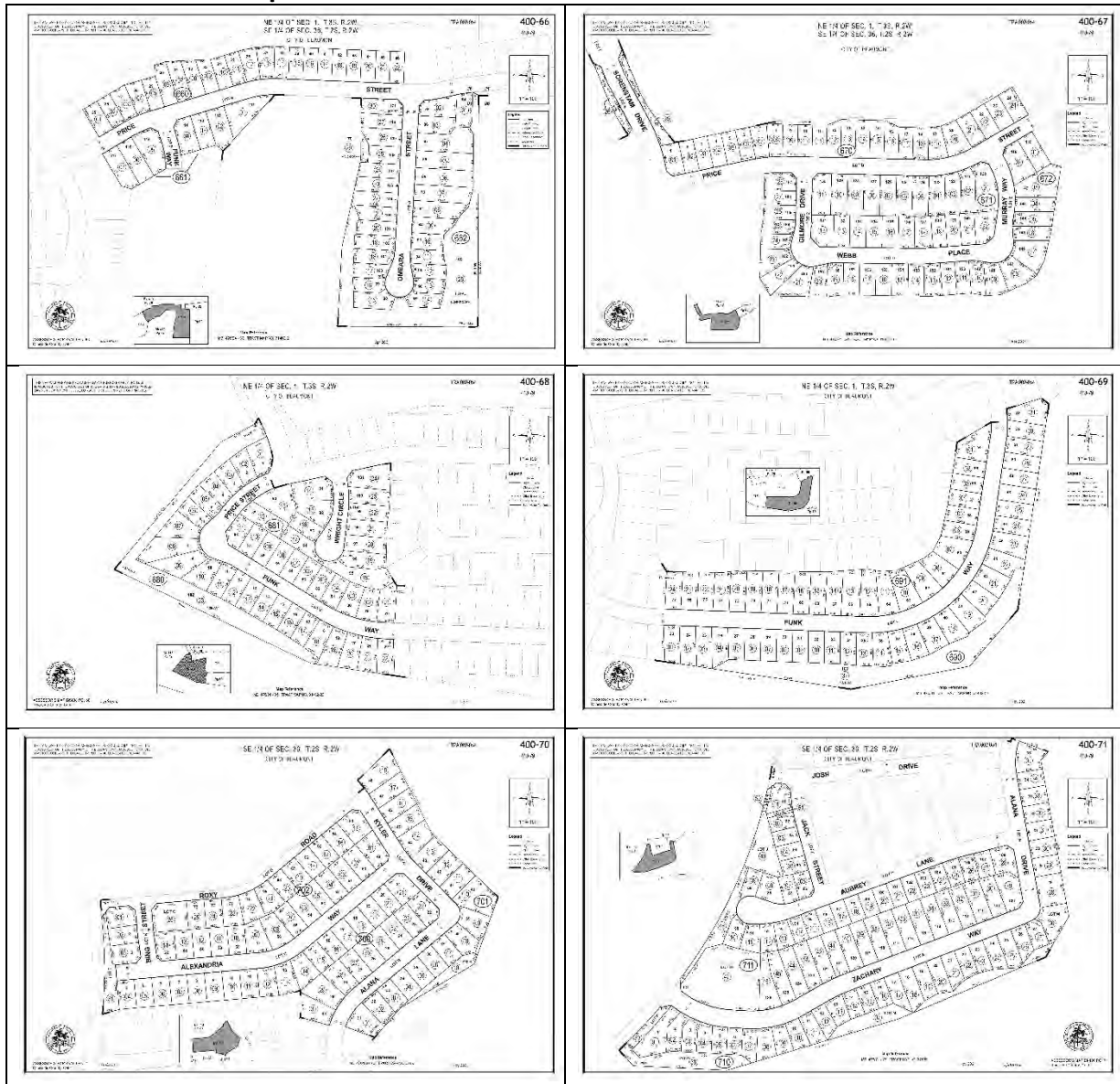
The City of Beaumont is served by the Riverside County Fire Department, which operates two fire stations in the city. Additionally, a third station (West Side Fire Station) broke ground in September of this year and is expected to improve response times for nearby communities including Olivewood, Tournament Hills and Tukwet. The City of Beaumont is heavily urbanized, subject primarily to urban structural fires. According to the CAL FIRE Fire and Resource Assessment Program, the subject is not located within a state responsibility area. The following map identifies areas of the city of Beaumont that have been classified as Fire Hazard Severity Zones. As shown in the following map, the subject is not located within a Very High Fire Hazard Severity Zone (VHFHSZ).

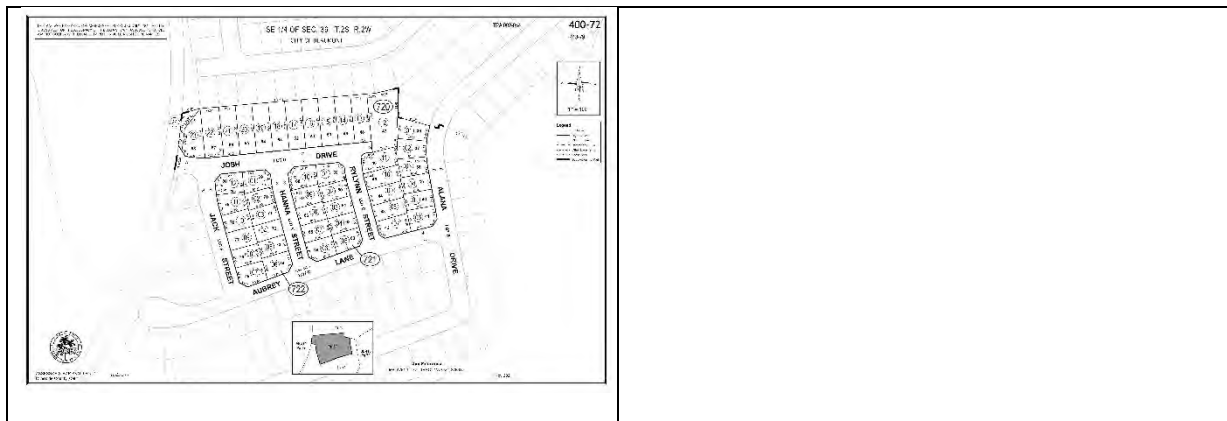


Conclusion of Site Analysis

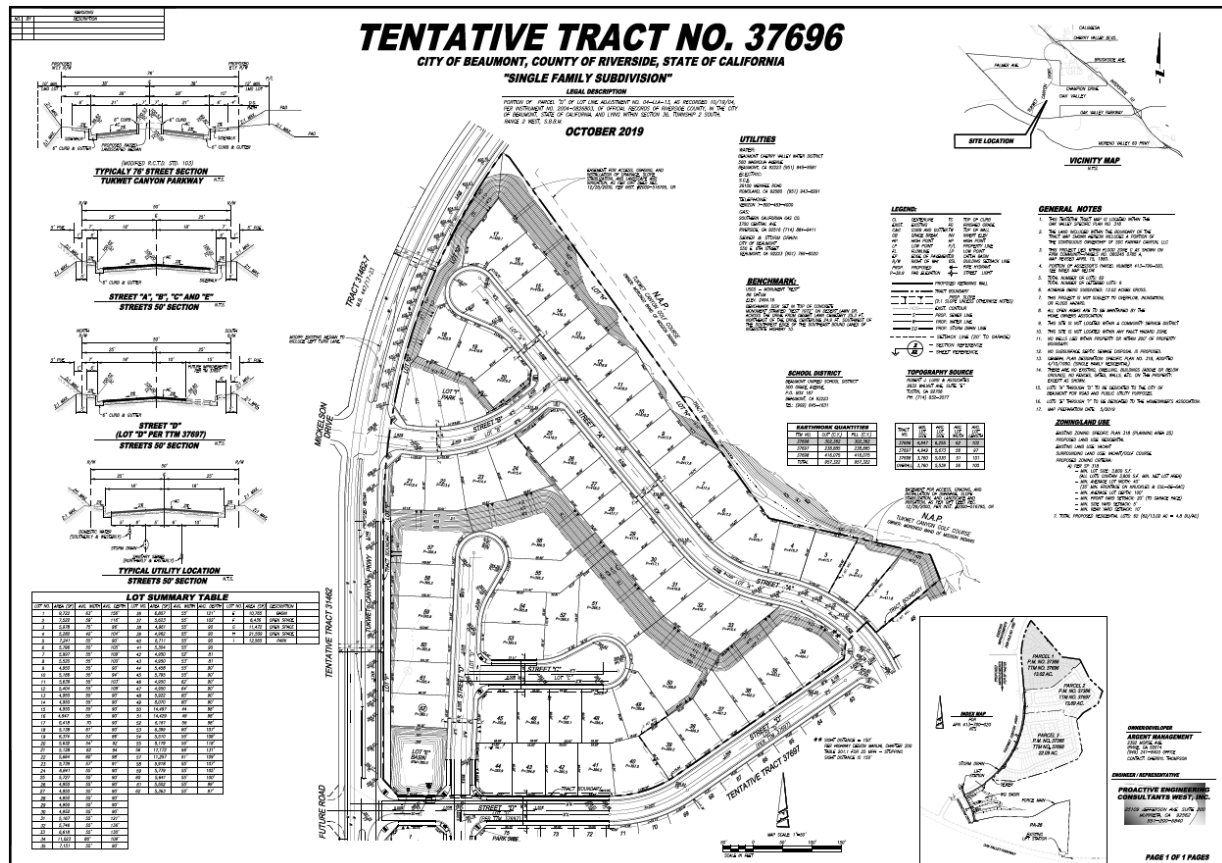
Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include single-family residential development; we are not aware of any other particular restrictions on development.

Assessor's Parcel Maps





Tentative Map – Planning Area 25C



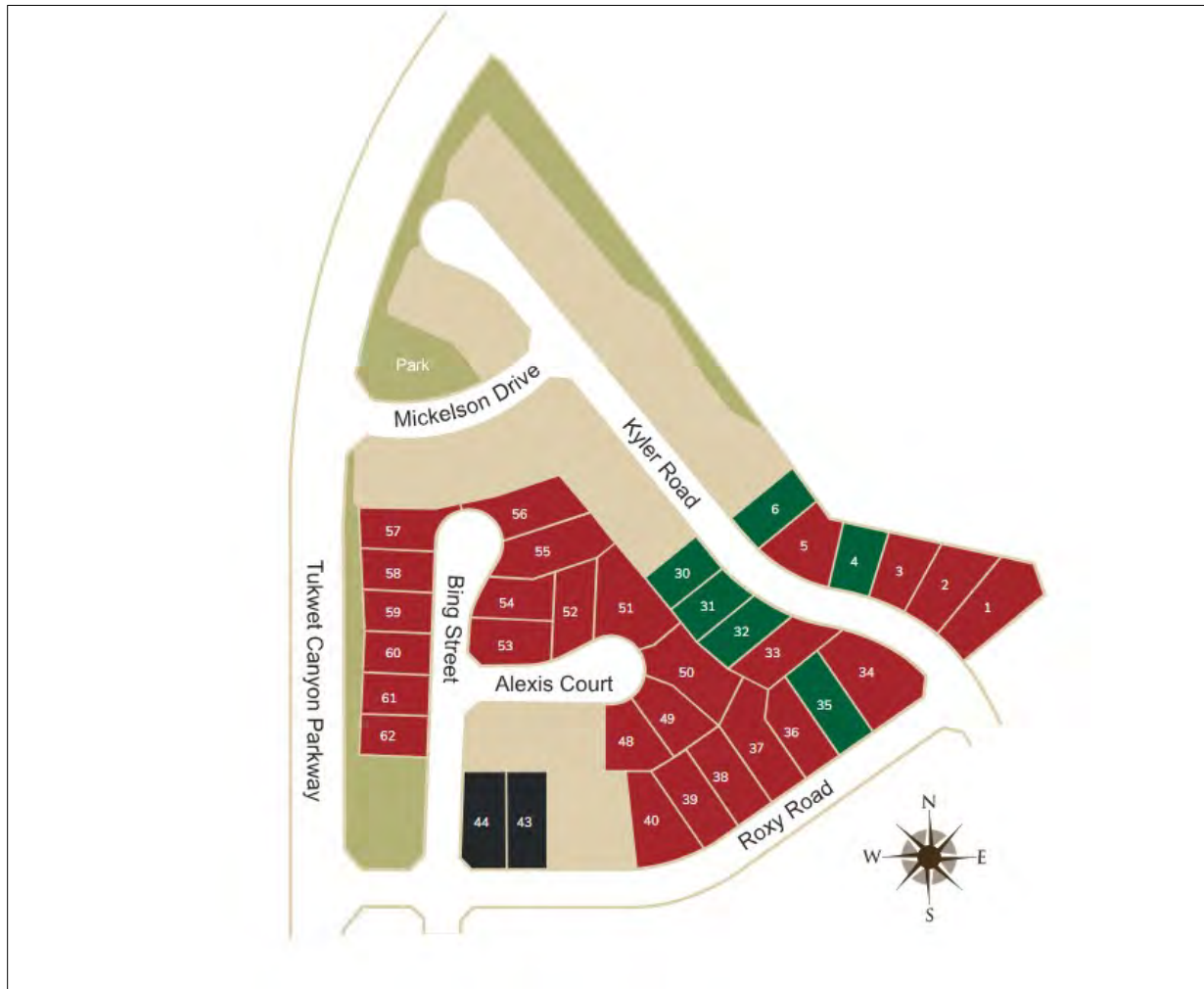
Aerial



Site Plans

RidgeView at The Fairways



Seasons at The Fairways

Proposed Improvements Description

Overview

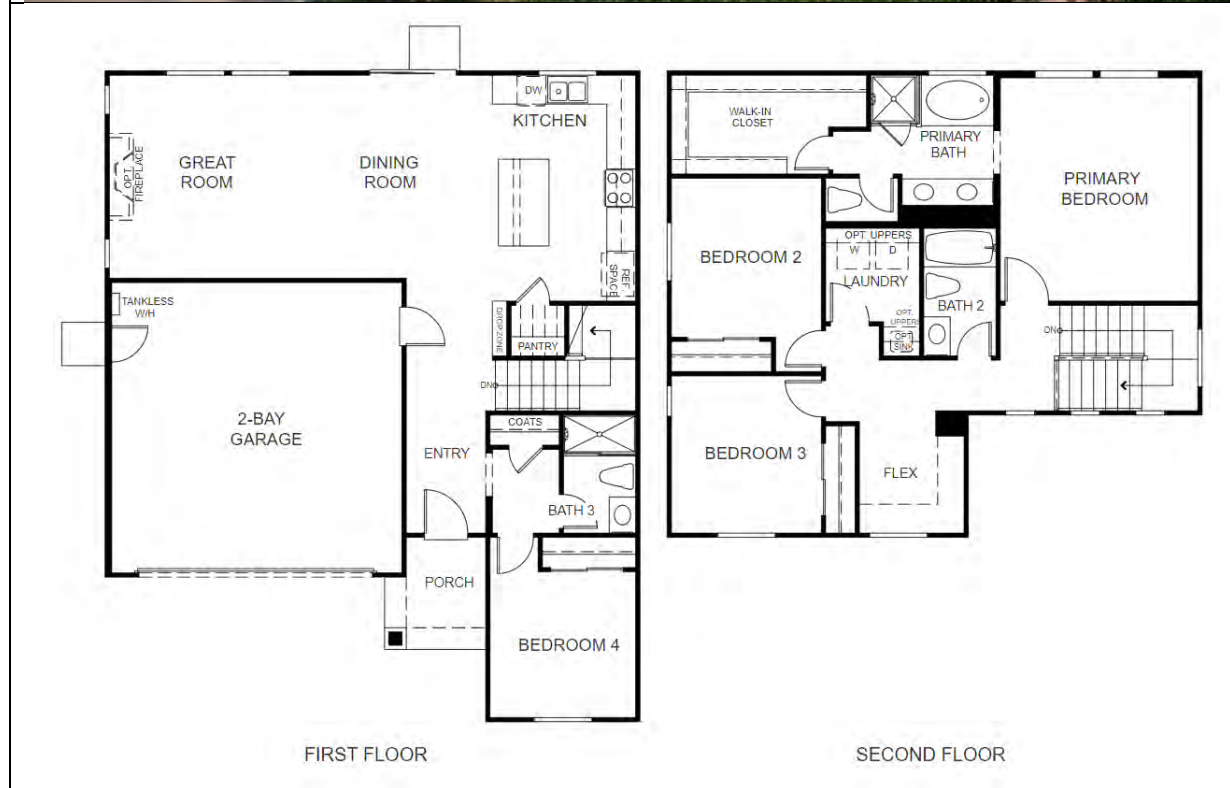
A summary of the projects within the boundaries of the City of Beaumont CFD No. 2021-1 (Fairway Canyon) is provided below.

Floor Plan Summary								
Project Name	Living Area (SF)	Bedroom	Bathroom	Stories	Garage	Typical Lot Size (SF)	Developer's Base Price	Comments
RidgeView at the Fairways by Woodside								
Plan 1	1,432	2	2.0	One	2-Car	3,800	N/Av	Sold Out
Plan 2	2,024	4	3.0	One	2-Car	3,800	\$503,500	
Plan 3	2,227	4	3.0	Two	2-Car	3,800	\$524,000	
Plan 4	2,362	4	3.0	Two	2-Car	3,800	\$528,500	
Augusta at the Fairways by DR Horton								
Plan 1	1,342	3	2.0	One	2-Car	4,500	N/Av	Sold Out
Plan 2	1,865	4	3.0	One	2-Car	4,500	\$537,000	
Plan 3	1,981	3	2.5	Two	2-Car	4,500	\$527,000	
Plan 4	1,986	3	2.5	Two	2-Car	4,500	\$492,000	
Plan 5	2,065	4	3.0	Two	2-Car	4,500	\$543,000	
Plan 6	2,259	4	3.0	Two	2-Car	4,500	\$540,000	
Plan 7	2,617	4	3.5	Two	2-Car	4,500	N/Av	
Seasons at the Fairways by Richmond								
Pearl	2,370	4	3.0	Two	2-Car	4,950	\$544,990	
Tourmaline	2,680	4	3.0	Two	2-Car	4,950	\$606,119	
Ammolite	3,040	2	2.5	Two	2-Car	4,950	\$659,276	

Seasons at The Fairways by Richmond American

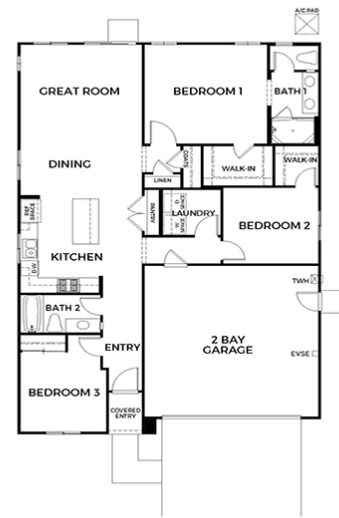




RidgeView at The Fairways by Woodside Homes





Augusta at The Fairways by DR Horton**AUGUSTA AT THE FAIRWAYS | RESIDENCE 1342****AUGUSTA II | RESIDENCE 1576**



	 <p>AUGUSTA AT THE FAIRWAYS RESIDENCE 1986</p>
	 <p>AUGUSTA AT THE FAIRWAYS RESIDENCE 2065</p>

	<p>AUGUSTUS II RESIDENCE 2259</p>
	<p>AUGUSTUS II RESIDENCE 2311</p>























Real Estate Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution, commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual increases cannot exceed 2% per year.

The base year was set at 1975-76 or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occurs, the property is to be re-appraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and direct charges. Bonded indebtedness approved prior to 1978, and any bonds subsequently approved by a two-thirds vote of the district in which the property is located, can be added to the 1% tax rate.

Ad Valorem Taxes

The existing ad valorem taxes are of nominal consequence in this appraisal, primarily due to the fact these taxes will be adjusted substantially as the remaining property improvements are completed and in consideration of the definition of market value employed in this appraisal, which assumes a sale of the appraised properties. According to the Riverside County Treasurer-Tax Collector's Office, the appraised properties have a cumulative annual tax rate of 1.327970% based on assessed value.

Special Assessments

All of the appraised properties are encumbered by the Special Tax Lien of CFD No. 2021-1. With respect to such special taxes, we have relied upon information provided by the special tax consultant (Spicer Consulting Group) for the annual special tax levy (as of the 2023/24 tax year) on the appraised properties.

Special Tax Table (Fiscal Year 2023-2024)

Land Use Category	Building Square Footage	Assigned Special Tax
Zone 1		
Residential Property	Less than 1,801 SF	\$1,745 per unit
Residential Property	1,801 - 2,000 SF	\$1,845 per unit
Residential Property	2,001 - 2,200 SF	\$1,949 per unit
Residential Property	2,201 - 2,400 SF	\$2,045 per unit
Residential Property	2,401 - 2,600 SF	\$2,145 per unit
Residential Property	2,601 - 2,800 SF	\$2,245 per unit
Residential Property	Greater than 2,800 SF	\$2,345 per unit
Zone 2		
Residential Property	Less than 1,801 SF	\$1,545 per unit
Residential Property	1,801 - 2,000 SF	\$1,645 per unit
Residential Property	2,001 - 2,200 SF	\$1,815 per unit
Residential Property	2,201 - 2,400 SF	\$1,845 per unit
Residential Property	2,401 - 2,600 SF	\$1,945 per unit
Residential Property	2,601 - 2,800 SF	\$2,045 per unit
Residential Property	Greater than 2,800 SF	\$2,145 per unit
Zone 3		
Residential Property	Less than 1,801 SF	\$1,840 per unit
Residential Property	1,801 - 2,000 SF	\$1,930 per unit
Residential Property	2,001 - 2,200 SF	\$2,020 per unit
Residential Property	2,201 - 2,400 SF	\$2,110 per unit
Residential Property	2,401 - 2,600 SF	\$2,200 per unit
Residential Property	2,601 - 2,800 SF	\$2,290 per unit
Residential Property	Greater than 2,800 SF	\$2,380 per unit
Zone 4		
Residential Property	Less than 1,801 SF	\$1,640 per unit
Residential Property	1,801 - 2,000 SF	\$1,730 per unit
Residential Property	2,001 - 2,200 SF	\$1,820 per unit
Residential Property	2,201 - 2,400 SF	\$1,910 per unit
Residential Property	2,401 - 2,600 SF	\$2,000 per unit
Residential Property	2,601 - 2,800 SF	\$2,090 per unit
Residential Property	Greater than 2,800 SF	\$2,180 per unit

Source: Rate and Method of Apportionment of Special Taxes

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Physically possible.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

Highest and Best Use As If Vacant

Legally Permissible

The legal factors influencing the highest and best use of the appraised properties are primarily government regulations, such as zoning and building codes. The appraised properties are zoned and approved for single-family residential development uses. Overall, the legally permissible uses are to develop the appraised properties in accordance with the existing entitlements and land use designation (single-family residential), which have undergone extensive planning and review. A re-zone to any other land use is highly unlikely.

Physically Possible

The physical characteristics of a site that affect its possible use(s) include, but are not limited to, location, street frontage, visibility, access, size, shape, topography, availability of utilities, off-site improvements, easements and soil and subsoil conditions. The physical characteristics are examined to see if they are suited for the legally permissible use.

Locational considerations include the compatibility and position of the subject property with respect to surrounding uses. Based on our physical inspection of the subject property, we know of no reason why the property would not support development. The size, shape and topography of the subject property appear adequate for development, similar to other projects currently developing in the immediate area. The subject is not located within a floodplain. In addition, the property is not located within a Fault-Rupture Hazard Zone. All utility services are available to the parcels, and evidence of development in the immediate area provides additional support for the possibility of development.

Based on the physical characteristics of the subject property, residential development is considered physically possible and most appropriate.

Financially Feasible

Financial feasibility depends on supply and demand influences. With respect to financial feasibility of single-family residential development, consideration to the current state of the residential housing market and its impact on the residential land market is necessary. As previously discussed in the Residential Market Analysis section, the significant rise in mortgage interest rates had an inverse

relationship on the affordability of a home. Prior to the second half of 2022, interest rates remained historically low, often at or below 3.0%. Conversations with sales agents in multiple new home projects noted there was a slowing in demand for new residential homes in the second half of 2022, with some buyers priced out of entry-level (lower-priced) homes. Current mortgage interest rates more closely resemble historic rates and for the most part the home buyer pool appears to recognize that the 3% mortgage rate environment was the anomaly and rates around the 7% level are most likely into the foreseeable future.

Prior to mid-2022, homebuilders were able to sell homes faster than they were able to construct the homes, but with moderating demand due to rising interest rates and inflation factors, construction delivery is no longer a project challenge. The downward shifts in home prices in the second half of 2022 had a significant impact on underlying land/lot values, and land brokers indicated an abrupt drop in builder demand for developable lots and challenges in selling lots presently available during that time period. Recent market conditions for new homes, constraints on new home inventory, appears to have reversed this trend and early indications are builders are once again looking to increase buildable lot inventories. Reports from active market participants indicate there is increased interest and several pending sales are in the due diligence period for acquisition. The lack of supply of re-sale home inventories has led to a recovery in the new home market despite higher mortgage interest rates, suggesting the contraction in new home prices may have been short-lived. This growing homebuyer demand has prompted many national homebuilders to, once again, increase their inventory of developable lots. Recent surveys suggest improved lot prices may have recently surpassed the prior market peak in early 2022.

Current market conditions once again appear to support development of partially improved and unimproved residential lots, if the vacant land is acquired at prices commensurate with current new home pricing. This return to feasibility is driven by new home buyers (as of Summer 2023) beginning to adjust their budgets to the new interest rates and making purchases. Due to depleting existing lot inventories for many builders, additional land and lot acquisitions may be the maximally productive use of vacant land (discussed below).

Maximally Productive

Legal, physical and market conditions have been analyzed to evaluate the highest and best use of the appraised properties as vacant. The analysis is presented to evaluate the type of use(s) that will generate the greatest level of future benefits possible to the property. Based on the factors previously discussed, the maximally productive use of the appraised properties, and its highest and best use as vacant, maybe be to hold for future single-family residential development. While land development maybe feasible (generates revenue at least some increment greater than cost to complete), it may not be the maximally productive use. The probable buyer of vacant land in the residential space is a merchant builder. For the most part these likely buyers have existing inventories, which under current new home pricing and pace of sales may supply their needs into the foreseeable future.

Highest and Best Use as Improved

Highest and best use of the property as improved pertains to the use that should be made in light of its current improvements.

In the case of undeveloped land under development, consideration must be given to whether it makes sense to demolish existing improvements (either on-site or off-site improvements) for replacement with another use. The time and expense to demolish existing improvements, re-grade, reroute utilities or re-map must be weighed against alternative uses. If the existing or proposed improvements are not performing well, then it may produce a higher return to demolish existing improvements, if any, and re-grade the site for development of an alternative use.

Based on the current condition, the improvements completed contribute to the overall property value, including those lots with home construction underway. The value of the subject property as improved exceeds its value as vacant less demolition. The highest and best use of the subject property as improved is for completion of the last remaining single-family homes and lots.

Probable Buyer

The probable buyer of the subject property (as vacant and improved single-family residential lots) is a merchant builder. The probable buyer of the completed homes are individual homeowners.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Additional analyses often undertaken in the valuation of subdivisions include **extraction**, **land residual analysis**, and the **subdivision development method**.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

Market Valuation – Floor Plans

The market values of the subject's floor plans are estimated in this section. The objective of the analyses is to estimate the base price per floor plan, net of incentives, upgrades and lot premiums. Incentives can take the form of direct price reductions or non-price incentives such as upgrades or non-recurring closing costs. The base price pertains to the typical lot size within each product line. The sales comparison approach to value is employed in order to establish the market values for each floor plan.

This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 14th Edition (Chicago: Appraisal Institute, 2013), *"The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time."* The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

The proper application of this approach requires obtaining recent sales data for comparison with the appraised properties. In order to assemble the comparable sales, we searched public records and other data sources for leads, then confirmed the raw data obtained with parties directly related to the transactions (primarily brokers, buyers and sellers).

For this analysis, we will estimate the market value of the smallest floor plan offered within each product line (not-less-than value) in CFD No. 2021-1, as of the date of value, November 1, 2023, to applied to those lots with completed single-family homes *without* a complete assessed improvement value.

The floor plans analyzed herein are summarized in the following table.

Floor Plan Summary								
Floor Plan	Living Area (SF)	Bedroom	Bathroom	Stories	Garage	Typical Lot Size (SF)	Developer's Base Price	Comments
RidgeView	1,432	2	2.0	One	2-Car	3,800	N/Av	Sold Out
Augusta	1,342	3	2.0	One	2-Car	4,500	N/Av	Sold Out
Seasons	2,370	4	3.0	Two	2-Car	4,950	\$544,990	

A summary of the most recent comparable sales within the city of Beaumont are included in the following table.

Comparable Home Sale Summary										
No.	Address	Contract Date	Sale Price	Close of Escrow	Living Area (SF)	Bedroom	Bathroom	Garage	Year Built	Lot Size (SF)
1	35433 Price St	3/15/2023	\$462,331	10/13/2023	1,541	3	2	2-Car	2023	6,180
2	35373 Price St	7/17/2023	\$474,445	9/22/2023	1,342	3	2.0	2-Car	2023	4,916
3	14082 Casetta Dr	6/11/2023	\$493,615	8/24/2023	1,564	3	2.0	2-Car	2023	7,049
4	11645 Omeara Way	7/28/2023	\$477,212	8/29/2023	1,342	3	2.0	2-Car	2023	5,763
5	36967 Frantoio St	7/31/2023	\$520,990	9/27/2023	2,114	4	3.0	2-Car	2023	5,749
6	36964 Frantoio St	6/7/2023	\$549,940	8/24/2023	2,399	4	3.0	2-Car	2023	5,227
7	35280 Sorenstam Dr	9/14/2023	\$560,818	10/19/2023	2,259	4	3.0	2-Car	2023	8,798
8	14051 Hera Pl	8/26/2023	\$541,990	9/29/2023	2,261	4	3.0	2-Car	2023	7,375

Discussion of Adjustments

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Total Consideration	The appraised properties are analyzed based on the total consideration of home price and the assumption of bonds, if any. Bond debt has a direct impact on the amount for which the end product will sell.	While an analysis of the market suggests the full impact of the Lien is not captured in the market (e.g., a homebuyer is not willing to pay the equivalent of the outstanding Lien in the purchase price of a home, all else being equal), there is, nonetheless, a difference in value attributable to the difference in Bond encumbrance. All of the comparables are encumbered by bonds; thus, to account for any differences, we have calculated the annual tax payments over a typical holding period of 7 years, with a 4.5% interest (yield) rate.
Upgrades and Incentives	The objective of the analysis is to estimate the base price per floor plan, net of incentives. Incentives can take the form of direct price reductions or non-price incentives such as upgrades or non-recurring closing costs.	Incentives and upgrades included in the sales have been considered in this analysis.
Real Property Rights	Leased fee, fee simple, leasehold, partial interest, etc.	All of the comparables represent fee simple estate transactions. Therefore, consideration for this factor is not necessary.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	No consideration is required for this factor.
Conditions of Sale	Extraordinary motivation of buyer or seller.	All of the comparable transactions represent arm's-length, market transactions.

Adjustment Factor	Accounts For	Comments
Market Conditions (Date of Sale, Phase Adjustment)	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	As demonstrated in the previous market analysis section, new home pricing on a dollar per square foot basis has been fluctuating over the past twelve months in Ventura County, as well as within the region overall. All of the comparables sales have transferred in similar market conditions and no adjustments are warranted for this element of comparison.
Location	Market or submarket area influences on sale price; surrounding land use influences. Location is a very important factor to consider when making comparisons. The comparables need not be in the same neighborhood but should be in neighborhoods that offer the same advantage and have, in general, the same overall desirability to the most probable buyer or user.	The comparables are located within the City of Beaumont and no consideration is warranted for this category.

Adjustment Factor	Accounts For	Comments
Community Appeal	In addition to market location adjustments, we consider community appeal adjustments. Even within a specific market location, often specific community characteristics influence sale prices. Often, prices on one street may be significantly higher or lower than the next, despite similar home characteristics. Community characteristics that may influence sale prices include a gated amenity or the condition of surrounding development.	All of the comparables are located within similar master planned communities and do not require adjustments.
Lot Size	The lot size adjustment pertains to the differences between the subject property's typical lot size and comparables with either larger or smaller lots. It does not include any lot premium adjustments, which are adjusted for separately. The amount of the adjustment used in the comparison of the base lot sizes comes from a survey of premiums paid for larger lots.	Considering the average lot size adjustment factors indicated by the comparable sales utilized in this analysis, a lot size adjustment factor of \$7.00/SF is considered reasonable for the subject's residential lots. This figure is supported by our observations of sales in the subject's market area.
Lot Premiums/Discounts	Properties sometimes achieve premiums for corner or cul-de-sac positioning, or proximity to open space or views. Adjustments for lot position premiums would be in addition to lot size adjustments.	Appropriate adjustments are applied based upon information provided by sales agents with regard to lot premiums.
Design and Appeal	Design and appeal of a floor plan is consumer specific. One exterior may appeal to one buyer, while another appeal to a different buyer. These types of features for new homes with similar functional utility are not typically noted in the base sales prices.	All of the comparables are similar to the subject in regard to design and appeal. Thus, no adjustments are warranted for this element of comparison.

Adjustment Factor	Accounts For	Comments
Quality of Construction	Construction quality can differ from slightly to substantially between projects and is noted in the exterior and interior materials and design features of a standard unit. In terms of quality of construction, the subject represents good construction quality.	All of the comparable sales feature similar construction quality and do not require adjustments.
Age/Condition	Effective age; physical condition.	The sales represent new construction with a similar effective age as the subject property; no consideration for differences in age/condition is necessary.

Adjustment Factor	Accounts For	Comments
Functional Utility	Ability to adequately provide for its intended purpose.	Most of the comparables represent traditional detached single-family residential construction on similar lot size categories as the subject. No adjustments are warranted for this element of comparison.
Room/Bathroom Count	For similar size units the differences between room count is a buyer preference. One buyer might prefer two bedrooms and a den versus a three-bedroom unit. Extra rooms typically result in additional building area and are accounted for in the size adjustment. Therefore, no adjustments are made for number of total rooms or bedrooms.	Because bathrooms are a functional item for each floor plan and add substantial cost due to the number of plumbing fixtures, an adjustment is made for the difference in the number of fixtures between the subject and the comparable sales. The adjustment is based on an amount of \$5,000 per fixture (or half-bath) and is supported by cost estimates for an average quality home in the Residential Cost Handbook, published by the Marshall and Swift Corporation. Considering the fact that plumbing upgrades for existing bathrooms generally range from \$5,000 to over \$25,000 for the various fixtures, the \$5,000 per fixture, or half-bath, is supported. Consequently, a factor of \$15,000 per full bath is also applied in our analysis.

Adjustment Factor	Accounts For	Comments
Unit Size/Living Area	Units similar (in the same development), except for size, were compared to derive the applicable adjustment for unit size. Those used for comparison purposes, are units within similar projects. Units within the same project were used since they have a high degree of similarity in quality, workmanship, design and appeal. Other items such as a single level or two-story designs, number of bathrooms and number of garage spaces were generally similar in these comparisons, in order to avoid other influences in price per square foot. Where differences exist, they are minor and do not impact the overall range or average concluded.	The typical range indicated by the paired units in this analysis generally demonstrated a value range from approximately \$50 to upwards of \$100 per square foot. Considering the information cited above, a factor of \$85 per square foot is concluded to be appropriate and reasonable for the difference in living area between the subject and the comparables, given the quality of the product.
Number of Stories	For similar size units, the differences between the number of stories is a buyer preference. Typically, more stories result in additional building area and are accounted for in the size adjustment.	Two of the three subject floor plans comprise single-story designs. In current market conditions, single story floor plans typically demand a slight premium. As such, consideration is given to story differences.
Parking/Garage	Differences in garage spaces typically affects value.	The subject's floor plans and all of the comparables offer two-car garages.
Landscaping	Included landscaping	The subject and all of the comparables include only front yard landscaping and adjustments are not warranted.

Adjustment Grids

The following grid reflects the aforementioned adjustments.

RidgeView									
Project Information	Subject Property	Comparable 1	Comparable 2	Comparable 3	Comparable 4				
Project Name	Fairway Canyon	Crown at Tournament Hills	Augusta	Olivewood	Augusta				
Plan	RidgeView	Bristol	Plan 1	Plan 1	Plan 1				
Address/Lot Number		35433 Price St	35373 Price St	14082 Casetta Dr	11645 Omeara Way				
City/Area	Beaumont	Beaumont	Beaumont	Beaumont	Beaumont				
Price	N/Ap	\$462,331	\$474,445	\$493,615	\$477,212				
Price Per SF	N/Ap	\$300.02	\$353.54	\$315.61	\$355.60				
Special Taxes (7-year hold at 4.5%)	\$11,196	\$13,907	\$9,664	\$5,227	\$9,664				
Adjustment		\$2,711	-\$1,532	-\$5,969	-\$1,532				
Adjusted Price (Including Bonds)		\$465,042	\$472,913	\$487,646	\$475,680				
Total Consideration per SF		\$301.78	\$352.39	\$311.79	\$354.46				
Data Source	MLS	MLS	MLS	MLS	MLS				
Incentives	N/Ap	No	No	No	No				
Upgrades	Base	No	No	No	No				
Effective Base Sales Price		\$465,042	\$472,913	\$487,646	\$475,680				
Adjustments:	Factor	Description	+ / (-)	Description	+ / (-)	Description	+ / (-)	Description	+ / (-)
Property Rights		Fee Simple	Similar	Similar	Similar	Similar	Similar	Similar	
Financing Terms		Cash Equivalent	Similar	Similar	Similar	Similar	Similar	Similar	
Conditions of Sale		Market	Market	Market	Market	Market	Market	Market	
Market Conditions									
Contract Date		MV 11/1/2023	3/15/2023	7/17/2023	6/11/2023	7/28/2023			
Project Location		Beaumont	Beaumont	Beaumont	Beaumont	Beaumont			
Community Appeal		Average	Similar	Similar	Similar	Similar			
Lot Size	\$7.00	3,800	6,180	(\$16,660) 4,916	(\$7,812) 7,049	(\$22,743) 5,763	(\$13,741)		
Lot Premium		N/Ap	Similar	Similar	Similar	Similar			
Design and Appeal		Good	Similar	Similar	Similar	Similar			
Quality of Construction		Good	Similar	Similar	Similar	Similar			
Age (Total/Effective)		New	Similar	Similar	Similar	Similar			
Condition		Good/New	Similar	Similar	Similar	Similar			
Functional Utility		Average	Similar	Similar	Similar	Similar			
Room Count									
Bedrooms		2	3	3	3	3			
Baths	\$15,000	2.0	2.0	\$0 2.0	\$0 2.0	\$0 2.0	\$0		
Living Area (SF)	\$85.00	1,432	1,541	(\$9,265) 1,342	\$7,650 1,564	(\$11,220) 1,342	\$7,650		
Number of Stories		One	One	One	One	One			
Heating/Cooling		Central/Forced	Similar	Similar	Similar	Similar			
Garage	\$15,000	2-Car	2-Car	2-Car	2-Car	2-Car			
Landscaping		Front	Similar	Similar	Similar	Similar			
Pool/Spa		None	Similar	Similar	Similar	Similar			
Patios/Decks		Patio	Similar	Similar	Similar	Similar			
Fencing		Rear	Similar	Similar	Similar	Similar			
Fireplace(s)	\$8,000	None	None	None	None	None			
Kitchen Equipment		Average	Similar	Similar	Similar	Similar			
Other		None	Similar	Similar	Similar	Similar			
Gross Adjustments			\$25,925	\$15,462	\$33,963	\$21,391			
Net Adjustments			(\$25,925)	(\$162)	(\$33,963)	(\$6,091)			
Adjusted Retail Value			\$439,117	\$472,751	\$453,683	\$469,589			
Concluded Retail Value		\$460,000							
Indicated Value Per SF		\$321.23							

Augusta											
Project Information		Subject Property		Comparable 1		Comparable 2		Comparable 3		Comparable 4	
Project Name		Fairway Canyon		Crown at Tournament Hills		Augusta		Olivewood		Augusta	
Plan		Augusta		Bristol		Plan 1		Plan 1		Plan 1	
Address/Lot Number		35433 Price St		35373 Price St		14082 Casetta Dr		11645 Omeara Way			
City/Area		Beaumont		Beaumont		Beaumont		Beaumont			
Price		N/Ap		\$462,331		\$474,445		\$493,615		\$477,212	
Price Per SF		N/Ap		\$300.02		\$353.54		\$315.61		\$355.60	
Special Taxes (7-year hold at 4.5%)		\$12,015		\$13,907		\$9,664		\$5,227		\$9,664	
Adjustment				\$1,892		-\$2,351		-\$6,788		-\$2,351	
Adjusted Price (Including Bonds)				\$464,223		\$472,094		\$486,827		\$474,861	
Total Consideration per SF		\$301.25		\$351.78		\$311.27		\$353.85			
Data Source		MLS		MLS		MLS		MLS			
Incentives		N/Ap		No		No		No		No	
Upgrades		Base		No		No		No		No	
Effective Base Sales Price				\$464,223		\$472,094		\$486,827		\$474,861	
Adjustments:		Factor		Description		+ / (-)		Description		+ / (-)	
Property Rights		Fee Simple		Similar		Similar		Similar		Similar	
Financing Terms		Cash Equivalent		Similar		Similar		Similar		Similar	
Conditions of Sale		Market		Market		Market		Market		Market	
Market Conditions											
Contract Date		MV 11/1/2023		3/15/2023		7/17/2023		6/11/2023		7/28/2023	
Project Location		Beaumont		Beaumont		Beaumont		Beaumont		Beaumont	
Community Appeal		Average		Similar		Similar		Similar		Similar	
Lot Size		\$7.00		4,500		6,180		(\$11,760)		4,916	
Lot Premium		N/Ap		Similar		Similar		Similar		Similar	
Design and Appeal		Good		Similar		Similar		Similar		Similar	
Quality of Construction		Good		Similar		Similar		Similar		Similar	
Age (Total/Effective)		New		Similar		Similar		Similar		Similar	
Condition		Good/New		Similar		Similar		Similar		Similar	
Functional Utility		Average		Similar		Similar		Similar		Similar	
Room Count											
Bedrooms		3		3		3		3		3	
Baths		\$15,000		2.0		2.0		\$0		2.0	
Living Area (SF)		\$85.00		1,342		1,541		(\$16,915)		1,342	
Number of Stories		One		One		One		One		One	
Heating/Cooling		Central/Forced		Similar		Similar		Similar		Similar	
Garage		\$15,000		2-Car		2-Car		2-Car		2-Car	
Landscaping		Front		Similar		Similar		Similar		Similar	
Pool/Spa		None		Similar		Similar		Similar		Similar	
Patios/Decks		Patio		Similar		Similar		Similar		Similar	
Fencing		Rear		Similar		Similar		Similar		Similar	
Fireplace(s)		\$8,000		None		None		None		None	
Kitchen Equipment		Average		Similar		Similar		Similar		Similar	
Other		None		Similar		Similar		Similar		Similar	
Gross Adjustments				\$28,675		\$2,912		\$36,713		\$8,841	
Net Adjustments				(\$28,675)		(\$2,912)		(\$36,713)		(\$8,841)	
Adjusted Retail Value				\$435,548		\$469,182		\$450,114		\$466,020	
Concluded Retail Value		\$450,000									
Indicated Value Per SF		\$335.32									

Seasons											
Project Information		Subject Property		Comparable 5		Comparable 6		Comparable 7		Comparable 8	
Project Name		Fairway Canyon		Olivewood		Olivewood		Augusta		Olivewood	
Plan		Seasons		Plan 14		Plan 15		Plan 6		Plan 6	
Address/Lot Number		36967 Frantoio St		36964 Frantoio St		35280 Sorenstam Dr		14051 Hera Pl			
City/Area		Beaumont		Beaumont		Beaumont		Beaumont		Beaumont	
Price		N/Ap		\$520,990		\$549,940		\$560,818		\$541,990	
Price Per SF		N/Ap		\$246.45		\$229.24		\$248.26		\$239.71	
Special Taxes (7-year hold at 4.5%)		\$12,192		\$6,494		\$6,494		\$12,051		\$6,205	
Adjustment				-\$5,698		-\$5,698		-\$141		-\$5,987	
Adjusted Price (Including Bonds)				\$515,292		\$544,242		\$560,677		\$536,003	
Total Consideration per SF		\$243.75		\$226.86		\$248.20		\$237.06			
Data Source		MLS		MLS		MLS		MLS			
Incentives		N/Ap		No		No		No		No	
Upgrades		Base		No		No		No		No	
Effective Base Sales Price				\$515,292		\$544,242		\$560,677		\$536,003	
Adjustments:		Factor		Description		+ / (-)		Description		+ / (-)	
Property Rights		Fee Simple		Similar				Similar			
Financing Terms		Cash Equivalent		Similar				Similar			
Conditions of Sale		Market		Market				Market			
Market Conditions											
Contract Date		MV 11/1/2023		7/31/2023				9/14/2023		8/26/2023	
Project Location		Beaumont		Beaumont				Beaumont		Beaumont	
Community Appeal		Average		Similar				Similar			
Lot Size		\$7.00		4,950		5,749		(\$5,593)		5,227	
Lot Premium		N/Ap		Similar				Similar			
Design and Appeal		Good		Similar				Similar			
Quality of Construction		Good		Similar				Similar			
Age (Total/Effective)		New		Similar				Similar			
Condition		Good/New		Similar				Similar			
Functional Utility		Average		Similar				Similar			
Room Count											
Bedrooms		4		4				4		4	
Baths		\$15,000		3.0		3.0		\$0		3.0	
Living Area (SF)		\$85.00		2,370		2,114		\$21,760		2,399	
Number of Stories		Two		Two				Two		Two	
Heating/Cooling		Central/Forced		Similar				Similar		Similar	
Garage		\$15,000		2-Car		2-Car		2-Car		2-Car	
Landscaping		Front		Similar				Similar		Similar	
Pool/Spa		None		Similar				Similar		Similar	
Patios/Decks		Patio		Similar				Similar		Similar	
Fencing		Rear		Similar				Similar		Similar	
Fireplace(s)		\$8,000		None		None		None		None	
Kitchen Equipment		Average		Similar				Similar		Similar	
Other		None		Similar				Similar		Similar	
Gross Adjustments						\$27,353				\$26,240	
Net Adjustments						(\$4,404)				(\$17,501)	
Adjusted Retail Value						\$531,459				\$528,293	
Concluded Retail Value		\$530,000									
Indicated Value Per SF		\$223.63									

Conclusion of Home Values

Based on the analysis herein, the not-less-than market value conclusions for the subject's completed homes are summarized in the following table.

Floor Plan Value Conclusions							
	Living					Typical Lot	Concluded Base
Floor Plan	Area (SF)	Bedroom	Bathroom	Stories	Garage	Size (SF)	Retail Value
RidgeView	1,432	2	2.0	One	2-Car	3,800	\$460,000
Augusta	1,342	3	2.0	One	2-Car	4,500	\$450,000
Seasons	2,370	4	3.0	Two	2-Car	4,950	\$530,000

The conclusions above will be incorporated in the market value by ownership section at the end of this Appraisal Report.

Land Residual Analysis

The land residual analysis is employed as an indicator of market value for the subject's benchmark lot size. The subject contains three lot size categories ranging in size from 3,800 to 4,950 square feet, with counts ranging from 62 to 167. For the purposes of this analysis, we will utilize a benchmark lot size of 4,500 square feet with a lot count of 101 lots (Planning Area 26B).

This valuation method is used in estimating land value when subdivision and development are the highest and best use of the land being appraised. All direct and indirect costs are deducted from an estimate of the anticipated gross sales price of the improved product; the resultant net sales proceeds are then discounted to present value at an anticipated rate over the development and absorption period to indicate the value of the land. The land residual analysis is conducted on a quarterly basis. As a discounted cash flow analysis, the land residual analysis consists of four primary components summarized as follows:

Revenue – the gross income is based on the sale of completed homes.

Absorption Analysis – the time frame required for sell off. Of primary importance in this analysis is the allocation of the revenue over the absorption period – including the estimation of an appreciation factor (if any).

Expenses – the expenses associated with the sell-off are calculated in this section – including direct and indirect construction costs, administration, marketing and commission costs, as well as taxes and special taxes (if any).

Discount Rate – an appropriate discount rate is derived employing a variety of data.

Discussions of these four concepts follows below, with the discounted cash flow analysis offered at the end of this section.

Revenue

The projected sales price for the average home within the project will vary, as the ultimate sales price is affected by unit size, location within the project, site influences, construction costs, anticipated premiums achievable at the point of retail sale, as well as external influences such as adjacent land uses.

Based on the Residential Market section of this report as well as current active projects within the subject, we estimate typical average-sized homes on the subject's benchmark lot (4,500 square feet) would contain approximately 2,000 square feet with a corresponding base price of \$530,000. In addition to this amount, a model recapture is also considered. Based on the product line offered, four model homes are utilized to market the homes with upgrade costs of \$75,000 per model. A model recapture of 35% is considered reasonable and reflected in this analysis. No lot premiums are anticipated for the subject property. The estimate of total revenue (provided in the following table) does not reflect market appreciation during the sellout, which is discussed as follows.

Revenue & Expense Summary					
REVENUE SUMMARY					
Floor Plan	No. of Units	Unit Size (SF)	\$/SF	Base Retail Value Per Unit	Extension
Average Unit	101	2,000	\$265	\$530,000	\$53,530,000
Model Recapture	(@ 35% of cost)				\$105,000
	101	2,000 (weighted avg.)			
				Total Revenue \$	53,635,000
					\$531,040 /unit

Changes in Market Conditions (Price Increases or Decreases)

The subject's market area has experienced rapid market appreciation in home prices for the past few years; however, since early 2022 the Federal Reserve Bank began raising the benchmark federal-funds rate (from near zero in early 2022) in an effort to manage rising inflation. The fed-funds rate is now 4.50 to 4.75%, which has resulted in a substantial rise in mortgage interest rates, which now average 6.0%. Market expectations are for additional rate increases. The rise in mortgage interest rates is anticipated to impact the affordability of homes for a certain segment of the homebuyer market, which may impact pricing in the near term. Consequently, under current market conditions, forecasting home appreciation during the absorption period is speculative, and several homebuilders surveyed indicate they typically do not trend/forecast home appreciation during the sell-off period. Therefore, for purposes of this analysis, the home price revenue will be held constant during the sell-off period.

Closing Projections

The typical time required for the construction of units has been approximately three to six months from start to closing. It is assumed that initial closings will occur within three to six months of the date of sale. The premise is that the builder constructs efficiently as homes are sold. These assumptions are reflected in the projected construction schedule shown in the land residual models at the end of this section. Since the land residual analysis is conducted on a quarterly basis, closings are reflected in the following period, as most construction will be substantially completed prior to initiation of sales.

Absorption

Typically, multiple product lines would be marketed in a subdivision to create characteristics appealing to as many potential purchasers as possible. Offering home products within a subdivision to different market segments is done with the aim of increasing absorption and reducing the overall development holding period for a project. Based on information presented in the residential market analysis section, as well as the subject's location and physical features, we estimate the subject property could achieve an absorption rate of 9-10 sales per quarter. With sales beginning in Period 1, the subject's lots sell out in Period 11, with Period 12 needed to complete construction and close escrow.

Expense Projections

As part of an ongoing effort to assemble market information, the following table reflects survey responses and developer budget information for numerous attached, single-family residential projects throughout California.

Subdivision Budgets														
Developer Classification	Budget Date	No. of Units	Quality	Avg. Home Size (SF)	Typical Lot Size	G & A % of Revenue	Mkt & Sales % of Revenue	Direct Costs/SF	Indirect Costs/SF	Indirect % of Direct Costs	Site Costs/Lot	Permits & Fees/Unit	Cost per Model	Profit % of Revenue
National	2023	85	Average	1,844	3,000	N/Av	N/Av	\$96.00	N/Av	N/Av	\$65,855	\$48,588	N/Av	N/Av
National	2023	202	Average	2,342	7,250	N/Av	N/Av	\$72.06	\$11.06	15.35%	\$76,242	\$73,000	N/Av	N/Av
National	2023	276	Average	2,220	7,200	N/Av	N/Av	\$74.96	\$11.09	14.79%	\$83,185	\$32,800	\$80,339	N/Av
Regional	2023	52	Average	2,607	6,200	N/Av	5.80%	\$101.86	\$6.86	6.73%	\$164,076	\$73,595	N/Av	10.06%
National	2023	177	Average	2,112	7,200	N/Av	N/Av	\$77.91	\$9.73	12.49%	\$110,669	\$61,700	N/Av	N/Av
National	2023	85	Average	2,118	4,800	2.25%	2.25%	\$96.79	\$9.92	10.24%	N/Av	\$88,700	N/Av	N/Av
National	2023	573	Average	2,327	5,232	N/Av	N/Av	\$99.86	N/Av	2.50%	\$126,003	\$98,422	N/Av	20.00%
National	2022	150	Average	2,092	5,500	N/Av	N/Av	\$92.11	N/Av	N/Av	\$72,875	\$51,700	N/Av	20.5%
National	2022	96	Average	2,346	7,350	N/Av	N/Av	\$79.46	N/Av	N/Av	\$124,544	\$68,647	\$164,265	N/Av
Local	2022	91	Average	2,160	5,475	5.0%	1.0%	\$117.00	N/Av	N/Av	N/Av	\$52,790	N/Av	10.0%
National	2022	862	Average	2,176	5,306	N/Av	N/Av	\$112.00	N/Av	N/Av	\$161,203	\$52,801	N/Av	N/Av
National	2022	387	Average	1,771	5,000	6.0%	3.0%	\$105.39	N/Av	N/Av	N/Av	\$43,000	N/Av	28.0%
National	2022	187	Average	2,420	6,698	N/Av	N/Av	\$95.00	N/Av	N/Av	\$255,045	\$77,870	N/Av	N/Av
Local	2022	99	Good	2,614	5,500	5.5%	1.2%	\$95-\$105	N/Av	N/Av	\$100,600	\$48,599	\$125,000	29.0%
Regional	2022	49	Average	2,062	6,600	3.0%	3.9%	\$104.63	N/Av	N/Av	\$82,916	\$56,472	N/Av	20.9%
Regional	2021	87	Average	1,978	6,500	N/Av	N/Av	\$98.00	N/Av	N/Av	\$96,759	\$63,947	N/Av	N/Av
Regional	2021	145	Average	2,109	5,775	4.2%	4.25	\$79.86	\$13.01	16.4%	\$94,951	\$37,659	\$54,000	6.8%
Regional	2021	128	Average	2,009	2,565	3.0%	3.5%	\$87.42	\$16.63	19.0%	N/Av	\$54,371	N/Av	14.0%
Local	2021	36	Good	2,533	3,450	5.5%	6.6%	\$112.26	\$5.53	4.9%	N/Av	\$55,497	N/Av	15.0%
National	2021	124	Average	1,753	6,723	N/Av	N/Av	\$102.12	N/Av	N/Av	\$41,505	\$51,458	N/Av	N/Av
Local	2021	21	Average	2,010	6,050	N/Av	N/Av	\$102.50	N/Av	N/Av	\$78,415	\$44,500	N/Av	N/Av
Local	2021	12	Good	1,909	3,450	N/Av	1.4%	\$189.48	\$31.64	16.7%	\$96,162	\$36,270	N/Av	20.0%
Regional	2021	147	Average	2,200	3,825	N/Av	N/Av	\$76.00	N/Av	7.0%	\$43,972	\$48,197	N/Av	N/Av
Regional	2021	72	Good	2,551	3,800	N/Av	7.4%	\$88.00	N/Av	N/Av	\$112,128	\$63,610	N/Av	9.5%
Regional	2020	81	Average	1,974	5,775	N/Av	2.5%	\$80.00	\$16.00	20%	\$83,788	\$81,336	N/Av	N/Av
Local	2020	51	Average	2,106	6,955	3.3%	4.0%	\$91.50	\$10.07	11%	\$122,885	\$66,000	\$38,500	20.0%
National	2020	14	Average	2,165	3,500	N/Av	3.2%	\$95.00	\$11.02	12%	N/Av	\$68,214	N/Av	N/Av
National	2020	48	Average	2,102	5,250	2.4%	6.1%	\$124.00	\$20.13	16%	\$102,134	\$53,000	\$126,000	16.1%
Regional	2020	112	Average	2,060	6,300	4.6%	4.1%	\$80.23	N/Av	10%	\$86,830	\$63,400	\$108,380	13.20%
Regional	2020	30	Average	2,672	5,000	9.8%	6.3%	\$88.79	N/Av	10%	\$91,600	\$62,730	N/Av	12.2%

General and Administrative

These expenses consist of management fees, liability and fire insurance, inspection fees, appraisal fees, legal and accounting fees and copying or publication costs. This expense category typically ranges from 2.5% to 4.0%, depending on length of project and if all of the categories are included in a builder's budget. We have used 3.0% for general and administrative expenses.

Marketing and Sale

These expenses typically consist of advertising and promotion, closing costs, sales operations, and sales commissions. The expenses are expressed as a percentage of the gross sales revenue. The range of marketing and sales expenses typically found in projects within the subject's market area is 5.0% to 6.5%. A figure of 5%, is estimated in the marketing and sales expense category.

Property Taxes (Ad Valorem and Special Taxes)

The subject is located within an area with an effective tax rate of 1.32797%. This amount is applied to the estimated market values and divided by the total number of units to yield an estimate of ad valorem taxes/unit/year for each phase. The tax amounts are applied to unclosed inventory over the sell-off period. Property taxes are increased by 2% per year. Additionally, the subject will be encumbered by Special Taxes associated with the City of Beaumont CFD No. 2021-1 (Fairway Canyon). The assigned special tax rates for the 2023/24 tax year are provided as follows.

Special Tax Table (Fiscal Year 2023-2024)

Land Use Category	Building Square Footage	Assigned Special Tax
Zone 1		
Residential Property	Less than 1,801 SF	\$1,745 per unit
Residential Property	1,801 - 2,000 SF	\$1,845 per unit
Residential Property	2,001 - 2,200 SF	\$1,949 per unit
Residential Property	2,201 - 2,400 SF	\$2,045 per unit
Residential Property	2,401 - 2,600 SF	\$2,145 per unit
Residential Property	2,601 - 2,800 SF	\$2,245 per unit
Residential Property	Greater than 2,800 SF	\$2,345 per unit
Zone 2		
Residential Property	Less than 1,801 SF	\$1,545 per unit
Residential Property	1,801 - 2,000 SF	\$1,645 per unit
Residential Property	2,001 - 2,200 SF	\$1,815 per unit
Residential Property	2,201 - 2,400 SF	\$1,845 per unit
Residential Property	2,401 - 2,600 SF	\$1,945 per unit
Residential Property	2,601 - 2,800 SF	\$2,045 per unit
Residential Property	Greater than 2,800 SF	\$2,145 per unit
Zone 3		
Residential Property	Less than 1,801 SF	\$1,840 per unit
Residential Property	1,801 - 2,000 SF	\$1,930 per unit
Residential Property	2,001 - 2,200 SF	\$2,020 per unit
Residential Property	2,201 - 2,400 SF	\$2,110 per unit
Residential Property	2,401 - 2,600 SF	\$2,200 per unit
Residential Property	2,601 - 2,800 SF	\$2,290 per unit
Residential Property	Greater than 2,800 SF	\$2,380 per unit
Zone 4		
Residential Property	Less than 1,801 SF	\$1,640 per unit
Residential Property	1,801 - 2,000 SF	\$1,730 per unit
Residential Property	2,001 - 2,200 SF	\$1,820 per unit
Residential Property	2,201 - 2,400 SF	\$1,910 per unit
Residential Property	2,401 - 2,600 SF	\$2,000 per unit
Residential Property	2,601 - 2,800 SF	\$2,090 per unit
Residential Property	Greater than 2,800 SF	\$2,180 per unit

Source: Rate and Method of Apportionment of Special Taxes

HOA

A homeowner's association is in place for the subject. The HOA fee applicable to the subject property is \$155 per home per month, which accounts for the projects gated community and substantial pool and community center amenities and will be utilized in the analysis.

Permits and Fees

It is important to again note which fees the local market includes in the definition of an improved lot. Though all of the fees above and on the previous page are due at or near building permit, the local market recognizes water fees, school fees, and impact fees as part of an improved lot value. Building permits are excluded from the improved lot value.

In this analysis, only building permits (estimated at \$3,000 per unit) will be deducted, as the remaining impact fees are included in the definition of an improved lot. These estimates of building permits and fees are consistent with our experience with other new home projects throughout Southern California. Any DIF or impact fees not yet paid will be deducted from the improved lot value conclusion to derive an estimate of market value for the subject lots.

Direct and Indirect Construction Costs

Construction costs are generally classified into direct and indirect costs. Direct costs reflect the cost of labor and materials to build the project. Direct costs generally are lower per square foot for larger floor plans, all else being equal, due to economies of scale. Indirect items are the carrying costs and fees incurred in developing the project and during the construction cycle. Construction quality and market-segment are significant factors that affect direct construction costs. In addition, national/public builders, which are able to achieve lower costs due to the larger scale in which orders are placed, routinely achieve lower direct costs.

Recent conversations with homebuilders confirm construction costs have been decreasing over the last 12 months; consequently, based on the cost comparables, and considering the product lines under development, a direct cost estimates of \$78 per square foot is applied to the 2,000 square foot.

Regarding indirect costs, the following list itemizes some of the typical components that generally comprise indirect costs:

- Architectural and engineering fees for plans, plan checks, surveys and environmental studies
- Appraisal, consulting, accounting and legal fees
- The cost of carrying the investment in land and contract payments during construction. If the property is financed, the points, fees or service charges and interest on construction loans are considered
- All-risk insurance
- The cost of carrying the investment in the property after construction is complete, but before sell-out is achieved
- Developer fee earned by the project coordinator
- Interest reserve

Conversations with homebuilders indicate the indirect costs generally range anywhere from 10% to 15% of the direct costs (excluding marketing, sales, general and administrative expenses, taxes, which are accounted for separately). An estimate of 12% is considered reasonable for the subject.

Summary

The following charts summarize the revenue and expenses discussed on the preceding pages.

Revenue & Expense Summary					
REVENUE SUMMARY					
Floor Plan	No. of Units	Unit Size (SF)	\$/SF	Base Retail Value Per Unit	Extension
Average Unit	101	2,000	\$265	\$530,000	\$53,530,000
Model Recapture	(@ 35% of cost)				\$105,000
	101	2,000 (weighted avg.)			
				Total Revenue	\$ 53,635,000
					\$531,040 /unit
EXPENSES SUMMARY					
			Total		
General and Administrative	3.0% of total revenue		\$	1,609,050	
Marketing and Sales	5.0% of total revenue		\$	2,681,750	
Ad Valorem Taxes	\$3,070 /unit/year		\$	310,081	
Direct Charges	\$966 /unit/year		\$	146,595	(from cash flow)
Special Taxes/Assessments	\$2,012 /unit/year		\$	305,279	(from cash flow)
Homeowner's Association Fees	\$155 /unit/month		\$	277,605	(from cash flow)
Model Costs	4 models		\$	300,000	\$75,000 (per model)
Permits and Fees			\$	303,000	\$3,000 (per unit)
Subtotal:			\$	5,933,360	
Direct Construction Costs (Before Appreciation)	SF	Units	Cost/SF	Extension	
Average/Typical Floor Plan	2,000	101	\$78.00	\$ 15,756,000	\$156,000 /unit
Indirect Construction Costs	12% of Direct Costs		\$	1,890,720	\$18,720 /unit
Subtotal:			\$	17,646,720	
Total Expenses Before Appreciation:				\$ 23,580,080	

Developer's Incentive and Discount Rate

Developer's Incentive

When employing a land residual analysis, most market participants (homebuilders) analyze projects based on an expected increment of profit and a cost-of-funds discount rate. The developer's profit is expressed as a percent of sales revenue and is included as an expense deduction. The cost-of-funds rate is used to discount each year of net income to present value. This methodology differs from the subdivision development method, in which most market participants (typically land developers) employ a yield rate or internal rate of return (IRR) inclusive of developer's profit, and do not deduct profit as a line item expense.

According to industry sources, developer's incentive (profit) historically has ranged anywhere from 5% to 25%, with a predominate range of 5% to 15%. Profit is based on the perceived risk associated with the development. Low profit expectations are typical for projects focused on more affordable product with faster sales rates. Higher profit expectations are common in projects with more risk such as developments where sales rates are slower, project size produces an extended holding period or the product type is considered weak or untested.

Elements affecting profit include location, supply/demand, anticipated risk, construction time frame and project type. Another element considered in profit expectations is for the development stage of a project. First phases typically generate a lower profit margin due to cautious or conservative pricing, as new subdivisions in competitive areas must become established to generate a fair market share. Additionally, up front development costs on first phases can produce lower profit margins.

The prior table at the beginning of the Expense Projections discussion includes survey results for profit expectations of active home builders in the region. Based on the preceding discussion and developer surveys, a rate of 8% is considered reasonable for the subject's lots.

Discount Rate (Present Value Factor)

A discount rate will be employed to convert future cash flows to present value, thus reflecting the time value of money. We will employ a discount rate (present value factor) of 5.0% in the land residual analysis.

Conclusion

The land residual analysis is presented as follows:

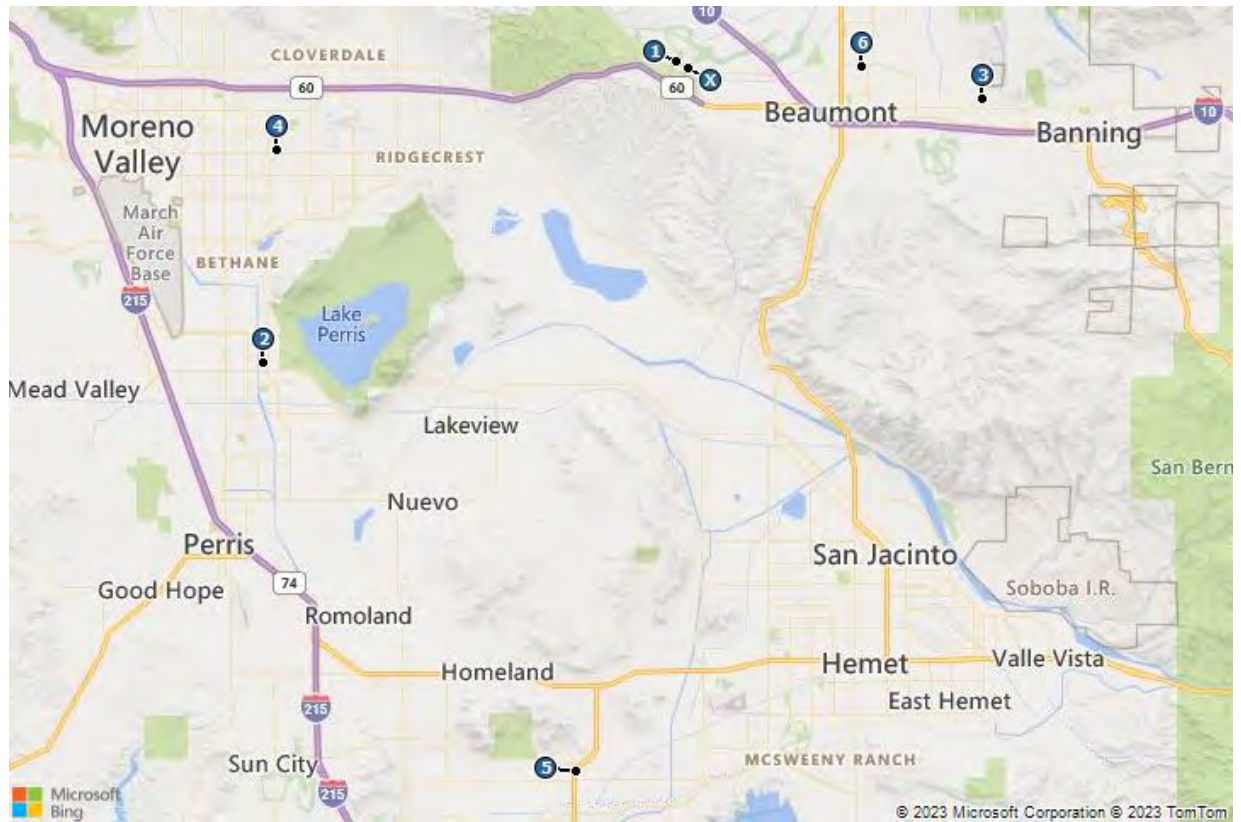
Land Residual Analysis														
Quarter:	0	1	2	3	4	5	6	7	8	9	10	11	12	Total
ABSORPTION														
Sales		10	10	9	9	9	9	9	9	9	9	9	0	101
Close of Escrow (COE)		0	10	10	9	9	9	9	9	9	9	9	9	101
Unsold Inventory	101	91	81	72	63	54	45	36	27	18	9	0	0	
Sales Revenue (Before Appreciation)		\$ 5,310,396	\$ 5,310,396	\$ 4,779,356	\$ 4,779,356	\$ 4,779,356	\$ 4,779,356	\$ 4,779,356	\$ 4,779,356	\$ 4,779,356	\$ 4,779,356	\$ 4,779,356	\$ -	
Total Sales Revenue (at Close of Escrow)		\$ -	\$ 5,310,396	\$ 5,310,396	\$ 4,779,356	\$ 4,779,356	\$ 4,779,356	\$ 4,779,356	\$ 4,779,356	\$ 4,779,356	\$ 4,779,356	\$ 4,779,356	\$ 4,779,356	\$ 53,635,000
EXPENSES AND CASH FLOWS														
General and Administrative	3.0%	\$ (134,088)	\$ (134,088)	\$ (134,088)	\$ (134,088)	\$ (134,088)	\$ (134,088)	\$ (134,088)	\$ (134,088)	\$ (134,088)	\$ (134,088)	\$ (134,088)	\$ (134,088)	\$ (1,609,050)
Marketing and Sales	5.0%	\$ -	\$ (265,520)	\$ (265,520)	\$ (238,968)	\$ (238,968)	\$ (238,968)	\$ (238,968)	\$ (238,968)	\$ (238,968)	\$ (238,968)	\$ (238,968)	\$ (238,968)	\$ (2,681,750)
Ad Valorem Taxes (\$/unit/yr)	\$3,070	\$ (77,520)	\$ (70,194)	\$ (62,793)	\$ (56,095)	\$ (49,329)	\$ (42,493)	\$ (35,588)	\$ (28,613)	\$ (21,567)	\$ (14,450)	\$ (7,261)	\$ -	\$ (465,902)
Direct Charges (\$/unit/yr)	\$966	\$ (24,392)	\$ (22,086)	\$ (19,758)	\$ (17,650)	\$ (15,521)	\$ (13,370)	\$ (11,198)	\$ (9,003)	\$ (6,786)	\$ (4,547)	\$ (2,285)	\$ -	\$ (146,595)
Special Taxes/Assessments (\$/unit/yr)	\$2,012	\$ (50,795)	\$ (45,994)	\$ (41,145)	\$ (36,756)	\$ (32,322)	\$ (27,843)	\$ (23,319)	\$ (18,748)	\$ (14,132)	\$ (9,468)	\$ (4,758)	\$ -	\$ (305,279)
Homeowner's Association Fees (\$/unit/mo)	\$155	\$ (46,965)	\$ (42,315)	\$ (37,665)	\$ (33,480)	\$ (29,295)	\$ (25,110)	\$ (20,925)	\$ (16,740)	\$ (12,555)	\$ (8,370)	\$ (4,185)	\$ -	\$ (277,605)
Model Costs		\$ (150,000)	\$ (150,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (300,000)
Permits and Fees		\$ (30,000)	\$ (30,000)	\$ (27,000)	\$ (27,000)	\$ (27,000)	\$ (27,000)	\$ (27,000)	\$ (27,000)	\$ (27,000)	\$ (27,000)	\$ (27,000)	\$ -	\$ (303,000)
Subtotal:		\$ (513,759)	\$ (760,197)	\$ (587,967)	\$ (544,036)	\$ (526,522)	\$ (508,872)	\$ (491,085)	\$ (473,159)	\$ (455,095)	\$ (436,890)	\$ (418,544)	\$ (373,055)	\$ (6,089,181)
Direct Construction Costs		\$ (780,000)	\$ (1,560,000)	\$ (1,482,000)	\$ (1,404,000)	\$ (1,404,000)	\$ (1,404,000)	\$ (1,404,000)	\$ (1,404,000)	\$ (1,404,000)	\$ (1,404,000)	\$ (1,404,000)	\$ (702,000)	\$ (15,756,000)
Indirect Construction Costs	12%	\$ (93,600)	\$ (187,200)	\$ (177,840)	\$ (168,480)	\$ (168,480)	\$ (168,480)	\$ (168,480)	\$ (168,480)	\$ (168,480)	\$ (168,480)	\$ (168,480)	\$ (84,240)	\$ (1,890,720)
Subtotal:		\$ (873,600)	\$ (1,747,200)	\$ (1,659,840)	\$ (1,572,480)	\$ (1,572,480)	\$ (1,572,480)	\$ (1,572,480)	\$ (1,572,480)	\$ (1,572,480)	\$ (1,572,480)	\$ (1,572,480)	\$ (786,240)	\$ (17,646,720)
Total Expenses		\$ (1,387,359)	\$ (2,507,397)	\$ (2,247,807)	\$ (2,116,516)	\$ (2,099,002)	\$ (2,081,352)	\$ (2,063,565)	\$ (2,045,639)	\$ (2,027,575)	\$ (2,009,370)	\$ (1,991,024)	\$ (1,159,295)	\$ (23,735,901)
NET INCOME BEFORE DEVELOPER'S INCENTIVE		\$ (1,387,359)	\$ 2,802,999	\$ 3,062,589	\$ 2,662,840	\$ 2,680,354	\$ 2,698,005	\$ 2,715,792	\$ 2,733,717	\$ 2,751,782	\$ 2,769,987	\$ 2,788,333	\$ 3,620,061	\$ 29,899,099
Total Project Incentive	8.00%	\$ -	\$ (424,832)	\$ (424,832)	\$ (382,349)	\$ (382,349)	\$ (382,349)	\$ (382,349)	\$ (382,349)	\$ (382,349)	\$ (382,349)	\$ (382,349)	\$ (382,349)	\$ (4,290,800)
NET INCOME (BEFORE DISCOUNTING)		\$ (1,387,359)	\$ 2,378,167	\$ 2,637,757	\$ 2,280,492	\$ 2,298,006	\$ 2,315,656	\$ 2,333,443	\$ 2,351,369	\$ 2,369,433	\$ 2,387,638	\$ 2,405,984	\$ 3,237,713	\$ 25,608,299
Present Value Factors														
Discount Rate (Present Value Factor)	5.00%	0.98765	0.97546	0.96342	0.95152	0.93978	0.92817	0.91672	0.90540	0.89422	0.88318	0.87228	0.86151	
Discounted Cash Flow		\$ (1,370,231)	\$ 2,319,810	\$ 2,541,263	\$ 2,169,943	\$ 2,159,613	\$ 2,149,334	\$ 2,139,105	\$ 2,128,926	\$ 2,118,796	\$ 2,108,716	\$ 2,098,686	\$ 2,789,317	\$ 23,353,278
Net Present Value (Rounded)														\$ 23,350,000
														per unit: \$231,000

As a check of reasonableness, we have arrayed a number of recent bulk lot transactions in the subject's market area.

Summary of Comparable Land Sales

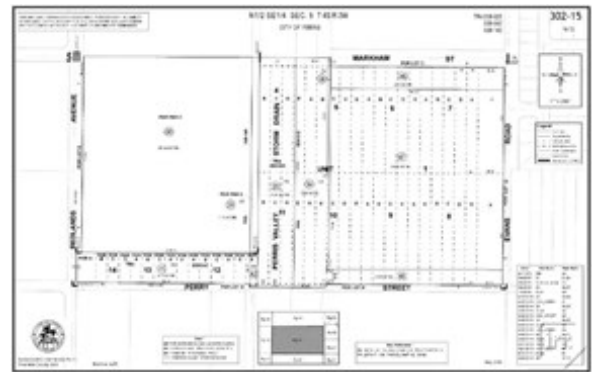
No.	Name/Address	Sale Date; Status	Sale Price; Bond Consideration/Lot	Typical Lot Size	Number of Lots	\$/Lot	Lot Finishing Costs
1	Fairway Canyon PA 22B Sorenstam Dr. Beaumont Riverside County Comments: This is a sale of 55 finished lots with a typical lot size of 6,000 square feet within the city of Beaumont. The reported finished lot value is \$192,000 per finished lot; however, this does not equate to the purchase price reported on public records. Therefore, this comparable is given guarded reliance. The project is surrounded by open space and a golf course. The building permit is estimated at \$3,000 per lot. It is unclear if the project will utilize bond financing.	Dec-22 Closed	\$7,047,000 \$0	6,000	55	\$128,127	\$66,873
2	Stratford Place II Evans Rd. Perris Riverside County Comments: This is a sale of 90 unimproved lots with a tentative map in place and a typical lot size of 6,000 square feet. The lots were purchased for \$4,906,500 or \$54,517. According to the broker, the lots were purchased at a finished lot price of \$230,000 per lot. The buyer is developing the 270 lots adjacent to the north of this project. It is assumed there was a degree of assemblage influencing a part of the sale, but this was not confirmed. It is estimated this project will have a similar degree of bond debt as the adjacent project, which has an estimated \$2,983 per lot.	Nov-22 Closed	\$4,906,500 \$5,966	6,000	90	\$54,517	\$175,483
3	Canterberry Mountain Avenue & Red Bluff Ln. Banning Riverside County Comments: This comparable represents the sale 19 finished single family lots with a minimum size of 10,000 square feet, for a finished lot price of \$175,000/lot. Crestwood Communities is constructing three floor plan ranging in size from 1,951 to 2,300 SF, priced at \$579,990 to \$591,900.	Sep-22 Closed	\$1,770,000 \$0	10,000	19	\$93,158	\$81,842
4	Windsong NWQ Alessandro Blvd. and Darwin Dr. Moreno Valley Riverside County Comments: This sale encompasses two adjacent parcels purchased by D.R. Horton from two different sellers. D.R. Horton closed on the first 18.01-acre parcel for \$3,755,000 on August 1, 2022 and closed on the second 17.63-acre parcel for \$3,745,000 on August 2, 2022. The site will be developed into a 177-lot subdivision called Windsong. Floor plans will range from 1,898 to 2,537 square feet and the typical lot size will be approximately 5,000 square feet. Finishing costs are estimated at approximately \$197,345 per lot.	Aug-22 Closed	\$7,500,000 \$0	5,000	177	\$42,373	\$197,345
5	La Ventana SEC Simpson Rd and La Ventana Rd Winchester Riverside County Comments: Site consists of 220 residential lots, along with a park site and a school site. The typical lot size is approximately 6,000 SF. The finished lot price was reportedly \$215,000/lot.	Apr-22 Closed	\$8,000,000 \$0	6,000	220	\$36,364	\$178,636
6	The Fairways PA25C Oak Valley Pkwy. / Fairways MPC Beaumont Riverside County Comments: This is a sale of 62 single-family lots with a minimum lot size of 4,950 square feet. The property was delivered in blue-top condition. The reported finished lot value is \$243,000 per lot. Annual special taxes average \$2,093/lot.	Dec-21 Closed	\$8,368,822 \$4,186	4,950	62	\$134,981	\$108,019
	Subject Fairway Canyon (Phase 4) Beaumont, CA			4,500	101		

Comparable Land Sales Map





Sale 1
Fairway Canyon PA 22B



Sale 2
Stratford Place II



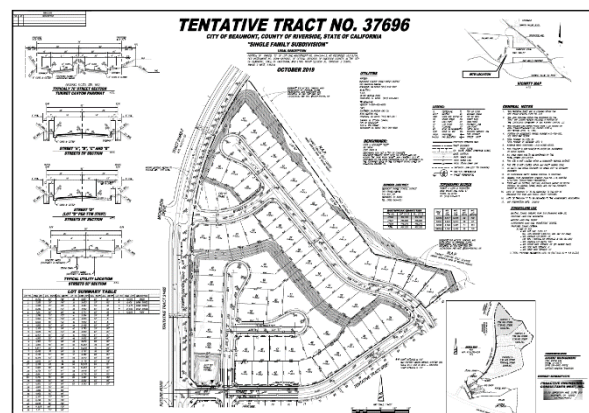
Sale 3
Canterberry



Sale 4
Windsong



Sale 5
La Ventana



Sale 6
The Fairways PA25C

The comparables reflect a range of sale prices of \$175,000 to \$239,718 per improved lot. The wide disparity in the unadjusted range is largely attributable to location, as well as differences in permits and fees, and remaining site costs. The preceding analysis indicates an improved lot value for the subject's representative lot of \$231,000, which is supported by the range of sales above and considered reasonable, especially given the proximity to the golf course most lots enjoy.

The subject includes neighborhoods with a typical lot sizes ranging from 3,800 to 4,950 square feet. In consideration of paired sales analyses and sales agent interviews regarding premiums achieved for home sales when isolating lot size, a lot size adjustment factor of \$7.00 per square foot of difference in lot area is applied to the benchmark lot values. In the following table, adjustments for differences in lot size are made to the above-concluded benchmark typical lot and applied to the subject's additional lot size categories.

Residential Lot Component							
Planning Area	No. of Lots*	Merchant Builder	Project	Minimum Lot Size (SF)	Benchmark Value	Lot Size Adjustment	Adjusted Lot Value (Rd.)
25A	126	Woodside	RidgeView	3,800	\$231,000	(\$4,900)	\$226,000
25B	73	Woodside	RidgeView	3,800	\$231,000	(\$4,900)	\$226,000
25C	62	Richmond American	Seasons	4,950	\$231,000	\$3,150	\$234,000
26A	167	DR Horton	Augusta	4,500	\$231,000	\$0	\$231,000
26B	101	DR Horton	Augusta	4,500	\$231,000	\$0	\$231,000

*Total number of lots (529) within each Planning Area; not equal to the number of lots appraised herein

The previous analysis indicated values of \$226,000 - \$234,000 per improved lot (after accounting for differences in lot size). These figures will be utilized as our conclusions in bulk (no further discounting is warranted).

The improved lot values shown above will be assigned to each partially completed home and vacant, improved lots within CFD No. 2021-1.

Market Valuation by Ownership

Introduction

The appraised properties represent 233 lots/homes comprising CFD No. 2021-1. In this section, the previously concluded market values will be allocated to each ownership group comprising the appraised properties in order to provide a market value of the appraised properties by ownership.

The appraised properties consist of 9 finished residential lots, 91 homes under construction, and 133 completed homes. The balance of the taxable properties in the CFD include 296 single family homes with a complete assessed value for both land and improvements, which are not appraised herein.

Not-less-than market values for the floor plans developed within the District are assigned to the 133 completed homes held by individual homeowners and the merchant builders.

In light of the fact the merchant builders have a number of lot(s) that could sell in bulk to one buyer within 12 months, no additional discounting is necessary beyond the market value, in bulk, of the various single-family residential lot categories previously estimated.

Based on the previous analysis, the estimates of market value, by ownership, subject to the impact of the Lien of the Special Tax securing the City of Beaumont CFD No. 2021-1 (Fairway Canyon) Bonds, as of November 1, 2023, are estimated in the following table.

Value By Ownership

Entity	Lots	Value per Home/Lot	Aggregate Value
Individual Homeowners			
Completed Homes without AVs			
Augusta by DR Horton	68	\$450,000	\$30,600,000
RidgeView by Woodside Homes	47	\$460,000	\$21,620,000
Seasons by Richmond American	<u>13</u>	\$530,000	<u>\$6,890,000</u>
<i>Subtotal</i>	128		<i>\$59,110,000</i>
DR Horton			
Completed Homes without AVs	1	\$450,000	\$450,000
Homes Under Construction	<u>20</u>	\$231,000	<u>\$4,620,000</u>
<i>Subtotal</i>	21		<i>\$5,070,000</i>
Woodside Homes			
Completed Homes without AVs	3	\$460,000	\$1,380,000
Homes Under Construction	<u>35</u>	\$226,000	<u>\$7,910,000</u>
<i>Subtotal</i>	38		<i>\$9,290,000</i>
Richmond American			
Completed Homes without AVs	1	\$530,000	\$530,000
Homes Under Construction	36	\$234,000	\$8,424,000
Finished Lots	<u>9</u>	\$234,000	<u>\$2,106,000</u>
<i>Subtotal</i>	46		<i>\$11,060,000</i>
Aggregate Value of Appraised Properties	233		\$84,530,000

Final Opinion of Value

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusions		
Value Premise	No. of Parcels	Aggregate Value
Aggregate Value of Appraised Properties	233	\$84,530,000
Aggregate Value of Existing Homes based on Assessed Value	296	<u>\$156,232,396</u>
Total Aggregate Value of Appraised and Assessed Properties in the District	529	\$240,762,396

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

None

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. It is a hypothetical condition of this Appraisal Report that certain proceeds from the Bonds will be available to reimburse for certain public infrastructure already completed. The estimates of market value account for the impact of the Lien of the Special Taxes securing the Bonds.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Exposure Time

Exposure time is the period a property interest would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. In attempting to estimate a reasonable exposure time for the subject property, we looked at both the historical exposure times of a number of sales, as well as current and past economic conditions. Based on a survey of market participants, a transfer of residential land properties in the region typically occurs within **12** months of exposure. It is estimated the exposure time for the subject property, if appropriately priced, would have been within **12** months of initial exposure.

Marketing Period

Marketing time is an estimate of the time to sell a property interest in real estate at the estimated market value during the period immediately after the effective date of value. A reasonable marketing time is estimated by comparing the recent exposure time of similar properties, and then taking into consideration current and future economic conditions and how they may impact marketing of the subject property.

The marketing time for the subject property is not anticipated to vary significantly from the exposure time. Thus, the marketing time is estimated at **12** months or less.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Eric Segal, MAI, and Kevin Ziegenmeyer, MAI, have made a personal inspection of the property that is the subject of this report. Kari Tatton has not personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Eric Segal, MAI, and Kevin Ziegenmeyer, MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.



Eric Segal, MAI
 Certified General Real Estate Appraiser
 California Certificate # AG026558



Kevin Ziegenmeyer, MAI
 Certified General Real Estate Appraiser
 California Certificate # AG013567



Kari Tatton
 Certified General Real Estate Appraiser
 California Certificate # 3002218

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
 8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
 9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
 10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
 11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
 12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
 13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
 14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
 15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
 16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
 17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Los Angeles, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. Integra Realty Resources – Los Angeles is not a building or environmental inspector. Integra Los Angeles does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the

- appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – Los Angeles, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

None

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. It is a hypothetical condition of this Appraisal Report that certain proceeds from the Bonds will be available to reimburse for certain public infrastructure already completed. The estimates of market value account for the impact of the Lien of the Special Taxes securing the Bonds.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A

Appraiser Qualifications

Eric Segal, MAI

Experience

Mr. Segal is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1998, Mr. Segal began his career in real estate as a research analyst/appraiser trainee for Richard Seevers and Associates. By 1999, he began writing narrative appraisal reports covering a variety of commercial properties, with an emphasis on residential master planned communities and subdivisions. Today, Mr. Segal is a partner in the firm and is involved in appraisal assignments covering a wide variety of properties including office, retail, industrial, multifamily housing, master planned communities, and specializes in the appraisal of Mello-Roos Community Facilities Districts and Assessment Districts for land-secured municipal financings, as well as multifamily developments under the U.S. Department of Housing and Urban Development's Multifamily Accelerated Processing (MAP) Guide. He has developed the experience and background necessary to deal with complex assignments covering an array of property types, with a particular focus on urban redevelopment in the cities of San Francisco, Monterey, Alameda and San Mateo. He has developed the experience and background necessary to deal with complex assignments covering an array of property types. Eric is currently Managing Director of the Integra-San Francisco office as well as Integra-Sacramento office.

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute, January 2016

Licenses

California, Certified General Real Estate Appraiser, AG026558, Expires February 2023

Nevada, Certified General, A.0207666-CG, Expires January 2025

Arizona, Certified General, CGA - 1006422, Expires January 2024

Washington, Certified General, 20100611, Expires June 2023

Education

Academic:

Bachelor of Science in Business Administration (Concentrations in Finance and Real Estate & Land Use Affairs), California State University, Sacramento

Appraisal and Real Estate Courses:

Uniform Standards of Professional Appraisal Practice

Appraisal Principles

Basic Income Capitalization

Highest & Best Use and Market Analysis

Advanced Income Capitalization

Report Writing and Valuation Analysis

Self-Storage Economics and Appraisal Seminar

Appraisal Litigation Practice and Courtroom Management

Hotel Valuations: New Techniques for today's Uncertain Times

Computer Enhanced Cash Flow Modeling

Advanced Sales Comparison & Cost Approaches

Advanced Applications

Supervisor-Trainee Course for California

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Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Eric A. Segal

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

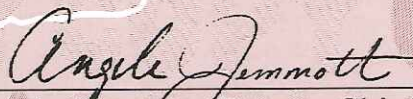
“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 026558

Effective Date: February 19, 2023

Date Expires: February 18, 2025


Angela Jemmott, Bureau Chief, BREA

3069186

Kevin Ziegenmeyer, MAI

Experience

Mr. Ziegenmeyer is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1989, Mr. Ziegenmeyer began his career in real estate as a controller for a commercial and residential real estate development corporation. In 1991 he began appraising and continued to be involved in appraisal assignments covering a wide variety of properties, including office, retail, industrial, residential income and subdivisions throughout the state of California, and Northern Nevada. Mr. Ziegenmeyer handles many of the firm's master-planned property appraisals and over the past two decades has developed expertise in the valuation of Community Facilities Districts and Assessment Districts. In fact, Mr. Ziegenmeyer was one of five appraisers to collaborate with other professionals in developing the appraisal guidelines for the California Debt and Investment Advisory Commission (Recommended Practices in the Appraisal of Real Estate for Land-Secured Financing - 2004). He has developed the experience and background necessary to deal with complex assignments covering an array of property types, with a particular focus on urban redevelopment in the cities and counties of San Francisco, Dublin, Monterey, Newport Beach, Alameda, Napa and San Mateo. In early 2015, Mr. Ziegenmeyer obtained the Appraisal Institute's MAI designation. Kevin is currently Senior Managing Director of the Integra-San Francisco office and Managing Director of the Integra-Sacramento office.

Licenses

California, California Certified General Real Estate Appraiser, AG013567, Expires June 2025

Education

Academic:

Bachelor of Science in Accounting, Azusa Pacific University, California

Appraisal and Real Estate Courses:

Standards of Professional Practice, Parts A, B & C

Basic Valuation Procedures

Real Estate Appraisal Principles

Capitalization Theory and Techniques, Part A

Advanced Income Capitalization

Report Writing and Valuation Analysis

Advanced Applications

IRS Valuation Summit I & II

2008, 2009, 2010 & 2011 Economic Forecast

Business Practices and Ethics

Contemporary Appraisal Issues with Small Business Administration Financing

General Demonstration Appraisal Report Writing Seminar

7-Hour National USPAP Update Course

Valuation of Easements and Other Partial Interests

2009 Summer Conference

Uniform Appraisal Standards for Federal Land Acquisitions (Yellowbook)

2008 Economic Update

Valuation of Conservation Easements

Subdivision Valuation

2005 Annual Fall Conference

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kziegenmeyer@irr.com - 916.435.3883 x224



Kevin Ziegenmeyer, MAI

Education (Cont'd)

General Comprehensive Exam Module I, II, III & IV
Advanced Income Capitalization
Advanced Sales Comparison & Cost Approaches
2004 Central CA Market Update
Computer-Enhanced Cash Flow Modeling
Forecast 2000, 2001, 2002, 2003 & 2004
Land Valuation Assignments
Land Valuation Adjustment Procedures
Highest & Best Use and Market Analysis
Entitlements, Land Subdivision & Valuation
Real Estate Value Cycles
El Dorado Hills Housing Symposium
Federal Land Exchanges
M & S Computer Cost-Estimating, Nonresidential

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Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Kevin K. Ziegenmeyer

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

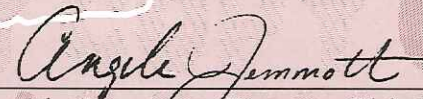
“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 013567

Effective Date: June 5, 2023

Date Expires: June 4, 2025


Angela Jemmott, Bureau Chief, BREA

3070756

Kari Tatton

Experience

Ms. Tatton is a Certified General real estate appraiser. After completing her bachelor's degree at California State University, Sacramento, Ms. Tatton began her career in real estate in March 2011, and has been writing narrative appraisal reports for a variety of commercial properties including office, retail, industrial, multifamily housing, land and special-purpose properties including self-storage facilities, religious facilities, schools and auto dealerships. She specializes in the appraisal of residential master planned communities and subdivisions, as well as Mello-Roos and Assessment Districts for land-secured municipal financings.

Licenses

California, Certified General Real Estate, 3002218, Expires June 2024

Education

Academic:

Bachelor of Arts in Interior Design (Concentration in Interior Architecture)
California State University, Sacramento

Appraisal and Real Estate Courses:

Basic Appraisal Principles

Basic Appraisal Procedures

Site Valuation & Cost Approach

General Market Analysis & Highest and Best Use

Sales Comparison Approach

Income Capitalization Approach Part I

Income Capitalization Approach Part II

General Appraiser Report Writing and Case Studies

Appraisal of Fast Food Facilities

Appraising Small Apartment Properties

Appraisal of Land Subject to Ground Leases

Appraising Automobile Dealerships

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Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Kari M. Tatton

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: 3002218

Effective Date: June 2, 2022

Date Expires: June 1, 2024

Loretta Dillon, Deputy Bureau Chief, BREA

3063596

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

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Addendum B

IRR Quality Assurance Survey

IRR Quality Assurance Survey

We welcome your feedback!

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

Integra Quality Control Team

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will call contact you.

Link to the IRR Quality Assurance Survey: quality.irr.com

Addendum C

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022), unless otherwise noted.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date

1. The date on which the appraisal opinion applies. (SVP)
2. The date to which an appraiser's analysis, opinions, and conclusions apply; also referred to as *date of value*. (USPAP, 2020-2021 ed.)
3. The date that a lease goes into effect.

Entitlement

In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

Entrepreneurial Incentive

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovation change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Exposure Time

1. The time a property remains on the market.
2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)

3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (IVS)

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

Addendum D

Value by APN

APN	PA	Lot #	Owner (as of 23/24 Tax Roll)	1 Address	Product Line	Construction Status	Assessed Value	Appraised Value
400650001	26A	50	DR HORTON LOS ANGELES HOLDING CO INC	35320 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400650002	26A	51	DR HORTON LOS ANGELES HOLDING CO INC	35326 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400650003	26A	52	DR HORTON LOS ANGELES HOLDING CO INC	35330 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400650004	26A	53	DR HORTON LOS ANGELES HOLDING CO INC	35334 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400650005	26A	54	DR HORTON LOS ANGELES HOLDING CO INC	35338 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400650006	26A	55	DR HORTON LOS ANGELES HOLDING CO INC	35344 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400650007	26A	56	DR HORTON LOS ANGELES HOLDING CO INC	35348 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400650008	26A	57	DR HORTON LOS ANGELES HOLDING CO INC	35354 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400650009	26A	58	DR HORTON LOS ANGELES HOLDING CO INC		Augusta at The Fairways	Completed/Sold		\$450,000
400650010	26A	59	DR HORTON LOS ANGELES HOLDING CO INC	35366 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400650011	26A	60	DR HORTON LOS ANGELES HOLDING CO INC	35372 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400650012	26A	61	DR HORTON LOS ANGELES HOLDING CO INC	35376 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400650013	26A	62	DR HORTON LOS ANGELES HOLDING CO INC	35380 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400650014	26A	63	DR HORTON LOS ANGELES HOLDING CO INC	35384 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400650015	26A	64	DR HORTON LOS ANGELES HOLDING CO INC	35390 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400650016	26A	65	DR HORTON LOS ANGELES HOLDING CO INC	35394 PRICE ST	Augusta at The Fairways	Under Construction		\$231,000
400650017	26A	66	DR HORTON LOS ANGELES HOLDING CO INC	35400 PRICE ST	Augusta at The Fairways	Under Construction		\$231,000
400650018	26A	67	DR HORTON LOS ANGELES HOLDING CO INC	35402 PRICE ST	Augusta at The Fairways	Under Construction		\$231,000
400650019	26A	68	DR HORTON LOS ANGELES HOLDING CO INC	35406 PRICE ST	Augusta at The Fairways	Under Construction		\$231,000
400650020	26A	47	DR HORTON LOS ANGELES HOLDING CO INC	35304 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400650021	26A	48	DR HORTON LOS ANGELES HOLDING CO INC	35308 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400650022	26A	49	DR HORTON LOS ANGELES HOLDING CO INC	35316 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400651001	26A	69	DR HORTON LOS ANGELES HOLDING CO INC	11508 HINTON CT	Augusta at The Fairways	Under Construction		\$231,000
400651002	26A	70	DR HORTON LOS ANGELES HOLDING CO INC	11516 HINTON CT	Augusta at The Fairways	Under Construction		\$231,000
400651003	26A	71	DR HORTON LOS ANGELES HOLDING CO INC	11522 HINTON CT	Augusta at The Fairways	Completed/Sold		\$450,000
400651004	26A	72	DR HORTON LOS ANGELES HOLDING CO INC	11536 HINTON CT	Augusta at The Fairways	Under Construction		\$231,000
400651005	26A	73	DR HORTON LOS ANGELES HOLDING CO INC	11542 HINTON CT	Augusta at The Fairways	Under Construction		\$231,000
400651006	26A	74	DR HORTON LOS ANGELES HOLDING CO INC	11548 HINTON CT	Augusta at The Fairways	Under Construction		\$231,000
400651007	26A	75	DR HORTON LOS ANGELES HOLDING CO INC	11541 HINTON CT	Augusta at The Fairways	Under Construction		\$231,000
400651008	26A	76	DR HORTON LOS ANGELES HOLDING CO INC	11533 HINTON CT	Augusta at The Fairways	Under Construction		\$231,000
400651009	26A	77	DR HORTON LOS ANGELES HOLDING CO INC	11725 HINTON CT	Augusta at The Fairways	Under Construction		\$231,000
400651010	26A	78	DR HORTON LOS ANGELES HOLDING CO INC	11513 HINTON CT	Augusta at The Fairways	Under Construction		\$231,000
400651011	26A	79	DR HORTON LOS ANGELES HOLDING CO INC	35381 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400651012	26A	80	DR HORTON LOS ANGELES HOLDING CO INC	35379 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400651013	26A	81	DR HORTON LOS ANGELES HOLDING CO INC	35377 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400651014	26A	82	DR HORTON LOS ANGELES HOLDING CO INC	35373 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400651015	26A	83	DR HORTON LOS ANGELES HOLDING CO INC	35361 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400660001	26A	25	DIEGO DYLAN DIAZ		Augusta at The Fairways	Completed/Sold	\$486,000	
400660002	26A	26	DAVID GUILLERMO DE JESUS VAZQUEZ		Augusta at The Fairways	Completed/Sold	\$559,740	
400660003	26A	27	MORGAN WEDERGRN		Augusta at The Fairways	Completed/Sold	\$553,340	
400660004	26A	28	GILBERTO LOPEZ		Augusta at The Fairways	Completed/Sold	\$561,000	
400660005	26A	29	SANG CAO	35232 PRICE ST	Augusta at The Fairways	Completed/Sold	\$469,990	
400660006	26A	30	MATTHEW JAKE VILASENOR		Augusta at The Fairways	Completed/Sold	\$550,990	
400660007	26A	31	STEVEN MUNOZ		Augusta at The Fairways	Completed/Sold	\$517,540	
400660008	26A	32	LANSTON MURCHISON SYLVESTER	35242 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400660009	26A	33	CIARA KATHERINE CASTILLE		Augusta at The Fairways	Completed/Sold	\$481,550	
400660010	26A	34	CONSUELO MACIEL		Augusta at The Fairways	Completed/Sold	\$541,501	
400660011	26A	35	JASON P. THOMPSON		Augusta at The Fairways	Completed/Sold		\$450,000
400660012	26A	36	RONALD LEE JOHNSTON		Augusta at The Fairways	Completed/Sold	\$539,755	
400660013	26A	37	NANCY B. CONNELL		Augusta at The Fairways	Completed/Sold	\$461,759	
400660014	26A	38	JAMES PHILLIP BLACK	35268 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400660015	26A	39	SALAH MICHAEL TAHAN	35274 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400660016	26A	40	ANDREW HOGUE	35278 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400660017	26A	41	RODRIGUEZ YOLANDA G REVOCABLE TRUST DATED 1/21/2022	35282 PRICE ST	Augusta at The Fairways	Completed/Sold	\$461,714	
400660018	26A	42	ERIC DIEGO HERNANDEZ	35284 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400660019	26A	43	ANTONY JAN	35288 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400660020	26A	44	CASSANDRA LYNN RODRIGUEZ	35292 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400660021	26A	45	STEVEN MASON	35296 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400660022	26A	46	TAYLOR JOHN AGUILAR	35298 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400661001	26A	111	ERIKA MONIQUE GIRON	35251 PRICE ST	Augusta at The Fairways	Completed/Sold	\$515,000	
400661002	26A	112	RENE OSWALDO LOPEZ		Augusta at The Fairways	Completed/Sold		\$450,000
400661003	26A	113	JOSE ALFREDO PIMENTEL	35241 PRICE ST	Augusta at The Fairways	Completed/Sold	\$505,426	
400661004	26A	114	ESPERANZA SILVA	35239 PRICE ST	Augusta at The Fairways	Completed/Sold	\$519,990	
400661005	26A	115	MARIO ANTHONY CARDENAS	35227 PRICE ST	Augusta at The Fairways	Completed/Sold	\$499,775	
400661006	26A	116	ROBERT PALACIOS	35221 PRICE ST	Augusta at The Fairways	Completed/Sold	\$555,461	
400661007	26A	117	EZRA M. MEZA	35215 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400662001	26A	84	DR HORTON LOS ANGELES HOLDING CO INC	35313 PRICE ST	Augusta at The Fairways	Completed/Sold		\$450,000
400662002	26A	85	MONICA A. MARTINEZ	11606 OMEARA WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400662003	26A	86	DAVID THOMAS MCGUIRE	11612 OMEARA ST	Augusta at The Fairways	Completed/Sold		\$450,000
400662004	26A	87	PAULSON JOHN J & PAULSON MARIA DEL ROCIO REV TR DTD 2/17/21	11616 OMEARA ST	Augusta at The Fairways	Completed/Sold		\$450,000
400662005	26A	88	PAOLA GARCIA VARGAS	11620 OMEARA ST	Augusta at The Fairways	Completed/Sold		\$450,000
400662006	26A	89	NATHAN MCDOLE SAVAGE	11628 OMEARA WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400662007	26A	90	FRANCISCO CONTRERAS	11630 OMEARA WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400662008	26A	91	NYSSABIANCA ONG TACO	11634 OMEARA ST	Augusta at The Fairways	Completed/Sold		\$450,000
400662009	26A	92	SHANNON THOMAS	11638 OMEARA WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400662010	26A	93	N CASTILLO ZERON JOHAN	11644 OMEARA WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400662011	26A	94	DR HORTON LOS ANGELES HOLDING CO INC	11648 OMEARA WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400662012	26A	95	DR HORTON LOS ANGELES HOLDING CO INC	11652 OMEARA WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400662013	26A	96	DR HORTON LOS ANGELES HOLDING CO INC	11656 OMEARA ST	Augusta at The Fairways	Completed/Sold		\$450,000
400662014	26A	97	DR HORTON LOS ANGELES HOLDING CO INC	11664 OMEARA ST	Augusta at The Fairways	Completed/Sold		\$450,000
400662015	26A	98	DR HORTON LOS ANGELES HOLDING CO INC	11661 OMEARA WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400662016	26A	99	DR HORTON LOS ANGELES HOLDING CO INC	11657 OMEARA WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400662017	26A	100	DR HORTON LOS ANGELES HOLDING CO INC	11653 OMEARA WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400662018	26A	101	VANN JOHN KIM	11651 OMEARA WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400662019	26A	102	DR HORTON LOS ANGELES HOLDING CO INC	11645 OMEARA WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400662020	26A	103	DR HORTON LOS ANGELES HOLDING CO INC	11641 OMEARA WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400662021	26A	104	ALEXANDER MICHAEL REYES	11639 OMEARA ST	Augusta at The Fairways	Completed/Sold		\$450,000
400662022	26A	105	SEAN HORNE		Augusta at The Fairways	Completed/Sold		\$450,000
400662023	26A	106	JOSE ANDRES MARCHEN	11627 OMEARA ST	Augusta at The Fairways	Completed/Sold		\$450,000
400662024	26A	107	ALEXIS MOTEN	11621 OMEARA ST	Augusta at The Fairways	Completed/Sold		\$450,000
400662025	26A	108	THOMAS R. CRUZ	11615 OMEARA WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400662026	26A	109	ANGELICA CARMEN MORALES	11611 OMEARA WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400662027	26A	110	LYNN JAMES FYHLUND	11607 OMEARA ST	Augusta at The Fairways	Completed/Sold		\$450,000
400670001	26A	1	CARLOS NAVA	35102 PRICE ST	Augusta at The Fairways	Completed/Sold	\$466,933	
400670002	26A	2	TERRA LEIGH HERRMANN	35108 PRICE ST	Augusta at The Fairways	Completed/Sold	\$478,522	
400670003	26A	3	GONZALO MARTINEZ	35112 PRICE ST	Augusta at The Fairways	Completed/Sold	\$473,489	
400670004	26A	4	DONALD R. GARCIA	35116 PRICE ST	Augusta at The Fairways	Completed/Sold	\$449,809	
400670005	26A	5	MARK W. BAGLEY	35120 PRICE ST	Augusta at The Fairways	Completed/Sold	\$433,347	
400670006	26A	6	SHAWN MICHAEL SWINDELL	35126 PRICE ST	Augusta at The Fairways	Completed/Sold	\$477,140	
400670007	26A	7	GEORGE BRIAN BERROSE	35130 PRICE ST	Augusta at The Fairways	Completed/Sold	\$452,589	
400670008	26A	8	JENNY ANAHY ARIAGA	35136 PRICE ST	Augusta at The Fairways	Completed/Sold	\$478,118	
400670009	26A	9	CESAR ORTEGA	35140 PRICE ST	Augusta at The Fairways	Completed/Sold	\$413,614	
400670010	26A	10	DONALD CASTILLE	35146 PRICE ST	Augusta at The Fairways	Completed/Sold	\$460,688	
400670011	26A	11	ELIZABETH L. ZUNIGA	35150 PRICE ST	Augusta at The Fairways	Completed/Sold	\$460,815	
400670012	26A	12	RANDY GRUALVA-MEJIA CHAVERS	35154 PRICE ST	Augusta at The Fairways	Completed/Sold	\$483,612	
400670013	26A	13	COLE SCOTT KNAUSS	35158 PRICE ST	Augusta at The Fairways	Completed/Sold	\$441,261	
400670014	26A	14	MARILYN MEDINA	35160 PRICE ST	Augusta at The Fairways	Completed/Sold	\$461,198	
400670015	26A	15	PO TAI TEMPO TAM	35166 PRICE ST	Augusta at The Fairways	Completed/Sold	\$504,716	

APN	PA	Lot #	Owner (as of 23/24 Tax Roll)	1 Address	Product Line	Construction Status	Assessed Value	Appraised Value
400670016	26A	16	THOMAS JOSEPH GATES	35170 PRICE ST	Augusta at The Fairways	Completed/Sold	\$509,403	
400670017	26A	17	ZACHARY PHILIP SUTHERBY	35178 PRICE ST	Augusta at The Fairways	Completed/Sold	\$431,959	
400670018	26A	18	DAVID LOPEZ	35182 PRICE ST	Augusta at The Fairways	Completed/Sold	\$484,489	
400670019	26A	19	HOI TONG CHONG	35186 PRICE ST	Augusta at The Fairways	Completed/Sold	\$497,540	
400670020	26A	20	JACLYN MARIE CORDOVA	35192 PRICE ST	Augusta at The Fairways	Completed/Sold	\$527,222	
400670021	26A	21	PETER BEAS GUADAN	35196 PRICE ST	Augusta at The Fairways	Completed/Sold	\$523,790	
400670022	26A	22	JOHN EDWARD HOLLAND	35202 PRICE ST	Augusta at The Fairways	Completed/Sold	\$554,631	
400670023	26A	23	EDWIN BERMUDEZ	35206 PRICE ST	Augusta at The Fairways	Completed/Sold	\$545,836	
400670024	26A	24	CRISTOBAL GARCIA	35210 PRICE ST	Augusta at The Fairways	Completed/Sold	\$578,185	
400671001	26A	120	MARC JEREMY M. VIDAL	35195 PRICE ST	Augusta at The Fairways	Completed/Sold	\$541,146	
400671002	26A	121	CRISTIAN ALEJANDRO MARTINEZ	35191 PRICE ST	Augusta at The Fairways	Completed/Sold	\$467,685	
400671003	26A	122	STEVE GARCIA	35189 PRICE ST	Augusta at The Fairways	Completed/Sold	\$477,003	
400671004	26A	123	SOFIA V. BERMUDEZ-ROCHA		Augusta at The Fairways	Completed/Sold	\$429,149	
400671005	26A	124	LESLIE MONIQUE MAGADAN	35177 PRICE ST	Augusta at The Fairways	Completed/Sold	\$494,210	
400671006	26A	125	JOHANNA V. NICHOLAS	35173 PRICE ST	Augusta at The Fairways	Completed/Sold	\$465,936	
400671007	26A	126	LEAH PAULI		Augusta at The Fairways	Completed/Sold	\$472,107	
400671008	26A	127	REYNALDO LOUIS GONZALEZ	35165 PRICE ST	Augusta at The Fairways	Completed/Sold	\$403,415	
400671009	26A	128	ROSA G. CORDOVA	35163 PRICE ST	Augusta at The Fairways	Completed/Sold	\$449,325	
400671010	26A	129	BRADLEY ALLEN ORMONDE	35155 PRICE ST	Augusta at The Fairways	Completed/Sold	\$439,829	
400671011	26A	130	GEORGE JESUS ROCHA	35151 PRICE ST	Augusta at The Fairways	Completed/Sold	\$439,099	
400671012	26A	131	BRYAN RODRIGUEZ GUZMAN	35150 WEBB PL	Augusta at The Fairways	Completed/Sold	\$474,289	
400671013	26A	132	CHRISTIAN STEWART SHOWALTER		Augusta at The Fairways	Completed/Sold	\$440,645	
400671014	26A	133	CARLOS NORIEGA	35158 WEBB PL	Augusta at The Fairways	Completed/Sold	\$491,099	
400671015	26A	134	RAED MAZIN ALDBAGH	35160 WEBB PL	Augusta at The Fairways	Completed/Sold	\$485,611	
400671016	26A	135	ROGER LO	35166 WEBB PL	Augusta at The Fairways	Completed/Sold	\$519,679	
400671017	26A	136	LEHUANANI EMILY PEREZ	35170 WEBB PL	Augusta at The Fairways	Completed/Sold	\$459,720	
400671018	26A	137	MATTHEW RAYMOND WESSSELL	35174 WEBB PL	Augusta at The Fairways	Completed/Sold	\$511,663	
400671019	26A	138	ALESSIA VITTORIA DUCA	35178 WEBB PL	Augusta at The Fairways	Completed/Sold	\$487,090	
400671020	26A	139	RANDI PARRECO	35184 WEBB PL	Augusta at The Fairways	Completed/Sold	\$536,195	
400671021	26A	140	VANESSA SANDOVAL	35188 WEBB PL	Augusta at The Fairways	Completed/Sold	\$465,630	
400671022	26A	141	TIFFANY DANIELLE SEALS	35196 WEBB PL	Augusta at The Fairways	Completed/Sold	\$502,910	
400672001	26A	118	HECTOR GONZALEZ	35209 PRICE ST	Augusta at The Fairways	Completed/Sold	\$524,290	
400672002	26A	119	ADAM PAUL SERNA	35207 PRICE ST	Augusta at The Fairways	Completed/Sold	\$492,695	
400672003	26A	142	DIANA MARIA QUIJANO DE SEGOVIA	11764 MURRAY WAY	Augusta at The Fairways	Completed/Sold	\$473,605	
400672004	26A	143	MARIE ALICE WHITE	11756 MURRAY WAY	Augusta at The Fairways	Completed/Sold	\$504,440	
400672005	26A	144	JOSIAH DANIEL PURDY	11742 MURRAY WAY	Augusta at The Fairways	Completed/Sold	\$499,490	
400672006	26A	145	IVAN RANDALL	11738 MURRAY WAY	Augusta at The Fairways	Completed/Sold	\$511,490	
400672007	26A	146	RICO DEVON HENDRIX	11726 MURRAY WAY	Augusta at The Fairways	Completed/Sold	\$517,310	
400672008	26A	147	CYNTHIA B. AQUINO	35199 WEBB PL	Augusta at The Fairways	Completed/Sold	\$496,960	
400672009	26A	148	STEPHANIE MILLER	35193 WEBB PL	Augusta at The Fairways	Completed/Sold	\$540,301	
400672010	26A	149	REYNOLD E. BERNALES	35187 WEBB PL	Augusta at The Fairways	Completed/Sold	\$516,515	
400672011	26A	150	STEVE ULY	35185 WEBB PL	Augusta at The Fairways	Completed/Sold	\$473,735	
400672012	26A	151	ANGELINO LARA ESGUERRA	35181 WEBB PL	Augusta at The Fairways	Completed/Sold	\$517,415	
400672013	26A	152	LEISA MICHELLE CHRISTIAN RATTRAY	35177 WEBB PL	Augusta at The Fairways	Completed/Sold	\$545,575	
400672014	26A	153	MAYRA ALEJANDRA BETANCOURT SEPULVEDA	35173 WEBB PL	Augusta at The Fairways	Completed/Sold	\$496,265	
400672015	26A	154	JOAN SARMIENTO-ARRIOLA	35169 WEBB PL	Augusta at The Fairways	Completed/Sold	\$479,460	
400672016	26A	155	GENTRIA LATRICE LENOIR	35165 WEBB PL	Augusta at The Fairways	Completed/Sold	\$493,078	
400672017	26A	156	MICHELLE RIVARD	35159 WEBB PL	Augusta at The Fairways	Completed/Sold	\$526,278	
400672018	26A	157	ULISES ARAIZA	35157 WEBB PL	Augusta at The Fairways	Completed/Sold	\$457,556	
400672019	26A	158	TONYA YVETTE GILL	35153 WEBB PL	Augusta at The Fairways	Completed/Sold	\$477,561	
400672020	26A	159	KRISTEN FANNIN	35149 WEBB PL	Augusta at The Fairways	Completed/Sold	\$503,305	
400672021	26A	160	FRANCES MONICA VILLANUEVA	35147 WEBB PL	Augusta at The Fairways	Completed/Sold	\$461,942	
400672022	26A	161	JERALD J. POLOHANAN		Augusta at The Fairways	Completed/Sold	\$532,695	
400672023	26A	162	JOSE BERDECIA		Augusta at The Fairways	Completed/Sold	\$483,571	
400672024	26A	163	RAFAEL CRUZ RAMOS		Augusta at The Fairways	Completed/Sold	\$430,111	
400672025	26A	164	FUAD M. AL-DABBAB		Augusta at The Fairways	Completed/Sold	\$483,516	
400672026	26A	165	LINDSAY MARGARET WEILER		Augusta at The Fairways	Completed/Sold	\$462,302	
400672027	26A	166	LAVITA FUGATE		Augusta at The Fairways	Completed/Sold	\$512,942	
400672028	26A	167	ANDRES MENDEZ REINA JUAN	17713 GILMORE DR	Augusta at The Fairways	Completed/Sold	\$436,952	
400680001	26B	1	DR HORTON LOS ANGELES HOLDING CO INC	11909 PRICE ST	Augusta at The Fairways	Model Home	\$448,940	
400680002	26B	2	DR HORTON LOS ANGELES HOLDING CO INC	11915 PRICE ST	Augusta at The Fairways	Model Home	\$401,940	
400680003	26B	3	DR HORTON LOS ANGELES HOLDING CO INC	11921 PRICE ST	Augusta at The Fairways	Model Home		\$450,000
400680004	26B	4	DR HORTON LOS ANGELES HOLDING CO INC	11927 PRICE ST	Augusta at The Fairways	Under Construction		\$231,000
400680005	26B	5	DR HORTON LOS ANGELES HOLDING CO INC	11935 PRICE ST	Augusta at The Fairways	Under Construction		\$231,000
400680006	26B	6	DR HORTON LOS ANGELES HOLDING CO INC	11943 PRICE ST	Augusta at The Fairways	Under Construction		\$231,000
400680007	26B	7	DR HORTON LOS ANGELES HOLDING CO INC	11951 PRICE ST	Augusta at The Fairways	Under Construction		\$231,000
400680008	26B	8	ADAM MICHAEL ENGLEMAN	11959 PRICE ST	Augusta at The Fairways	Completed/Sold	\$554,376	
400680009	26B	9	DR HORTON LOS ANGELES HOLDING CO INC	35103 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$406,040	
400680010	26B	10	VARAINIA C. BARKUS	35107 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$590,335	
400680011	26B	11	JESSICA MARIE WHITE	35111 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$533,653	
400680012	26B	12	AARON HUMBERTO CASILLAS	35115 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$556,323	
400680013	26B	13	KATHERINE ELISE SANCHEZ	35119 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$602,967	
400680014	26B	14	VERONICA SAMANO	35123 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$556,251	
400680015	26B	15	CHEN WU	35127 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$574,173	
400680016	26B	16	FAISAL SAEED	35131 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$597,235	
400680017	26B	17	CHARLENE-VIDA NAVALTA	35135 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$582,267	
400680018	26B	18	PAUL EDWARD DIBENE	35143 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$566,972	
400680019	26B	19	ALEXANDER MANSOUR	35147 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$594,809	
400680020	26B	20	BRETT JAMES GEISNER	35151 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$533,052	
400680021	26B	21	MICHAEL CUARON	35155 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$564,804	
400680022	26B	22	ALBERT SAAVEDRA	35159 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$561,765	
400681001	26B	78	ALEXANDER NATHAN CHARO	35154 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$559,745	
400681002	26B	79	JENNIFER LISA GONZALES	35152 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$575,504	
400681003	26B	80	SERGIO ARTURO GARCIA	35146 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$512,983	
400681004	26B	81	ROBERT TAPICERIA	35140 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$585,791	
400681005	26B	82	JORGE ANTONIO VAZQUEZ	35132 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$557,894	
400681006	26B	83	ELENA ESPARZA	35128 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$513,876	
400681007	26B	84	DENISE A. JOHNSON	35124 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$569,899	
400681008	26B	85	ALEXANDER MARTIN GONZALEZ	35120 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$550,789	
400681009	26B	86	DAVID K. MORASSE	35118 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$532,103	
400681010	26B	87	RICHARD ANTHONY CARCANO	35112 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$503,961	
400681011	26B	88	DR HORTON LOS ANGELES HOLDING CO INC	35110 FUNK WAY	Augusta at The Fairways	Under Construction		\$231,000
400681012	26B	89	DR HORTON LOS ANGELES HOLDING CO INC	11918 PRICE ST	Augusta at The Fairways	Under Construction		\$231,000
400681013	26B	90	DR HORTON LOS ANGELES HOLDING CO INC	11912 PRICE ST	Augusta at The Fairways	Under Construction		\$231,000
400681014	26B	91	ARNE R. OLSEN	11803 WRIGHT CIR	Augusta at The Fairways	Completed/Sold	\$509,286	
400681015	26B	92	ADRIAN ACOSTA	11809 WRIGHT CIR	Augusta at The Fairways	Completed/Sold	\$470,097	
400681016	26B	93	SON THANH LE	11915 WRIGHT CIR	Augusta at The Fairways	Completed/Sold	\$545,388	
400681017	26B	94	ROGER BENJAMIN STALKER	11917 WRIGHT CIR	Augusta at The Fairways	Completed/Sold	\$464,190	
400681018	26B	95	GERMAINE LESLIE JOHNSON	11926 WRIGHT CIR	Augusta at The Fairways	Completed/Sold	\$527,839	
400681019	26B	96	JASON MICHAEL WILDE	11924 WRIGHT CIR	Augusta at The Fairways	Completed/Sold	\$487,753	
400681020	26B	97	SANDRA DEWBRE	11920 WRIGHT CIR	Augusta at The Fairways	Completed/Sold	\$530,328	
400681021	26B	98	SHEENA BAL	11916 WRIGHT CIR	Augusta at The Fairways	Completed/Sold	\$502,900	
400681022	26B	99	JAMES MARIO ROCILLO	11912 WRIGHT CIR	Augusta at The Fairways	Completed/Sold	\$509,612	
400681023	26B	100	JARROD DAVID CULL	11908 WRIGHT CIR	Augusta at The Fairways	Completed/Sold	\$501,753	
400681024	26B	101	NOVIE GRACE BISHOP	11906 WRIGHT CIR	Augusta at The Fairways	Completed/Sold	\$511,657	
400690001	26B	23	SERVERN J. WALKER	35161 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$559,600	
400690002	26B	24	ANNE M. YOHN	35167 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$557,355	
400690003	26B	25	BRIAN ALBERTO LARIOS OCHOA	35171 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$562,790	

APN	PA	Lot #	Owner (as of 23/24 Tax Roll)	1 Address	Product Line	Construction Status	Assessed Value	Appraised Value
400690004	26B	26	FREDDIE PHUMIRAT	35173 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$595,620	
400690005	26B	27	ELMA CATHERINE LACHICA RABAYA	35179 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$589,785	
400690006	26B	28	HARTO WAHYUDI	35183 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$587,590	
400690007	26B	29	VELMA FURDGE-MCBRIDE	35187 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$450,269	
400690008	26B	30	JASON JONATHAN RADTKE	35193 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$588,185	
400690009	26B	31	MICHAEL REED	35197 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$580,490	
400690010	26B	32	LUCILLE G. JOHNSON	35199 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$656,065	
400690011	26B	33	RAJIB KARMAKAR	35205 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$587,990	
400690012	26B	34	CORAZON ENRIET MASAQUEL	35211 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$574,240	
400690013	26B	35	JANELYN G. OGOY	35217 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$627,490	
400690014	26B	36	KAYLAJEAN TESS GARDNER	35221 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$560,925	
400690015	26B	37	DANNY LEE HERNANDEZ	35227 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$541,885	
400690016	26B	38	JESUS MANUEL RAMIREZ	35233 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$566,990	
400690017	26B	39	DESHAWNE T. FORTE	35235 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$571,965	
400690018	26B	40	MARIA DEL SOL TORRES-REYES	35239 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$609,990	
400690019	26B	41	MELISSA BRIDGES	35243 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$559,990	
400690020	26B	42	FARIS SHULEIH MOHAMMAD ALSHAMMARI	35247 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$555,000	
400690021	26B	43	JACQUELINE L. SMITH	35251 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$606,620	
400690022	26B	44	KYLE DARST	35255 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$585,465	
400690023	26B	45	GRAJELYN ARROGANTE MAYANG	35259 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$519,990	
400690024	26B	46	VOROBVEY TRUST DTD 10/07/19	35263 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$430,890	
400690025	26B	47	VIRGINIA JOANNA PONCE ORDAZ	35269 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$406,990	
400690026	26B	48	MARCELA GUTIERREZ	35273 FUNK WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400690027	26B	49	ORLANDO BOJORQUEZ	35277 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$567,582	
400690028	26B	50	ROBERTO MACIAS	35281 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$406,990	
400690029	26B	51	TERESA M. SOTO	35285 FUNK WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400690030	26B	52	TUAN TRUNG NGUYEN	35289 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$430,890	
400690031	26B	53	BONIFER BARTOLOME	35293 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$406,990	
400691001	26B	54	SOPHIA MARCELA OCHOA	35288 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$430,890	
400691002	26B	55	JENNIFER SALINA WALKER	35280 FUNK WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400691003	26B	56	RACHEL ANNE CASTANEDA	35276 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$547,990	
400691004	26B	57	ALYSSA ANN KALMAR	35272 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$430,890	
400691005	26B	58	NADIA SEYED CASTRO	35266 FUNK WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400691006	26B	59	VAADA NIKOLE BASS	35260 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$590,885	
400691007	26B	60	JOSHUA NICHOLAS ANAYA	35254 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$541,500	
400691008	26B	61	GREGORY SCOTT FARLEY	35248 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$585,530	
400691009	26B	62	DAVID LIVING TRUST DATED 06/08/2017	35242 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$570,695	
400691010	26B	63	BLAKE A. STICH	35236 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$591,285	
400691011	26B	64	MARIA LUISA CORONEL	35228 FUNK WAY	Augusta at The Fairways	Completed/Sold		\$450,000
400691012	26B	65	RYAN MICHAEL TAYLOR	35220 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$551,415	
400691013	26B	66	JACQUELINE MACIAS	35216 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$570,500	
400691014	26B	67	EDURADO DANIEL NEIRA CULMA	35210 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$601,085	
400691015	26B	68	MITZIRUBI MARTINEZ	35202 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$529,750	
400691016	26B	69	JAKE STEVEN VIGIL	35200 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$589,515	
400691017	26B	70	TIFFANY CANDELARIA	35194 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$585,490	
400691018	26B	71	EMMANUEL ABRIL GEREZ	35188 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$521,990	
400691019	26B	72	WHITE FAMILY REVOCABLE LIVING TRUST DTD 05/30/18	35184 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$545,490	
400691020	26B	73	JOHN RICHARD TRUDEAU	35178 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$568,250	
400691021	26B	74	JAMES EARL UNGARD	35172 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$544,705	
400691022	26B	75	VICTORIA NICOLE ANGUIANO	35168 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$566,400	
400691023	26B	76	JOHN ROMEO BACTISTA ROQUE	35162 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$589,452	
400691024	26B	77	EDUARDO IGNACIO ACEVES VELARDE	35160 FUNK WAY	Augusta at The Fairways	Completed/Sold	\$509,760	
400700001	25B	1	WOODSIDE 055	11479 BING ST	RidgeView at The Fairways	Completed/Sold		\$460,000
400700002	25B	2	WOODSIDE 055	11485 BING ST	RidgeView at The Fairways	Completed/Sold		\$460,000
400700003	25B	3	WOODSIDE 055	11491 BING ST	RidgeView at The Fairways	Completed/Sold		\$460,000
400700004	25B	4	WOODSIDE 055	35403 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400700005	25B	5	WOODSIDE 055	35411 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400700006	25B	6	WOODSIDE 055	35417 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400700007	25B	7	WOODSIDE 055	35419 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400700008	25B	8	KYRYL LEDESMA	35423 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$429,240	
400700009	25B	9	LIZETTE GONZALEZ	35431 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$560,064	
400700010	25B	10	JORETEG REV LIVING TRUST DTD 5/19/06	35437 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$429,240	
400700011	25B	11	CHRISTOPHER GARRETT RUSSELL	35445 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$672,560	
400700012	25B	12	ARMANDO GARDUNO	35449 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$568,247	
400700013	25B	13	KEVIN GOMEZ	35457 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$637,268	
400700014	25B	14	ALEC ACEVEDO	35461 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$679,232	
400700015	25B	15	CANDICE X. YOUNG	35465 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$532,966	
400700016	25B	16	DAVID SAMUEL CAMPBELL	35471 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$589,700	
400700017	25B	17	AMIR S. DHILLON	35475 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$669,593	
400700018	25B	18	DAVID HUTAJULU	35479 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$542,809	
400700019	25B	19	ERIC VAN FINDLEY	35481 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$631,799	
400700020	25B	20	JAZMINE MATA	35487 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$509,803	
400700021	25B	21	JEREMY MICHALSKI	35495 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$725,134	
400700022	25B	22	PATIENCE GARON	11513 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$531,138	
400700023	25B	23	VIVIAN THI NGUYEN	11517 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$583,939	
400700024	25B	24	YONIS BERNAL	11521 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$635,485	
400700025	25B	25	AMY DENISE CORTES	11527 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$492,202	
400700026	25B	26	MARY Y PEREZ HUERTA	11535 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$635,801	
400700027	25B	27	RAMANDEEP KAUR	11539 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$583,790	
400700028	25B	28	MICHAEL MAURICE CARMONA	11543 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$550,702	
400700029	25B	29	JOEL MORDEHAI MAYA	11545 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$675,744	
400700030	25B	30	BRYAN BENSON	11549 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$563,509	
400701001	25B	31	KYO YOUNG CHOI	11550 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$714,442	
400701002	25B	32	VIENGTHAI MOUNIVONG	11542 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$574,090	
400701003	25B	33	CHERNG-JU KIM	11538 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$549,566	
400701004	25B	34	PLUNKETT LIVING TRUST DTD 09/01/18	11534 ALANA LN	RidgeView at The Fairways	Completed/Sold		\$460,000
400701005	25B	35	PATRICE D. WILLIAMS	11526 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$627,539	
400701006	25B	36	AARON MUNOZ	11520 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$577,191	
400701007	25B	37	JOSEPH GRANT MINEO	11516 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$715,964	
400701008	25B	38	TOBY OSAGO	11512 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$572,260	
400701009	25B	39	CHRISTOPHER RAYMOND QUEZADA	11506 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$632,482	
400701010	25B	40	ALBERT ALAN FLORES	11498 KYLER DR	RidgeView at The Fairways	Completed/Sold	\$566,480	
400701011	25B	41	JEFFREY CALLEJO	11494 KYLER DR	RidgeView at The Fairways	Completed/Sold	\$660,797	
400701012	25B	42	KAREN BIAE T AYE	11488 KYLER DR	RidgeView at The Fairways	Completed/Sold	\$556,567	
400701013	25B	43	THOMAS CHHU	11482 KYLER DR	RidgeView at The Fairways	Completed/Sold	\$693,600	
400701014	25B	44	GAVIN COOK	11480 KYLER DR	RidgeView at The Fairways	Completed/Sold	\$660,720	
400701015	25B	45	RUTICK LLC	11474 KYLER DR	RidgeView at The Fairways	Completed/Sold	\$534,440	
400701016	25B	46	JAY RUTHERFORD	11470 KYLER DR	RidgeView at The Fairways	Completed/Sold	\$657,900	
400701017	25B	47	JOSE ALBERTO CARRANZA PERALTA	11468 KYLER DR	RidgeView at The Fairways	Completed/Sold	\$625,239	
400701018	25B	48	SAYAKA RYAN	11462 KYLER DR	RidgeView at The Fairways	Completed/Sold	\$529,243	
400702001	25B	49	JAMES RUBIO	35498 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$591,251	
400702002	25B	50	ROBERTO VASCONCELLOS	35490 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$592,480	
400702003	25B	51	FRANCISCO GIOVANNI MAGANA	35486 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$624,490	
400702004	25B	52	SHAWN KOHLE	35482 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$540,000	
400702005	25B	53	MARIANA FLORES ROMO	35478 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$536,424	
400702006	25B	54	KIMBERLY VELARDE	35472 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$469,940	
400702007	25B	55	MICHAEL PATRICK ROCHE	35464 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$610,275	
400702008	25B	56	RAYMOND-ANDRE SIU YOUNG	35452 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$552,321	

APN	PA	Lot #	Owner (as of 23/24 Tax Roll)	1 Address	Product Line	Construction Status	Assessed Value	Appraised Value
400702009	25B	57	WOODSIDE 05S	35446 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$469,940	
400702010	25B	58	WOODSIDE 05S	35440 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$429,240	
400702011	25B	59	MARK ANGELO SUNGLAO SAMPANG	35434 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$582,854	
400702012	25B	60	NIÉVA CASTIGADOR	35428 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold	\$469,940	
400702013	25B	61	WOODSIDE 05S	35422 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400702014	25B	62	WOODSIDE 05S	35418 ALEXANDRIA WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400702015	25B	63	GLANVILLE BABROW	35595 ROXY RD	RidgeView at The Fairways	Completed/Sold	\$601,269	
400702016	25B	64	SHAROL MOORE	35591 ROXY RD	RidgeView at The Fairways	Completed/Sold	\$611,999	
400702017	25B	65	KRYSTINNA LAN HA		RidgeView at The Fairways	Completed/Sold	\$496,540	
400702018	25B	66	JAVIER CLIFT	35581 ROXY RD	RidgeView at The Fairways	Completed/Sold	\$597,766	
400702019	25B	67	GERARDO CHAVEZ	35579 ROXY RD	RidgeView at The Fairways	Completed/Sold	\$606,298	
400702020	25B	68	WOODSIDE 05S	35567 ROXY RD	RidgeView at The Fairways	Under Construction		\$226,000
400702021	25B	69	WOODSIDE 05S	35555 ROXY RD	RidgeView at The Fairways	Completed/Sold		\$460,000
400702022	25B	70	WOODSIDE 05S	35541 ROXY RD	RidgeView at The Fairways	Under Construction		\$226,000
400702023	25B	71	WOODSIDE 05S	35537 ROXY RD	RidgeView at The Fairways	Completed/Sold		\$460,000
400702024	25B	72	WOODSIDE 05S	35531 ROXY RD	RidgeView at The Fairways	Model Home	\$425,440	
400702025	25B	73	WOODSIDE 05S	35525 ROXY RD	RidgeView at The Fairways	Completed/Sold	\$465,840	
400710001	25A	1	WOODSIDE 05S	35203 ZACHARY WAY	RidgeView at The Fairways	Under Construction		\$226,000
400710002	25A	2	WOODSIDE 05S	35205 ZACHARY WAY	RidgeView at The Fairways	Under Construction		\$226,000
400710003	25A	3	WOODSIDE 05S	35209 ZACHARY WAY	RidgeView at The Fairways	Under Construction		\$226,000
400710004	25A	4	WOODSIDE 05S	35213 ZACHARY WAY	RidgeView at The Fairways	Under Construction		\$226,000
400710005	25A	5	WOODSIDE 05S	35215 ZACHARY WAY	RidgeView at The Fairways	Under Construction		\$226,000
400710006	25A	6	WOODSIDE 05S	35217 ZACHARY WAY	RidgeView at The Fairways	Under Construction		\$226,000
400710007	25A	7	WOODSIDE 05S	35221 ZACHARY WAY	RidgeView at The Fairways	Under Construction		\$226,000
400710008	25A	8	WOODSIDE 05S	35225 ZACHARY WAY	RidgeView at The Fairways	Under Construction		\$226,000
400710009	25A	9	WOODSIDE 05S	35227 ZACHARY WAY	RidgeView at The Fairways	Under Construction		\$226,000
400710010	25A	10	WOODSIDE 05S	35229 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400710011	25A	11	WOODSIDE 05S	35231 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400710012	25A	12	WOODSIDE 05S	35235 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400710013	25A	13	WOODSIDE 05S	35239 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400710014	25A	14	WOODSIDE 05S	35241 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400710015	25A	15	CHRIS CHANTHALAKEO	35247 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400710016	25A	16	ALEX STEVEN SERNA	35251 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400710017	25A	17	MACKENZIE CADY	35255 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400710018	25A	18	HARLAND GREGORY LARGENT	35259 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400710019	25A	19	PHAN MINH VU	35261 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400710020	25A	20	ALEXANDRIA MARIA DE LA TORRE	35273 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400710021	25A	21	CRISTA NICOLE DOWNEY	35277 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400710022	25A	22	CADY MARCY TRUST DTD 12/04/07	35281 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400710023	25A	23	ERIC BRIGGS	35285 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400710024	25A	24	WARREN ALAN HALL	35287 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400710025	25A	25	RAUL ALEJANDRO GARZON	35291 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400710026	25A	26	GILBERTO PINEDA	35293 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold	\$480,000	
400710027	25A	27	JULIO ALEJANDRO CHAVEZ BARRAGAN JULIO	35297 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold	\$546,200	
400710028	25A	28	DONALD E. THOMAS	11592 ALANA LN	RidgeView at The Fairways	Completed/Sold		\$460,000
400710029	25A	29	JUSTIN B. WILBUR	11586 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$477,833	
400710030	25A	30	JOSEPH THOMAS RAUM	11580 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$582,589	
400710031	25A	31	ADAN CALDERON	11574 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$610,207	
400710032	25A	32	LIZETTE MACIEL	11570 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$527,041	
400710033	25A	33	LUIS E. SOTO	11566 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$468,093	
400710034	25A	34	ALLEN B. MCGOWAN	11560 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$584,176	
400710035	25A	35	EFREN MORA	11554 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$550,400	
400711001	25A	81	WOODSIDE 05S	115521 JACK ST	RidgeView at The Fairways	Under Construction		\$226,000
400711002	25A	82	WOODSIDE 05S	11531 JACK ST	RidgeView at The Fairways	Model Home	\$408,496	
400711003	25A	83	WOODSIDE 05S	11537 JACK ST	RidgeView at The Fairways	Model Home		\$460,000
400711004	25A	84	WOODSIDE 05S	11541 JACK ST	RidgeView at The Fairways	Model Home		\$460,000
400711005	25A	85	WOODSIDE 05S	11551 JACK ST	RidgeView at The Fairways	Under Construction		\$226,000
400711006	25A	86	WOODSIDE 05S	35336 AUBREY LN	RidgeView at The Fairways	Model Home		\$460,000
400711007	25A	87	WOODSIDE 05S	35338 AUBREY LN	RidgeView at The Fairways	Under Construction		\$226,000
400711008	25A	88	WOODSIDE 05S	35320 AUBREY LN	RidgeView at The Fairways	Under Construction		\$226,000
400711009	25A	89	WOODSIDE 05S	35312 AUBREY LN	RidgeView at The Fairways	Under Construction		\$226,000
400711010	25A	90	WOODSIDE 05S	35315 AUBREY LN	RidgeView at The Fairways	Under Construction		\$226,000
400711011	25A	91	WOODSIDE 05S	35319 AUBREY LN	RidgeView at The Fairways	Under Construction		\$226,000
400711012	25A	92	WOODSIDE 05S	35323 AUBREY LN	RidgeView at The Fairways	Under Construction		\$226,000
400711013	25A	93	WOODSIDE 05S	35327 AUBREY LN	RidgeView at The Fairways	Under Construction		\$226,000
400711014	25A	94	WOODSIDE 05S	35331 AUBREY LN	RidgeView at The Fairways	Under Construction		\$226,000
400711015	25A	95	WOODSIDE 05S	35337 AUBREY LN	RidgeView at The Fairways	Under Construction		\$226,000
400711016	25A	96	WOODSIDE 05S	35341 AUBREY LN	RidgeView at The Fairways	Under Construction		\$226,000
400711017	25A	97	FLOYD RIVERS	35345 AUBREY LN	RidgeView at The Fairways	Completed/Sold	\$536,131	
400711018	25A	98	ARISTOTLE MAGSINO ESTOLANO	35349 AUBREY LN	RidgeView at The Fairways	Completed/Sold	\$473,396	
400711019	25A	99	FEDERICO ARMANDO AREVALO	35353 AUBREY LN	RidgeView at The Fairways	Completed/Sold	\$499,008	
400711020	25A	100	WOODSIDE 05S	35357 AUBREY LN	RidgeView at The Fairways	Completed/Sold		\$460,000
400711021	25A	101	TERESA TINKLER	35361 AUBREY LN	RidgeView at The Fairways	Completed/Sold	\$530,300	
400711022	25A	102	ROBERT OCHOA	35365 AUBREY LN	RidgeView at The Fairways	Completed/Sold	\$472,568	
400711023	25A	103	GUSTAVO A. PUBILL	35369 AUBREY LN	RidgeView at The Fairways	Completed/Sold	\$535,549	
400711024	25A	104	TERRENCE PEARSON	35373 AUBREY LN	RidgeView at The Fairways	Completed/Sold	\$535,048	
400711025	25A	105	LYNN DIANE LOPEZ	35377 AUBREY LN	RidgeView at The Fairways	Completed/Sold	\$559,670	
400711026	25A	106	LOO TYLER VAN	35381 AUBREY LN	RidgeView at The Fairways	Completed/Sold	\$467,184	
400711027	25A	107	MIGUEL ANGEL BETANCOURT	35385 AUBREY LN	RidgeView at The Fairways	Completed/Sold	\$517,151	
400711028	25A	108	NAELA HATAMLEH	35389 AUBREY LN	RidgeView at The Fairways	Completed/Sold	\$522,500	
400711029	25A	109	GIANCARLO AREL JARQUIN	35296 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold	\$532,067	
400711030	25A	110	KYLE HOMSTAD	35292 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400711031	25A	111	GLORIA C. LEYBA	35288 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400711032	25A	112	ENILDA O. GONZALEZ	35286 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400711033	25A	113	AARON JAMES HARKLESS	35280 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400711034	25A	114	PRINCE ABRIGO BATAUSA	35278 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400711035	25A	115	GUSTAVO JIMENEZ	35274 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400711036	25A	116	LUNDY KIM	35266 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400711037	25A	117	DANIEL A. BORREGO	35262 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400711038	25A	118	NOE OSMAN CARDONA	35258 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400711039	25A	119	WOODSIDE 05S	35252 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400711040	25A	120	WOODSIDE 05S	35248 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400711041	25A	121	WOODSIDE 05S	35242 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400711042	25A	122	WOODSIDE 05S	35240 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400711043	25A	123	WOODSIDE 05S	35236 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400711044	25A	124	WOODSIDE 05S	35232 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400711045	25A	125	WOODSIDE 05S	35230 ZACHARY WAY	RidgeView at The Fairways	Completed/Sold		\$460,000
400711046	25A	126	WOODSIDE 05S	35226 ZACHARY WAY	RidgeView at The Fairways	Under Construction		\$226,000
400720001	25A	36	DATRICE LYNETTE ROBERSON	11551 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$606,395	
400720002	25A	37	AUSTIN DAVIS	11553 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$477,905	
400720003	25A	38	ROBERT JOHNSON	11557 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$536,742	
400720004	25A	39	NATHAN BARBA	11563 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$571,154	
400720005	25A	40	SAIGE MICHELLE DARROW	11569 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$507,213	
400720006	25A	41	LEIFRIDA MANELLE P GARCIA	11571 ALANA LN	RidgeView at The Fairways	Completed/Sold	\$563,789	
400720007	25A	42	SANCHAYAN BANERJEE	11572 RYLYNN ST	RidgeView at The Fairways	Completed/Sold	\$510,800	
400720008	25A	43	RAFAEL CHAVEZ	11568 RYLYNN ST	RidgeView at The Fairways	Completed/Sold	\$531,977	
400720009	25A	44	LESLIE CARRILLO-ESCOBAR	11562 RYLYNN ST	RidgeView at The Fairways	Completed/Sold	\$495,720	
400720010	25A	45	PHILIP A. BUCKLEY	11556 RYLYNN ST	RidgeView at The Fairways	Completed/Sold	\$538,926	

APN	PA	Lot #	Owner (as of 23/24 Tax Roll)	1 Address	Product Line	Construction Status	Assessed Value	Appraised Value
400720011	25A	46	RONALD ZAGUIRRE BANTAYAN	11552 RYLYNN ST	RidgeView at The Fairways	Completed/Sold	\$501,160	
400720012	25A	47	COREY GARCIA	35364 JOSH DR	RidgeView at The Fairways	Completed/Sold	\$460,643	
400720013	25A	48	JAYRAISINH PARMAR	35358 JOSH DR	RidgeView at The Fairways	Completed/Sold	\$517,689	
400720014	25A	49	CECILIA FEDERMAN	35354 JOSH DR	RidgeView at The Fairways	Completed/Sold	\$463,766	
400720015	25A	50	CHANDRA E. TYLER	35350 JOSH DR	RidgeView at The Fairways	Completed/Sold		\$460,000
400720016	25A	51	BRITTANY E. HULEN	35346 JOSH DR	RidgeView at The Fairways	Completed/Sold	\$520,369	
400720017	25A	52	GONZALO HAROS CARLOS	35342 JOSH DR	RidgeView at The Fairways	Completed/Sold	\$542,447	
400720018	25A	53	JOEL MAGULIMAN	35336 JOSH DR	RidgeView at The Fairways	Completed/Sold	\$476,632	
400720019	25A	54	WOODSIDE 055	35332 JOSH DR	RidgeView at The Fairways	Under Construction		\$226,000
400720020	25A	55	WOODSIDE 055	35328 JOSH DR	RidgeView at The Fairways	Under Construction		\$226,000
400720021	25A	56	WOODSIDE 055	35320 JOSH DR	RidgeView at The Fairways	Under Construction		\$226,000
400720022	25A	57	WOODSIDE 055	35314 JOSH DR	RidgeView at The Fairways	Under Construction		\$226,000
400720023	25A	58	WOODSIDE 055	35302 JOSH DR	RidgeView at The Fairways	Under Construction		\$226,000
400721001	25A	59	LATASHA N. SINGLETON	11549 RYLYNN ST	RidgeView at The Fairways	Completed/Sold	\$515,202	
400721002	25A	60	CIERRA JACKLYN CORSARO	11553 RYLYNN ST	RidgeView at The Fairways	Completed/Sold	\$499,800	
400721003	25A	61	LIVING HOPE REV LIVING TRUST DTD 3/28/22	11561 RYLYNN ST	RidgeView at The Fairways	Completed/Sold	\$484,864	
400721004	25A	62	ANALI MENDOZA NGUYEN	11565 RYLYNN ST	RidgeView at The Fairways	Completed/Sold	\$448,961	
400721005	25A	63	MATTHEW A. LINDSLEY	11569 RYLYNN ST	RidgeView at The Fairways	Completed/Sold	\$509,854	
400721006	25A	64	JOHANA DARS	11566 HANNA ST	RidgeView at The Fairways	Completed/Sold	\$511,703	
400721007	25A	65	JEANETTE JASSO	11560 HANNA ST	RidgeView at The Fairways	Completed/Sold	\$446,685	
400721008	25A	66	ZAYN MAI THAO	11554 HANNA ST	RidgeView at The Fairways	Completed/Sold	\$567,924	
400721009	25A	67	ALANA E. VEGA	11548 HANNA ST	RidgeView at The Fairways	Completed/Sold	\$437,682	
400721010	25A	68	BRITTANY KIA TUNG	11542 HANNA ST	RidgeView at The Fairways	Completed/Sold	\$512,742	
400722001	25A	69	PETER SIERRA	11537 HANNA ST	RidgeView at The Fairways	Completed/Sold	\$509,796	
400722002	25A	70	ROLANDO QUIAMBAO AMAMEDA	11541 HANNA ST	RidgeView at The Fairways	Completed/Sold	\$484,146	
400722003	25A	71	CHERRY GAWARAN	11547 HANNA ST	RidgeView at The Fairways	Completed/Sold	\$544,828	
400722004	25A	72	CATALINA BARRAZA GOMEZ	11551 HANNA ST	RidgeView at The Fairways	Completed/Sold	\$523,737	
400722005	25A	73	TRUDY L. SMITH	11557 HANNA ST	RidgeView at The Fairways	Completed/Sold	\$505,724	
400722006	25A	74	ERIK JUAREZ	11561 HANNA ST	RidgeView at The Fairways	Completed/Sold	\$530,820	
400722007	25A	75	WOODSIDE 055	11558 JACK ST	RidgeView at The Fairways	Under Construction		\$226,000
400722008	25A	76	WOODSIDE 055	11554 JACK ST	RidgeView at The Fairways	Under Construction		\$226,000
400722009	25A	77	WOODSIDE 055	11548 JACK ST	RidgeView at The Fairways	Under Construction		\$226,000
400722010	25A	78	WOODSIDE 055	11542 JACK ST	RidgeView at The Fairways	Under Construction		\$226,000
400722011	25A	79	WOODSIDE 055	11536 JACK ST	RidgeView at The Fairways	Under Construction		\$226,000
400722012	25A	80	WOODSIDE 055	11530 JACK ST	RidgeView at The Fairways	Under Construction		\$226,000
400730001	25C	1	RICHMOND AMERICAN HOMES OF MARYLAND INC	11464 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400730002	25C	2	RICHMOND AMERICAN HOMES OF MARYLAND INC	11468 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400730003	25C	3	RICHMOND AMERICAN HOMES OF MARYLAND INC	11472 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400730004	25C	4	RICHMOND AMERICAN HOMES OF MARYLAND INC	11478 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400730005	25C	5	RICHMOND AMERICAN HOMES OF MARYLAND INC	11482 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400730006	25C	6	RICHMOND AMERICAN HOMES OF MARYLAND INC	11486 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400730007	25C	7	RICHMOND AMERICAN HOMES OF MARYLAND INC	11490 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400730008	25C	8	RICHMOND AMERICAN HOMES OF MARYLAND INC	11492 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400730009	25C	9	RICHMOND AMERICAN HOMES OF MARYLAND INC	11494 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400730010	25C	10	RICHMOND AMERICAN HOMES OF MARYLAND INC	11496 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400730011	25C	11	RICHMOND AMERICAN HOMES OF MARYLAND INC	11498 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400730012	25C	12	RICHMOND AMERICAN HOMES OF MARYLAND INC	11502 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400730013	25C	13	RICHMOND AMERICAN HOMES OF MARYLAND INC	11508 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400730014	25C	14	RICHMOND AMERICAN HOMES OF MARYLAND INC	11512 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400730015	25C	15	RICHMOND AMERICAN HOMES OF MARYLAND INC	11514 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400730016	25C	16	RICHMOND AMERICAN HOMES OF MARYLAND INC	11518 KYLER DR	Seasons at The Fairways	Finished Lot		\$234,000
400730017	25C	17	RICHMOND AMERICAN HOMES OF MARYLAND INC	11522 KYLER DR	Seasons at The Fairways	Finished Lot		\$234,000
400730018	25C	18	RICHMOND AMERICAN HOMES OF MARYLAND INC	11517 KYLER DR	Seasons at The Fairways	Finished Lot		\$234,000
400730019	25C	19	RICHMOND AMERICAN HOMES OF MARYLAND INC	11513 KYLER DR	Seasons at The Fairways	Finished Lot		\$234,000
400730020	25C	20	RICHMOND AMERICAN HOMES OF MARYLAND INC	11507 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400731001	25C	21	RICHMOND AMERICAN HOMES OF MARYLAND INC	35707 MICKELSON DR	Seasons at The Fairways	Under Construction		\$234,000
400731002	25C	22	RICHMOND AMERICAN HOMES OF MARYLAND INC	35715 MICKELSON DR	Seasons at The Fairways	Under Construction		\$234,000
400731003	25C	23	RICHMOND AMERICAN HOMES OF MARYLAND INC	35723 MICKELSON DR	Seasons at The Fairways	Under Construction		\$234,000
400731004	25C	24	RICHMOND AMERICAN HOMES OF MARYLAND INC	35731 MICKELSON DR	Seasons at The Fairways	Under Construction		\$234,000
400731005	25C	25	RICHMOND AMERICAN HOMES OF MARYLAND INC	11499 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400731006	25C	26	RICHMOND AMERICAN HOMES OF MARYLAND INC	11497 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400731007	25C	27	RICHMOND AMERICAN HOMES OF MARYLAND INC	11495 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400731008	25C	28	RICHMOND AMERICAN HOMES OF MARYLAND INC	11493 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400731009	25C	29	RICHMOND AMERICAN HOMES OF MARYLAND INC	11489 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400731010	25C	30	RICHMOND AMERICAN HOMES OF MARYLAND INC	11487 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400731011	25C	31	RICHMOND AMERICAN HOMES OF MARYLAND INC	11483 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400731012	25C	32	RICHMOND AMERICAN HOMES OF MARYLAND INC	11481 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400731013	25C	33	RICHMOND AMERICAN HOMES OF MARYLAND INC	11479 KYLER DR	Seasons at The Fairways	Under Construction		\$234,000
400731014	25C	34	RICHMOND AMERICAN HOMES OF MARYLAND INC	35596 ROXY RD	Seasons at The Fairways	Under Construction		\$234,000
400731015	25C	35	RICHMOND AMERICAN HOMES OF MARYLAND INC	35588 ROXY RD	Seasons at The Fairways	Under Construction		\$234,000
400731016	25C	36	RICHMOND AMERICAN HOMES OF MARYLAND INC	35580 ROXY RD	Seasons at The Fairways	Under Construction		\$234,000
400731017	25C	37	MICHAEL P. HAYNES	35572 ROXY RD	Seasons at The Fairways	Completed/Sold	\$407,779	
400731018	25C	38	JEVON D. HUDSON	35564 ROXY RD	Seasons at The Fairways	Completed/Sold		\$530,000
400731019	25C	39	JOSEPH ANTHONY JAVIER MUNOZ	35558 ROXY RD	Seasons at The Fairways	Completed/Sold		\$530,000
400731020	25C	40	TINA M. RIKE	35540 ROXY RD	Seasons at The Fairways	Completed/Sold	\$543,379	
400731021	25C	41	RICHMOND AMERICAN HOMES OF MARYLAND INC	35532 ROXY RD	Seasons at The Fairways	Finished Lot		\$234,000
400731022	25C	42	RICHMOND AMERICAN HOMES OF MARYLAND INC	35520 ROXY RD	Seasons at The Fairways	Finished Lot		\$234,000
400731023	25C	43	RICHMOND AMERICAN HOMES OF MARYLAND INC	35514 ROXY RD	Seasons at The Fairways	Model Home	\$521,479	
400731024	25C	44	RICHMOND AMERICAN HOMES OF MARYLAND INC	35510 ROXY RD	Seasons at The Fairways	Model Home		\$530,000
400731025	25C	45	RICHMOND AMERICAN HOMES OF MARYLAND INC	35611 ALEXIS ST	Seasons at The Fairways	Finished Lot		\$234,000
400731026	25C	46	RICHMOND AMERICAN HOMES OF MARYLAND INC	35615 ALEXIS ST	Seasons at The Fairways	Finished Lot		\$234,000
400731027	25C	47	RICHMOND AMERICAN HOMES OF MARYLAND INC	35623 ALEXIS ST	Seasons at The Fairways	Finished Lot		\$234,000
400731028	25C	48	RICHMOND AMERICAN HOMES OF MARYLAND INC	35629 ALEXIS ST	Seasons at The Fairways	Completed/Sold		\$530,000
400731029	25C	49	RICHMOND AMERICAN HOMES OF MARYLAND INC	35631 ALEXIS ST	Seasons at The Fairways	Under Construction		\$234,000
400731030	25C	50	RICHMOND AMERICAN HOMES OF MARYLAND INC	35634 ALEXIS ST	Seasons at The Fairways	Under Construction		\$234,000
400731031	25C	51	RICHMOND AMERICAN HOMES OF MARYLAND INC	35628 ALEXIS ST	Seasons at The Fairways	Under Construction		\$234,000
400731032	25C	52	RICHMOND AMERICAN HOMES OF MARYLAND INC	35618 ALEXIS ST	Seasons at The Fairways	Completed/Sold		\$530,000
400731033	25C	53	MELDA PANDJAITAN	11560 BING ST	Seasons at The Fairways	Completed/Sold		\$530,000
400731034	25C	54	RICHMOND AMERICAN HOMES OF MARYLAND INC	11566 BING ST	Seasons at The Fairways	Completed/Sold		\$530,000
400731035	25C	55	RICHMOND AMERICAN HOMES OF MARYLAND INC	11578 BING ST	Seasons at The Fairways	Completed/Sold		\$530,000
400731036	25C	56	RICHMOND AMERICAN HOMES OF MARYLAND INC	11582 BING ST	Seasons at The Fairways	Completed/Sold		\$530,000
400731037	25C	57	RICHMOND AMERICAN HOMES OF MARYLAND INC	11581 BING ST	Seasons at The Fairways	Completed/Sold		\$530,000
400731038	25C	58	RICHMOND AMERICAN HOMES OF MARYLAND INC	11573 BING ST	Seasons at The Fairways	Completed/Sold		\$530,000
400731039	25C	59	JEREMY-ZALDS SANDOVAL	11565 BING ST	Seasons at The Fairways	Completed/Sold		\$530,000
400731040	25C	60	RICHMOND AMERICAN HOMES OF MARYLAND INC	11559 BING ST	Seasons at The Fairways	Completed/Sold		\$530,000
400731041	25C	61	RICHMOND AMERICAN HOMES OF MARYLAND INC	11547 BING ST	Seasons at The Fairways	Completed/Sold		\$530,000
400731042	25C	62	RICHMOND AMERICAN HOMES OF MARYLAND INC	11543 BING ST	Seasons at The Fairways	Under Construction		\$234,000
Total							\$156,232,396	\$84,530,000

Addendum E

Comparable Data

Location & Property Identification

Property Name: Fairway Canyon PA 22B

Sub-Property Type: Residential, Single Family Development Land

Address: Sorenstam Dr.

City/State/Zip: Beaumont, CA 92223

County: Riverside

Market Orientation: Suburban

IRR Event ID: 2998964



Sale Information

Sale Price: \$7,047,000

Effective Sale Price: \$7,047,000

Sale Date: 12/21/2022

Recording Date: 12/28/2022

Sale Status: Closed

\$/Unit (Potential): \$128,127 /Unit

Grantor/Seller: Meritage Homes Of California Inc

Grantee/Buyer: DR Horton Los Angeles Holding Company Inc

Assets Sold: Real estate only

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Financing: Cash to seller

Conditions of Sale: Arm's-length

Document Type: Deed

Recording No.: 2022.514695

Expenditures After Purchase: \$66,873

Expenditures Description: Site development and permits and fees

Improvement and Site Data

Legal/Tax/Parcel ID: 413-790-057

Acres(Gross): 109.36

Land-SF(Gross): 4,763,722

Potential Building SF: 6,000

No. of Units (Potential): 55

Zoning Code: SP

Zoning Desc.: Specific Plan

Source of Land Info.: Public Records

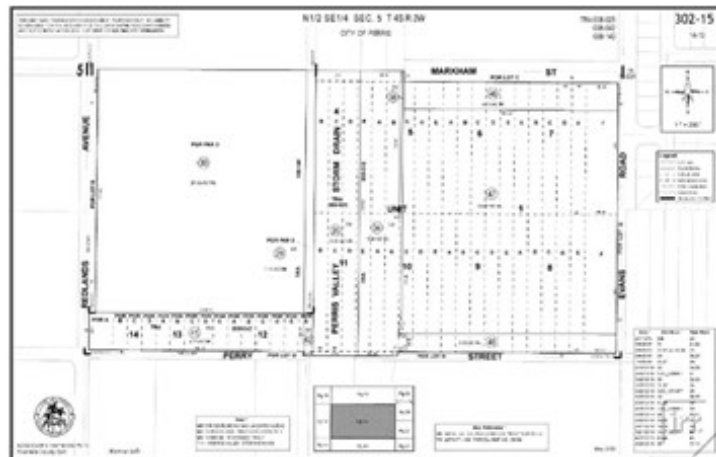
Comments

This is a sale of 55 finished lots with a typical lot size of 6,000 square feet within the city of Beaumont. The reported finished lot value is \$192,000 per finished lot; however, this does not equate to the purchase price reported on public records. Therefore, this comparable is given guarded reliance. The project is surrounded by open space and a golf course. The building permit is estimated at \$3,000 per lot. It is unclear if the project will utilize bond financing.

Sale Analysis

Location & Property Identification

Property Name:	Stratford Place II
Sub-Property Type:	Residential, Single Family Development Land
Address:	Evans Rd.
City/State/Zip:	Perris, CA 92571
County:	Riverside
Market Orientation:	Suburban
IRR Event ID:	3014316



Sale Information

Sale Price:	\$4,906,500
Effective Sale Price:	\$4,906,500
Sale Date:	11/01/2022
Sale Status:	Closed
\$/Acre(Gross):	\$208,079
\$/Land SF(Gross):	\$4.78
\$/Building SF:	\$817.75
\$/Unit (Potential):	\$54,517 /Unit
Grantor/Seller:	Stratford Ranch Investors LLC
Grantee/Buyer:	Pulte Home Company LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed
Recording No.:	2022.451354

Expenditures Description:	Site Improvements and permits and fees
Other Adjustment:	\$2,983
Adjustment Comments:	Bond Encumbrance

Improvement and Site Data

Legal/Tax/Parcel ID:	302-150-049
Acres(Gross):	23.58
Land-SF(Gross):	1,027,145
Potential Building SF:	6,000
No. of Units (Potential):	90
Zoning Code:	R-6,000
Source of Land Info.:	Public Records

Comments

This is a sale of 90 unimproved lots with a tentative map in place and a typical lot size of 6,000 square feet. The lots were purchased for \$4,906,500 or \$54,517. According to the broker, the lots were purchased at a finished lot price of \$230,000 per lot. The buyer is developing the 270 lots adjacent to the north of this project. It is assumed there was a degree of assemblage influencing a part of the sale, but this was not confirmed. It is estimated this project will have a similar degree of bond debt as the adjacent project, which has an estimated \$2,983 per lot.

Sale Analysis

Expenditures After Purchase:	\$175,483
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Location & Property Identification

Property Name:	Canterberry
Sub-Property Type:	Residential, Finished SFR Lots
Address:	Mountain Avenue & Red Bluff Ln.
City/State/Zip:	Banning, CA 92220
County:	Riverside
Market Orientation:	Suburban
IRR Event ID:	3052090



Sale Information

Sale Price:	\$1,770,000
Effective Sale Price:	\$1,770,000
Sale Date:	09/30/2022
Sale Status:	Closed
\$/Unit (Potential):	\$93,158 /Approved Lot
Grantor/Seller:	George A Nordquist And Dora J Nordquist Revocable Trust
Grantee/Buyer:	Canterbury At Banning LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed

Expenditures Description:	Lot finishing costs
Sale Price Includes FF&E?	No

Improvement and Site Data

Legal/Tax/Parcel ID:	535-423-001 thru -009; 535-422-005 thru -014
Acres(Gross):	4.36
Land-SF(Gross):	189,922
Potential Building SF:	10,000
No. of Units (Potential):	19
Source of Land Info.:	Public Records

Comments

This comparable represents the sale 19 finished single family lots with a minimum size of 10,000 square feet, for a finished lot price of \$175,000/lot. Crestwood Communities is constructing three floor plan ranging in size from 1,951 to 2,300 SF, priced at \$579,990 to \$591,900.

Sale Analysis

Expenditures After Purchase:	\$81,842
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Location & Property Identification

Property Name:	Windsong
Sub-Property Type:	Residential, Single Family Development Land
Address:	NWQ Alessandro Blvd. and Darwin Dr.
City/State/Zip:	Moreno Valley, CA 92555
County:	Riverside
Market Orientation:	Suburban
IRR Event ID:	3022274



Sale Information

Sale Price:	\$7,500,000
Effective Sale Price:	\$7,500,000
Sale Date:	08/01/2022
Sale Status:	Closed
\$/Unit (Potential):	\$42,373 /Approved Lot
Grantor/Seller:	Winco Holdings, Inc & Equitable Moreno Valley II Partnership
Grantee/Buyer:	D.R. Horton
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	2022.0341934 & 2022.0340965

Expenditures After Purchase: \$197,345

Expenditures Description: Lot finishing costs

Improvement and Site Data

Legal/Tax/Parcel ID:	487,470-025 (ptn), 487-470-028, 487-574-001 & 002
Acres(Usable/Gross):	35.64/35.64
Land-SF(Usable/Gross):	1,552,478/1,552,478
Usable/Gross Ratio:	1.00
Potential Building SF:	5,000
No. of Units (Potential):	177
Corner Lot:	Yes
Utilities:	Electricity, Water Public, Sewer, Gas, Telephone
Source of Land Info.:	Public Records

Comments

This sale encompasses two adjacent parcels purchased by D.R. Horton from two different sellers. D.R. Horton closed on the first 18.01-acre parcel for \$3,755,000 on August 1, 2022 and closed on the second 17.63-acre parcel for \$3,745,000 on August 2, 2022. The site will be developed into a 177-lot subdivision called Windsong. Floor plans will range from 1,898 to 2,537 square feet and the typical lot size will be approximately 5,000 square feet. Finishing costs are estimated at approximately \$197,345 per lot.

Sale Analysis

Location & Property Identification

Property Name:	La Ventana
Sub-Property Type:	Residential, Single Family Development Land
Address:	SEC Simpson Rd and La Ventana Rd
City/State/Zip:	Winchester, CA 92584
County:	Riverside
Market Orientation:	Suburban
IRR Event ID:	3027571



Sale Information

Sale Price:	\$8,000,000
Effective Sale Price:	\$8,000,000
Sale Date:	04/15/2022
Recording Date:	04/15/2022
Listing Price:	\$8,000,000
Sale Status:	Closed
\$/Unit (Potential):	\$36,364 /Approved Lot
Grantor/Seller:	La Ventana 242, LLC
Grantee/Buyer:	Forestar / DR Horton
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Exposure Time:	39 (months)
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed
Recording No.:	0180333

Expenditures After Purchase: \$178,636

Expenditures Description: Lot finishing costs

Improvement and Site Data

MSA:	Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area
Legal/Tax/Parcel ID:	APNs: 461-450-001 through -013, -451-001 through -048, -452-001 through -019, -460-001 through -020, -461-001 though -021, -470-001 through -027, -470-001 through -064, -472-001 through -010, -480-001 through -005, -481-001 through -003, -482-001
Acres(Gross):	77.00
Land-SF(Gross):	3,354,120
Potential Building SF:	6,000
No. of Units (Potential):	220
Zoning Code:	SP
Zoning Desc.:	Specific Plan
Flood Plain:	No
Source of Land Info.:	Broker

Sale Analysis

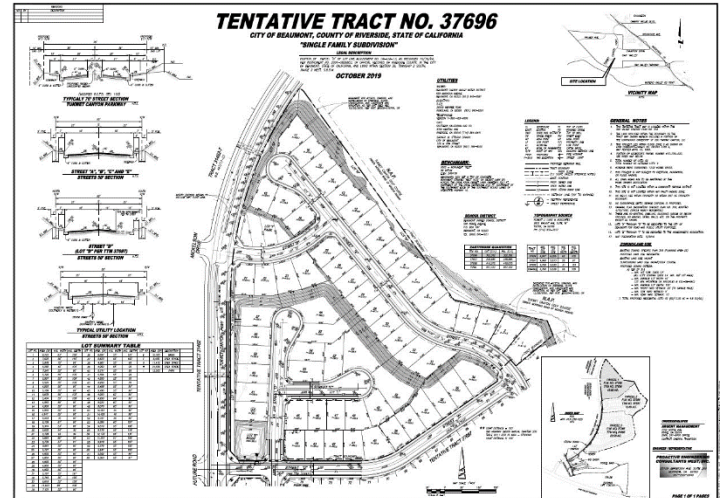


Comments

Site consists of 220 residential lots, along with a park site and a school site. The typical lot size is approximately 6,000 SF. The finished lot price was reportedly \$215,000/lot.

Location & Property Identification

Property Name:	The Fairways PA25C
Sub-Property Type:	Residential, Single Family Development Land
Address:	Oak Valley Pkwy. / Fairways MPC
City/State/Zip:	Beaumont, CA 92223
County:	Riverside
Market Orientation:	Suburban
IRR Event ID:	3004011



Sale Information

Sale Price:	\$8,368,822
Effective Sale Price:	\$8,368,822
Sale Date:	12/01/2021
Sale Status:	Closed

No. of Units (Potential):	62
Source of Land Info.:	Other

Comments

This is a sale of 62 single-family lots with a minimum lot size of 4,950 square feet. The property was delivered in blue-top condition. The reported finished lot value is \$243,000 per lot. Annual special taxes average \$2,093/lot.

\$/Unit (Potential):	\$134,981 /Approved Lot
Grantor/Seller:	Argent
Grantee/Buyer:	Richmond American
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Arm's-length

Sale Analysis

Expenditures After Purchase:	\$108,019
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Expenditures Description:	Lot finishing costs
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Improvement and Site Data

Acres(Gross):	1.00
Land-SF(Gross):	43,560
Potential Building SF:	4,950

